

EXHIBIT 1



4 Jefferson Plaza, Suite 201 • Poughkeepsie, NY 12601 • Telephone (845) 452-4100 • Fax (845) 473-7781

November 12, 2000

RECEIVED
WORKERS' COMPENSATION BOARD
NOV 15 2000
SELF INSURANCE OFFICE

Suzanne Lengio
Director of Self-Insurance/TPA
Office of WC Compliance & Regulatory Services
State of New York WC Board
20 Park Street
Albany, New York 12207

RE: The Transportation Trust of New York (TTONY)

Dear Suzanne:

As per our prior conversation, please find enclosed a submission for a new group trust program by the above referenced name.

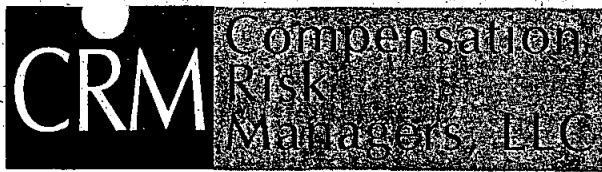
The homogeneous nature of TTONY would be to provide workers' compensation for employers engaged in sanitation, recycling and trucking. These industries as identified in the trust agreement would be covered by the SIC codes 42 and 49.

I have enclosed the following for your review:

1. Executed Trust Agreements
2. Executed Service Agreement
3. Joinder Agreements per entity
4. Completed GSI-1.1 per entity
5. Agreement of Undertaking
6. Completed GSI-1.
7. Historical Payroll
8. Historical loss information

The group is looking for an implementation date of 12/27/00.

As we have discussed in the past, a current member in our Elite Contractors Trust of New York (ECTNY), Winter Brothers Recycling Corp. and Transfer Station Corp., would be transferred into TTONY as soon as possible. I did include Winter Brothers payroll information and loss information on the GSI-1 and other data provided. However, I have not had them cancelled out of ECTNY nor have I included a new joinder and a new GSI-1.1 until I confirmed with you how to handle this account.



I trust everything is in order to help with your review and please feel free to call me if you have any questions regarding TTONY.

Sincerely,

A handwritten signature in black ink, appearing to read "M. D. Rakoff". The signature is fluid and cursive, written over the printed name.

Martin D. Rakoff
Chief Executive Officer

Enc.
MDR/mc

EXHIBIT 2

APPLICATION FOR GROUP SELF-INSURANCE
WORKERS' COMPENSATION LAW

NOV 15 2000
 SELF INSURANCE OFFICE

IMPORTANT INSTRUCTIONS

1. This application must be fully completed, in duplicate, and presented to the Self-Insurance Office of the Workers' Compensation Board at the above address.
2. Each participating employer must complete, in duplicate, Form GSI-1.1, Participating Employer's Report of Payrolls. Certification on reverse side of form must be executed, on every copy by an authorized official of the employer group. Form GSI-1.1 for each employer must be submitted with this application.
3. Submit with this application certified copies of any and all agreements, contracts and other pertinent documents, including foundation document relating to the organization of the employers in the group.
4. Submit with this application a certified list, in duplicate, of the names and addresses of all officers, directors, trustees and general manager of the employer group, together with evidence of the authority of the individual executing the application to do so.
5. Describe fully in an attached statement, in duplicate, the applicant's safety organization maintained for the prevention of accidents.
6. Attach a statement describing fully the group's staff and system for receiving, processing and paying claims, and for representation at hearings before the Workers' Compensation Board. Also attach a list of personnel and describe location and equipment of central and branch offices.
7. Attach a certified copy of the most recent independently audited financial statement of the employer group.

The undersigned (hereinafter referred to as the applicant) hereby makes application for the status of a Self-Insured Group under Section 50, Subd. 3-a of the Workers' Compensation Law of New York State. In connection with such application, the applicant makes the following declaration to permit the Chair, Workers' Compensation Board to establish whether the applicant possesses sufficient financial ability and adequate facilities to provide for the payment of compensation for all participating employers to all of their injured employees or to the dependents of such employees, as well as the applicant's other obligations under the Workers' Compensation Law.

The applicant hereby agrees that if this application be approved, such approval shall be subject to the deposit by the applicant with the Chair, Workers' Compensation Board, of securities or cash or irrevocable letters of credit or an acceptable Surety Bond as may be required. The applicant further agrees to abide by all of the provisions of said law and by the Rules and Regulations Governing Self-Insurers in New York State.

1. NAME OF APPLICANT Transportation Trust of New York	3. NYS U.I. EMPLOYER REG. NO. N/A	6. DESIRED EFFECTIVE DATE OF SELF-INSURANCE December 27, 2000
2. ADDRESS (Principal Office) 15 Davis Ave. Poughkeepsie, NY 12603	4. FEDERAL EMPLOYER ID NO. N/A	7. PROPOSED RETENTION LEVEL OF EXCESS POLICY \$ 300,000
	5. TELEPHONE NUMBER 845-452-4100	8. LIMIT OF LIABILITY OF EXCESS POLICY \$ stat
9. NATURE OF BUSINESS OF PARTICIPATING EMPLOYERS (a) Describe briefly the general character of the operations and the articles manufactured or compounded at the plants or on the premises of the participating employers. Sanitation, recycling, and trucking (b) Describe briefly all classes of work performed away from the participants' plants or premises.		
10. WHAT COMPANY NOW IS CARRYING YOUR COMPENSATION INSURANCE? Reliance Insurance Company		
11. DO YOU INTEND TO DEAL DIRECTLY WITH PARTICIPATING EMPLOYERS' EMPLOYEES IN COMPENSATION MATTERS OR THROUGH A LICENSED SELF-INSURANCE REPRESENTATIVE? IF THE LATTER METHOD IS TO BE USED, GIVE NAME AND ADDRESS OF THE REPRESENTATIVE. Compensation Risk Managers, LLC (license pending)		
12. LIST THE BANKS IN WHICH THIS GROUP HAS ACCOUNTS. Key Bank o New York		
13. IF A CORPORATION, GIVE DATE WHEN INCORPORATED. Not applicable		UNDER LAWS OF WHAT STATE? IF NOT A CORPORATION, DATE WHEN ESTABLISHED. DID YOU SUCCEED ANYONE? IF SO, WHOM?

THE WORKERS' COMPENSATION BOARD EMPLOYS AND SERVES PEOPLE WITH DISABILITIES WITHOUT DISCRIMINATION.

Report full payrolls for all employees of participants. Include interstate, maritime, home-workers, value of meals and lodgings, etc., received by employees and sub-contractors' employees payrolls unless compensation is definitely provided by sub-contractors. Show bonus and overtime to employees separately by each classification below.

(FOR BOARD USE ONLY)
PURE PREMIUM

14. CLASS NO.	15. DIVISIONS OF OPERATIONS (DIVIDE PAYROLL TO CORRESPOND WITH EACH DIVISION BELOW)	16. ESTIMATED AVERAGE NUMBER OF EMPLOYEES	17. WAGES RECEIVED BY EACH CLASS OF EMPLOYEES	SERIOUS	NON-SERIOUS	MEDK
	(a) Employees engaged in general business operations upon the employer's premises, operative management and superintendence and ordinary repairs and upkeep of machinery and ordinary repairs to buildings.					
9403	Garbage Collection	130	5,023,000			
9026	Building Operation	1	20,000			
8391	Auto Repair Shop	4	100,000			
8810	(b) Clerical and office employees.	19	1,270,000			
8742	(c) Sales personnel, collectors and messengers outside.	9	450,000			
	(d) Sales personnel within buildings.					
7380	(e) Chauffeurs, drivers and their helpers.	7	174,000			
8809	(f) Executive officers, corporate (elected or appointed in accordance with charter or by-laws).	3	165,000			
	(g) Description of operations not included in above.					
8500	Metal Scrap Dealers	15	389,000			
3724	Millwright Work NOC	3	88,000			
	TOTALS →	191	7,679,000			

STATE OF New York

County of Dutchess

SS.:

MARTIN D. RAKOFF
CEO

being duly sworn, says (s)he is the

of the above named group applying for the privilege of group self-insurance status pursuant to Section 50, subdivision 3-a of the New York Workers' Compensation Law; that (s)he has carefully examined the foregoing statement and the facts therein set forth are true to the best of his/her knowledge and belief.

Sworn to before me this 13 day of

Nov. 2000

DANIEL G. HICKEY
Notary Public, State of New York
No. 01HI6887000
Qualified in Dutchess County
Commission Expires Sept. 30, 2002

Signature of Authorized Official

914-452-4100

Telephone Number

Chief Executive Officer
MARTIN D. RAKOFF

My commission expires 9/30/02

Information contained in this application shall not be open to public inspection.

EXHIBIT 3

STATE OF NEW YORK
WORKERS' COMPENSATION BOARD

**AGREEMENT AND UNDERTAKING
OF
EMPLOYER GROUP AS A SELF-INSURER**

.....Transportation Trust of NY....., an incorporated unincorporated employer group
(Name of Employer Group)
engaged in the.....transportation industry.....industry, with principal offices
situated atPoughkeepsie NY....., in accordance with the condi-
tions set forth by the Chair, Workers' Compensation Board, in approving the group's application for the privilege of Group
Self-Insurance under Sec. 50, subd. 3-a of the Workers' Compensation Law:

Does hereby **AGREE AND UNDERTAKE** as a condition precedent to such approval taking effect:

1. That all employees, without exception, of participating employers shall be included under this group self-insurance plan.
2. That the group will, and hereby does,

either (a) make an initial deposit with the Chair, Workers' Compensation Board, under subdivision 3 of Section 50 of the Workers' Compensation Law to secure the group's liability to pay the Compensation provided in the Workers' Compensation Law by depositing securities registered in the name of the Chair, Workers' Compensation Board, State of New York.

Such securities as well as any others hereafter deposited with the Chair, Workers' Compensation Board, are to be held by the Chair, Workers' Compensation Board, in trust, with power to collect the interest and the principal as the same become due, to sell the securities or any of them as may be required and to apply the proceeds to the payment of any compensation or any administration expense for which the group may become liable under the Workers' Compensation Law in the payment of which the group may be in default. The interest collected by the Chair, Workers' Compensation Board, upon securities deposited by us under subdivision 3-a of Section 50 shall be paid to the group by the Chair, Workers' Compensation Board.

and/or (b) deposit with the Chair cash in the form of a certified check, in the name of Chair, Workers' Compensation Board, State of New York.

Such cash deposit is to be held by the Chair, Workers' Compensation Board, in trust, with power to collect the interest, as it becomes due, to use the cash as may be required and to apply the proceeds to the payment of any compensation or any administration expense for which we may become liable under the Workers' Compensation Law in the payment of which the group may be in default. The interest collected by the Chair, Workers' Compensation Board, as a result of the cash deposited by us under subdivision 3-a of Section 50 shall be paid to the group by the Chair, Workers' Compensation Board.

and/or (c) file with the Chair the bond of a surety company authorized to do business in the State of New York in form and penal sum acceptable to the Chair and conditioned on the payment of compensation and all obligations provided in the Workers' Compensation Law. Such surety bond is undertaken and may be enforced in the name of "Chair, Workers' Compensation Board, State of New York."

In the event of the group's neglect or refusal to pay any obligation, the group hereby authorizes the Chair to require the Surety Company to pay forthwith to the Chair the penal sum of the bond.

and/or (d) file with the Chair irrevocable letters of credit issued by a qualified banking institution as defined by rules promulgated by the Chair.

The group authorizes the Chair to draw upon the letters of credit in the event of the group's neglect or refusal to pay any compensation obligations, expense or assessments imposed by law. The group further authorizes the Chair to draw upon the letters of credit in the event we fail to renew or replace them with new letters of credit, cash, securities or a surety bond by thirty days before its expiration date.

3. That the group will pay into the Aggregate Trust Fund promptly on demand any awards commuted under Section 27 of the Workers' Compensation Law.
4. That the group will comply with the rules and regulations for group self-insurers, including such modifications thereof as the Chair, Workers' Compensation Law, may make from time to time.
5. That the group will comply with all orders of the Chair, Workers' Compensation Board, requiring the deposit of additional cash or securities, or to increase the penal sum of the bond or the amount of the irrevocable letters of credit, proof of its financial condition and the verification thereof, a consolidated statement of the accident experience and payroll exposure of all participating employers and in any other way pertaining to the exercise by it of the status of a self-insurer, within the time specified in any notice mailed to it at its last given post office address; and it will permit the Chair's authorized representative access to the premises of the applicant and of participating employers for the purpose of examining operations and records pertaining to financial condition and all obligations under the Workers' Compensation Law, failing which it consents that this status of a self-insurer may forthwith be revoked by the Chair, Workers' Compensation Board, and that in addition the Chair, Workers' Compensation Board, may invoke all legal and equitable remedies.

The foregoing agreement and undertaking is executed, and the deposit is made and/or the surety bond and/or the irrevocable letters of credit are filed, as fulfillment, on the group's part, of the conditions under which the Chair, Workers' Compensation Board, has permitted the group to give security for the payment of compensation.

Signed at Hopewell Junction NY

By Emil Panichi

this 31st day of October 18 2000

President

(Title)

845-896-6000

(Telephone Number)

IF THE APPLICANT IS A CORPORATION USE THIS FORM OF ACKNOWLEDGMENT

STATE OF _____ } ss.:
County of _____

On this _____ day of _____, in the year 19 _____, before me personally came _____, to me known, who being by me duly sworn did depose and say that (s)he resides at _____; that (s)he is the _____ of _____ the corporation described in and which executed the above instrument; that (s)he signed his/her name thereto by order of the Board of Directors of said corporation.

(Notary)

IF THE APPLICANT IS AN UNINCORPORATED ASSOCIATION USE THIS FORM OF ACKNOWLEDGMENT

STATE OF New York } ss.:
County of Dutchess

On this 13 day of Nov, in the year 2000, before me personally came Emil Panichi an officer of the TRANSPORTATION TRUST of New York described in the foregoing instrument to me known and known to me to be an officer of the said association and the person who executed said instrument and acknowledged to me that (s)he executed the same on behalf of said association.

DANIEL G. HICKEY
Notary Public, State of New York
No. 01HI6887000
Qualified in Dutchess County
Commission Expires Sept. 30, 2002

(Notary)

EXHIBIT 4

THE TRANSPORTATION TRUST OF NEW YORK WORKERS' COMPENSATION AGREEMENT AND DECLARATION

THIS AGREEMENT AND DECLARATION made the 27TH day of DECEMBER, 2000 by and between EMI PANICHI DBA ROYAL CARTING SERVICE COMPANY, (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, as authorized and defined in section 50, subdivision 3a of the New York State Workers' Compensation Law, the Board of Trustees has established a Workers' Compensation Group Insurance Trust 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 Transportation Trust of New York 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 fiscal year of the trust shall be January 1st to December 31st unless otherwise determined by the Board of Trustees.

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 Transportation Trust of New York shall perform services directly related to the transportation industry and have SIC code's in the major index's 42 and 49.

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 Rules and Regulations governing investment policy promulgated by the New York State Workers' Compensation Board.

The WC Board shall be notified in writing within ten days, of the election, resignation or removal of any member of the board of trustees.

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, Administrator and Surety Company 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".

* The Board of Trustees will notify the WCB of changes, elections, resignations or removal of any Board Member within 10 days in writing.

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". Any and all records or reports the Administrator compiles will be made available to group members upon request. 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 employer 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 employer, 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 employer. 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 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 will notify the WC Board in writing of any changes in the excess coverage within ten days.

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.

The records of the Trust will be made available to any group member, upon request.

SECTION VIII PARTICIPATING EMPLOYERS

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 three years of membership. Should a member terminate participation within the first three years the following penalties will apply:

During 1 st Year:	35% of annual contributions
At end of 1 st year or during 2 nd year:	25% of annual contributions
At end of 2 nd year or during 3 rd 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 the participating employer was a member of the Trust.
- (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. All investments made by the Trust shall be in accordance with any rules and regulations promulgated by the WC Board.

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 proposed to 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. All amendments must be forwarded to the WC Board and participating employer within ten (ten) days for approval.

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, and all participating members of the trust 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. The WC Board will be notified within ten days of any change in coverage.

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. All by-laws must be filed with the WC Board within ten days.

SECTION XIV EXECUTION OF DOCUMENTS

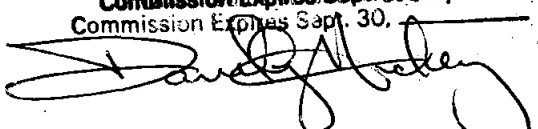
The Board of Trustees has the authority to execute any and all documents in furtherance of this Trust. The Board of Trustees may, pursuant to its powers, delegate to the Fund Administrator the authority to execute any and all documents necessary in the performance of the Administrator's duties. All parties, 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.

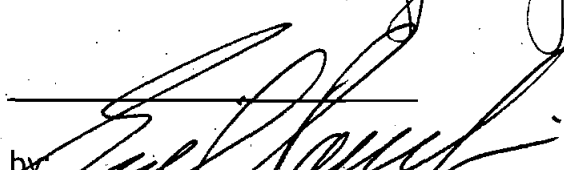
IN WITNESS WHEREOF, the undersigned do set their hands and seals as of the date written above.

DANIEL G. HICKEY
Notary Public, State of New York
Notary No. 01H16887000
Qualified in Dutchess County
Commission Expires Sept. 30, 2002
Commission Expires Sept. 30, 2002



KEY BANK OF NEW YORK

by: Patricia Pellegrini Jordan, RM



by: Emil Panichi DBA Royal Carting Service Co.

THE TRANSPORTATION TRUST OF NEW YORK SERVICE AGREEMENT

THIS AGREEMENT dated the 27TH day of December, 2000 by and between The Transportation 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 15 Davis Avenue, Poughkeepsie, New York 12603 (referred to herein as the "Administrator").

WITNESSETH:

WHEREAS, on the 27th day of December, 2000, the Trustees of The Transportation 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, 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 Transportation Trust of New York Trust Agreement dated the 27th day of December 2000, 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

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.

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.

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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. 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 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, 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.

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

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 it's 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 it's 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.

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 obligations and responsibilities of the parties to each other shall be ended.

4. Upon 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 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

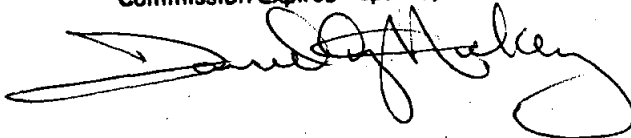
This Agreement and all terms thereunder, shall be governed by the laws of the State of New York.

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.

DANIEL G. HICKEY
Notary Public, State of New York
No. 01H16887000
Qualified in Dutchess County
Commission Expires Sept. 30, 2002



COMPENSATION RISK MANAGERS, LLC

by:


MARTIN D. RAKOFF
CHIEF EXECUTIVE OFFICER

by:

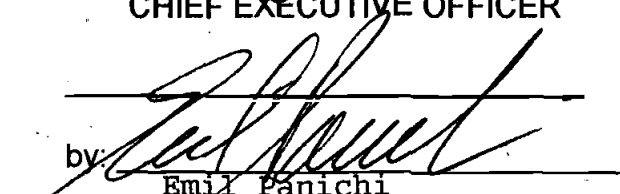

Emil Panichi
President

EXHIBIT 5



ROBERT R. SNASHALL
CHAIRMAN

STATE OF NEW YORK
WORKERS' COMPENSATION BOARD
Self Insurance Office
20 Park Street Room 201
Albany, New York 12207

E-Mail: suzanne.lengio@wcb.state.ny.us
(518) 402-0247
FAX (518) 402-6199



SUZANNE LENGIO
DIRECTOR OF SELF INSURANCE

November 21, 2000

Certified Mail - Return Receipt Requested

Martin Rakoff
Chief Executive Officer
Compensation Risk Managers, LLC
15 Davis Avenue
Poughkeepsie, New York 12603

Subject: Group Self-Insurance - Workers' Compensation Law
Transportation Trust of New York - Applicant

Dear Mr. Rakoff:

The Self Insurance Office has received an application for Group Self Insurance from your office for Transportation Trust of New York. This application was received on November 15, 2000. In accordance with the directive given to you in correspondence dated October 26, 1999, the Self Insurance Office requires that all applications shall be submitted at least 60 to 90 days prior to the requested effective date. As the proposed effective date of self insurance status for this group is December 27, 2000, this application is clearly submitted in violation of the directive cited above.

12/4
fw Marty -
new name
from
Industrial
will
check
with
W. Monahan

The Board will make every effort to accommodate your request, and process this application in the limited amount of time you have provided. However, **YOU ARE HEREBY ADVISED THAT THIS PRACTICE IS UNACCEPTABLE AND WILL NOT BE TOLERATED IN THE FUTURE UNDER ANY CIRCUMSTANCES.** Absolutely no group application received from your office will be processed in less than 60 – 90 days. Furthermore, the Board will not back-date the qualification date for any group self insurer, or any potential charter member.

In order to attempt a December 27, 2000 qualification date, the following information, fully and accurately executed, must be submitted to the Self Insurance Office by 12:00 noon, Friday, December 15, 2000 without exception or extension. If the following are not submitted by December 15th, the December 27, 2000 qualification will not be approved:

- A new GSI-1, Application for Group Self Insurance, noting a new name for the proposed group. The Self Insurance Office has qualified and will qualify shortly a group with a name similar to the name proposed by your office. In order to avoid

this situation in the future, we would advise you to contact the Board prior to the submission of any group applications, to discuss possible group names.

- Security deposit in the full value amount of \$721,300.00.
- Proof of Initial Capitalization in the amount of \$288,541.00
- Certificate of Excess Insurance
- Corrected Trust Document
- Corrected GSI-1.1

Examination of the GSI-1.1, Application for Participation in Group Self-Insurance Program, reveals that several applications were submitted for DBAs of one single entity, Panichi Holding Corp., but no application for Panichi Holding Corp was submitted. Please note that DBAs are not entities and therefore are not considered members of the group. Also, Panichi Holding Corp. is required to submit an application for group self insurance without noting a DBA. Further, it appears that this cannot be a group in its current status as it has only one member. If any other entities are joining this group, the Self Insurance Office requires applications from these entities immediately.

If you have any further questions, please contact me at 518-402-0247. Please forward the corrected information to Karen Keane in my office.

Sincerely,

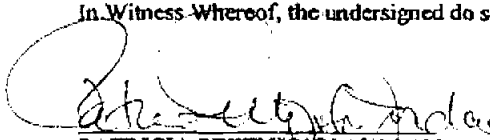
Suzanne Lengio
Director of Self Insurance

EXHIBIT 5A

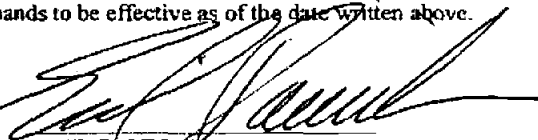
THE TRANSPORTATION TRUST OF NEW YORK AMENDMENT #1

As per the direction of the Board of Trustees effective December 27, 2000, it is hereby agreed to change the name of the "Transportation Trust of New York" to "Transportation Industry Workers' Compensation Trust".

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



PATRICIA PETTYJOHN-JORDAN
RELATIONSHIP MANAGER
KEYBANK



EMIL PANICHI
CHAIRMAN
TRANSPORTATION TRUST OF NEW YORK

EXHIBIT 6



ROBERT R. SNASHALL
CHAIRMAN

STATE OF NEW YORK
WORKERS' COMPENSATION BOARD
Self Insurance Office
20 Park Street Room 201
Albany, New York 12207

E-Mail: karen.keane@wcb.state.ny.us
(518) 402-0247
FAX (518) 402-6199



SUZANNE LENGIO
DIRECTOR OF SELF INSURANCE

KAREN A. KEANE
ASSOCIATE W. C. EXAMINER

December 7, 2000

Mr. Martin Rakoff
Chief Executive Officer
CRM, LLC
4 Jefferson Plaza # 201
Poughkeepsie, New York 12601

Subject: Group Self Insurance –Workers' Compensation Law
Application submitted for Transportation Industry Workers Compensation Trust

Dear Mr. Rakoff:

Enclosed is the Chairman's Form of Decision granting conditional approval to the application submitted by Transportation Industry Workers Compensation Trust to become a group self insurer. Final qualification will become effective no sooner than thirty days after compliance with the conditions set forth on the face and reverse sides of the attached Form of Decision.

Enclosed are the prescribed forms required to comply with the conditions noted on the Form of Decision.

If you have any further questions, please feel free to contact me at (518) 402-6184 or via e-mail at karen.keane@wcb.state.ny.us

Very truly yours,

Karen A. Keane
Associate W.C. Examiner

cc: Marty Russ

EXHIBIT 7

State of New York
Workers' Compensation Board

Interoffice Memorandum

To: Stephanie L. Donato **Date:** January 8, 2001
From: Karen A. Keane, Associate Examiner **Office:** Self Insurance
Subject: Group Self Insurance – Workers' Compensation Law
Transportation Industry Workers' Compensation Trust
Carrier ID # W648885

Transportation Industry Workers' Compensation Trust has been granted self insured status effective December 27, 2000.

Attached, in duplicate, are the Notices of Qualification. Please sign and affix the Board's seal on all copies and return them to this office for further processing.

Thank You!



STATE OF NEW YORK
WORKERS' COMPENSATION BOARD
20 PARK STREET
ALBANY, NY 12207

THIS AGENCY EMPLOYS AND SERVES
PEOPLE WITH DISABILITIES WITHOUT
DISCRIMINATION.

ROBERT R. SNASHALL
CHAIRMAN

**NOTICE OF QUALIFICATION
AS GROUP SELF-INSURER UNDER THE WORKERS' COMPENSATION LAW**

Transportation Industry Workers' Compensation Trust

(Name)

4 Jefferson Plaza Suite 201; Poughkeepsie, NY 12601

(Address)

Transportation

(Industry)

having executed and filed the Agreement and Undertaking, deposited X **Surety Bond**,
 Securities, **Cash**, **Irrevocable Letter of Credit**, and complied with all
other conditions provided for in the decision of the Chairman, Workers' Compensation Board, dated
December 6, 2000 the status of a group self-insurer under Sec. 50, subsidiary. 3-a of the Workers'
Compensation Law became effective as of **December 27, 2000**.

Given this day of **January, 2001**, under the hand of the Chairman and seal of the Workers'
Compensation Board.

Robert R. Snashall
Chairman

By: _____
Secretary to the Board

EXHIBIT 8

F 941223000080

CERTIFICATE of INCORPORATION

OF

PANICHI HOLDING CORP.

Under Section 402 of the New York Business Corporation Law

STATE OF NEW YORK
DEPARTMENT OF STATE

FILED DEC 23 1994

TAXES 250

BY: Deb
Witchers

Deb 250

1/c

DEC 23 9 57 AM 1994

FILED

TEAHAN & CONSTANTINO

325 South Road
Poughkeepsie, New York 12601

(914) 452-1834

(914) 452-1421 Fax Number

December 22, 1994

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941223000083

State of New York }
Department of State } ss:

I hereby certify that I have compared the annexed copy with the original document filed by the Department of State and that the same is a correct transcript of said original.

Witness my hand and seal of the Department of State on

DEC 23 1994



Secretary of State

F 941223000 080

CERTIFICATE OF INCORPORATION

PANICHI HOLDING CORP.

Under Section 402 of the Business Corporation Law.

The undersigned, for the purpose of forming a corporation pursuant to Section 402 of the Business Corporation Law of the State of New York, does hereby certify and set forth:

FIRST: The name of the corporation is PANICHI HOLDING CORP.

SECOND: The purposes for which the corporation is formed are:

To engage in any lawful act or activity for which corporations may be organized under the business corporation law. The corporation is not formed to engage in any act or activity which requires the act or approval of any state official, department, board, agency or other body without such approval or consent first being obtained.

To acquire by purchase, subscription or otherwise, and to own, hold for investment or otherwise, and to use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every sort and description and wheresoever situated, including shares of stock, bonds, debentures, notes, scrip, securities, evidences of indebtedness, contracts or obligations of any corporation or association,

whether domestic or foreign, or of any firm or individual or of the United States or any state, territory or dependency of the United States or any foreign country, or any municipality or local authority within or without the United States, and also to issue in indebtedness of this corporation and, while the owner or holder of any such property, to receive, collect and dispose of the interest, dividends and income on or from such property and to possess and exercise in respect thereto all of the rights, powers and privileges of ownership, including all voting powers thereon.

To construct, build, purchase, lease or otherwise acquire, equip, hold, own, improve, develop, manage, maintain, control, operate, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account, any and all plants, machinery, works, implements and things or property, real and personal, of every kind and description, incidental to, connected with, or suitable, necessary or convenient for any of the purposes enumerated herein, including all or any part or parts of the properties, assets, business and good will of any persons, firms, associations or corporations.

The powers, rights and privileges provided in this certificate are not to be deemed to be in limitation of similar, other or additional powers, rights and privileges granted or permitted to a corporation by the Business Corporation Law, it being intended that this corporation shall have all the rights, powers and privileges granted or permitted to a corporation by such statute.

THIRD: The office of the corporation is to be located in the County of Dutchess, State of New York.

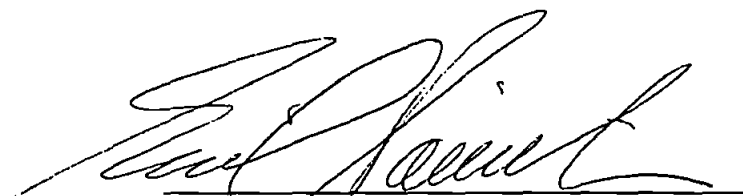
FOURTH: The aggregate number of shares which the corporation shall have the authority to issue is Five Thousand (5000), all of which shall be without par value.

FIFTH: The Secretary of State is designated as the agent of the corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the corporation served on her is:

P.O. Box 33
Route 82
Hopewell Junction, New York 12533

SIXTH: The personal liability of directors to the corporation or its shareholders for damages for any breach of duty in such capacity is hereby eliminated except that such personal liability shall not be eliminated if a judgment or other final adjudication adverse to such director establishes that his acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled or that his acts violated Section 719 of the Business Corporation Law.

IN WITNESS WHEREOF, this certificate has been subscribed to this 22nd day of December, 1994 by the undersigned who affirms that the statements made herein are true under penalties of perjury.



Emil Panichi
P.O. Box 33
Route 82
Hopewell Junction, New York 12533

STATE OF NEW YORK)
) SS:
COUNTY OF DUTCHESS)

On this 22nd day of December, 1994, before me personally came EMIL PANICHI, to me known and known to me to be the person described in and who subscribed and made the foregoing Certificate of Incorporation, and he acknowledged to me that he executed the same.



Notary Public

ELIZABETH M. EJERCITO
NOTARY PUBLIC, State of New York
Reg. No. 4973640
Qualified in Dutchess County
Commission Expires Oct. 29, 1996

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5

N. Y. S. DEPARTMENT OF STATE
DIVISION OF CORPORATIONS AND STATE RECORDS

162 WASHINGTON AVENUE
ALBANY, NY 12231

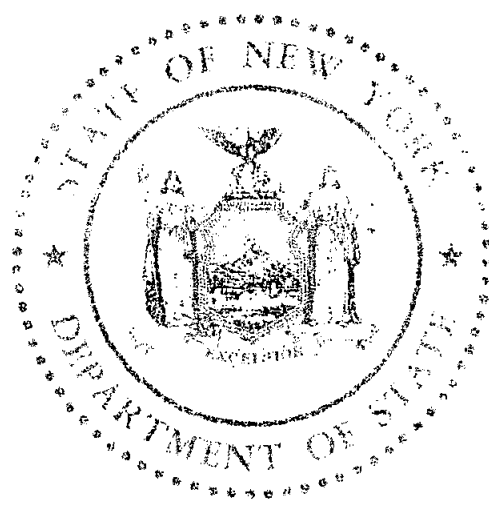
FILING RECEIPT

ENTITY NAME : PANICHI HOLDING CORP.
DOCUMENT TYPE : INCORPORATION (DOM. BUSINESS) COUNTY: DUTC
SERVICE COMPANY : ** NO SERVICE COMPANY ** SERVICE CODE: 00

FILED: 12/23/1994 DURATION: PERPETUAL CASH #: 941223000083 FILM #: 9412230000

ADDRESS FOR PROCESS
THE CORPORATION
P.O. BOX 33, ROUTE 82
HOPEWELL JUNCTION, NY 12433

REGISTERED AGENT



STOCK: 5000 NPV

FILER	FEE	AMOUNT	PAYMENTS	AMOUNT
TEAHAN & CONSTANTINO 325 SOUTH ROAD POUGHKEEPSIE, NY 12601	FILING	125.00	CASH	0.00
	TAX	250.00	CHECK	410.00
	CERT	0.00	BILLED	0.00
	COPIES	10.00		
	HANDLING	25.00		
			REFUND	0.00

FILING RECEIPT

CERTIFICATE OF ASSUMED NAME

CORPORATION NAME

PANTOMI HOLDING CORP.

<u>DATE FILED</u> 01/13/95	<u>DURATION & COUNTY CODE</u>	<u>FILM NUMBER</u> 0218687-2	<u>CASH NUMBER</u> 875270
-------------------------------	-----------------------------------	---------------------------------	------------------------------

<u>NUMBER AND KIND OF SHARES</u> 35	<u>LOCATION OF PRINCIPAL OFFICE</u> ROYAL CARTING SERVICE CO.
--	--

<u>ADDRESS FOR PROCESS</u> ROUTE 82 HOPEWELL JUNCTION NY 12533	<u>REGISTERED AGENT</u>
--	-------------------------

FE ND/OR TAX PAID AS FOLLOWS:

AMOUNT OF CHECK \$ <u>00210.00</u>	AMOUNT OF MONEY ORDER \$ _____	AMOUNT OF CASH \$ _____
\$ <u>00175.00</u> DOLLAR FEE TO COUNTY	\$ 025.00 FILING TAX	
<u>FILER NAME AND ADDRESS</u> TEAHAN & CONSTANTINO 325 SOUTH ROAD POUGHKEEPSIE NY 12601	\$ 10.00 CERTIFIED COPY CERTIFICATE	
	TOTAL PAYMENT \$ 0000210.00	
	REFUND OF \$ _____	

TO FOLLOW

State of New York } ss:
Department of State }

I hereby certify that I have compared the annexed copy with the original documents filed by the Department of State and that the same is a correct transcript of said original.

JAN 13 1995

Witness my hand and seal of the Department of State on

Alexander F. Treadwell

Secretary of State

(5)

CERTIFICATE OF ²¹⁸⁶⁸⁷
ASSUMED NAME --- CORPORATION

Pursuant to Section 130 of the General Business Law

It is hereby certified that:

PANICHI HOLDING CORP.

is a corporation under the Business Corporation Law.

The name to be assumed by this corporation is:

ROYAL CARTING SERVICE CO.

The address of the principal place of business of the corporation in the State of New York is:

Number and Street:	Route 82
City, State, Zip:	Hopewell Junction, NY 12533
County:	Dutchess County

(If not applicable, check and insert principal foreign jurisdiction address above.)

Counties and boroughs in which business will be conducted under the assumed name.

(All Counties If not all, Circle which below)

Albany	Genesee	Oneida	Suffolk
Allegany	<u>Greene</u>	Onondaga	Sullivan
Broome	Hamilton	Ontario	Tioga
Cattaraugus	Herkimer	<u>Orange</u>	Tompkins
Cayuga	Jefferson	Orleans	<u>Ulster</u>
Chautauqua	Lewis	Oswego	Warren
Chemung	Livingston	Otsego	Washington
Chenango	Madison	<u>Putnam</u>	Wayne
Clinton	Monroe	<u>Rensselaer</u>	Westchester
<u>Columbia</u>	Montgomery	Rockland	Wyoming
Cortland	Nassau	St. Lawrence	Yates
Delaware	Bronx	Saratoga	
<u>Dutchess</u>	Kings	Schenectady	
Erie	New York	Schoharie	
Essex	Queens	Schuyler	
Franklin	Richmond	Seneca	
Fulton	Niagara	Steuben	

(The address of each location within New York State where business is or will be conducted under assumed name-list on reverse side. If no business locations in NYS, check

Corporation Officer's Signature _____

Type Name and Office Emil Panichi, President

SERVICO 35

1-

2

ADDRESSES OF BUSINESS LOCATIONS:

Number and Street: Route 82
City, State, Zip: Hopewell Junction, NY 12533
County: Dutchess County

Number and Street:
City, State, Zip:
County:

Number and Street:
City, State, Zip:
County:

ACKNOWLEDGEMENT

State of New York }
County of Dutchess }

SS:

On this 9th day of January in the year 1995

before me personally came Emil Panichi known and duly sworn by me, did depose and say that he/she is the President of Panichi Holding Corp, the corporation described in the foregoing certificate, and acknowledged that he/she executed the same by order of the Board of Directors of such corporation.

0218687

RECEIVED

GINA A. GULOTTY
Notary Signature
Notary Stamp or Seal

94122300080

GINA A. GULOTTY
NOTARY PUBLIC, State of New York
Qualified in Albany County
Registration No. 02GU5036127
Commission Expires November 21, 1996

SERVICO 35

State Use Only
STATE OF NEW YORK DEPARTMENT OF STATE
FILED JAN 13 1995
AMT. OF CHECK \$ 210
FILING FEE \$ 25
TAX \$
COUNTY FEE \$ 175
COPY \$ 10
CERT \$
RECORDS \$
SP. HANDLE \$

FILER:
NAME: TEAHAN & CONSTANTINO
ADDRESS: 325 SOUTH ROAD, POUGHKEEPSIE, NY 12601

BY: [Signature]

EXHIBIT 9

B-14

TEAHAN & CONSTANTINO

VINCENT L. TEAHAN
JAMES P. CONSTANTINO
RICHARD I. CANTOR
STEPHEN C.F. DIAMOND
ELIOT D. HAWKINS
STEPHEN M. FRIEDBERG
COUNSEL

COUNSELLORS AT LAW
2780 SOUTH ROAD
P. O. BOX 1969
POUGHKEEPSIE, NEW YORK 12601-0969
(845) 452-1834
Fax (845) 452-1421
E-Mail tandc@idsi.net

MILLBROOK OFFICE
4 NORTH AVENUE
WASHINGTON PLAZA
P.O. BOX 1104
MILLBROOK, NEW YORK 12545
Tel (845) 677-2101
Fax (845) 677-1054
E-Mail teahan@idsi.net
INTERNET HOME PAGE
<http://TCTaxPlan.com>

December 5, 2001

BY FAX 483-3677

Daniel G. Hickey, Jr., President
Compensation Risk Managers, LLC
4 Jefferson Plaza Suite 201
Poughkeepsie, New York 12601

Dear Dan,


In preparation of our meeting scheduled for Friday, December 14, 2001 at 9:00 a.m. in my offices in Hopewell Junction, would you please either send to me in advance of the meeting, or bring with you, the following information:

1. A schedule outlining experience ratings for every current (and proposed) member of the transportation industry trust;
2. A copy of the last audited financial statements with the auditor's opinion annexed (including balance sheet, statement of income and expenses, working capital, etc. and footnotes); and
3. A copy of the most recent interim financial report for the performance of the trust during the year 2001.

As you know, one of the conditions for considering this program was that all of the Bottini companies would be participants. I observe that Morgan Fuel & Heating Co. is a member. However, I believe there are other Bottini fuel oil companies; are they included and if so, under what name are they operating under?

This information is critical to our continuing review of this matter.

Very truly yours,



JPC/cjk

TEAHAN & CONSTANTINO

COUNSELLORS AT LAW

VINCENT L. TEAHAN
JAMES P. CONSTANTINO

RICHARD I. CANTOR
STEPHEN C.F. DIAMOND
ELIOT D. HAWKINS
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Fax (845) 677-1054
E-Mail teahan@idsi.net
INTERNET HOME PAGE
<http://TCTaxPlan.com>

FAX TRANSMISSION MEMORANDUM

To: Daniel G. Hickey, Jr., Pres Date: December 5, 2001
Company: CRM LLC Fax No.: 483-3677
From: James P. Constantino No. of pages: 2
(including this sheet)

CONFIDENTIALITY

This facsimile may contain CONFIDENTIAL INFORMATION, which may be LEGALLY PRIVILEGED and which is intended only for the use of the addressee(s) named above. If you are not the intended recipient of this facsimile, or the employee or agent responsible for delivering it to the intended recipient, you are hereby notified that any dissemination or copying of this facsimile is prohibited. If you have received this facsimile in error, please notify us by telephone and return the original to us at the above address via the U.S. Postal Service. Thank you.

HP LaserJet 3100
Printer/Fax/Copier/Scanner

SEND CONFIRMATION REPORT for
ROYAL CARTING SERVICE
845 227 7734
Dec-5-01 15:39

Job	Start Time	Usage	Phone Number or ID	Type	Pages	Mode	Status
479	12/ 5 15:25	0'00"	4833677	Send	0		Remote Fax was Busy 961
479	12/ 5 15:29	0'00"	4833677	Send	0/ 2		Remote Fax was Busy 961
479	12/ 5 15:32	0'00"	4833677	Send	0/ 2		Remote Fax was Busy 961
479	12/ 5 15:35	0'00"	4833677	Send	0/ 2		Remote Fax was Busy 961
479	12/ 5 15:38	0'52"	4833677	Send	2/ 2	144	Completed

Total 0'52" Pages Sent: 2 Pages Printed: 0

TEAHAN & CONSTANTINO
COUNSELLORS AT LAW

VINCENT L. TEAHAN
JAMES P. CONSTANTINO
RICHARD I. CANTOR
STEPHEN C.R. DIAMOND
ELIOT D. HAWKINS
STEPHEN M. FRIEDBERG
COUNSEL

2780 SOUTH ROAD
P. O. BOX 1969
POUGHKEEPSIE, NEW YORK 12601-0969
(845) 452-1834
Fax (845) 452-1421
E-Mail: tandc@tchl.net

MILLBUCK OFFICE
4 NORTH AVENUE
WASHINGTON PLAZA
PO. BOX 1184
MILLBUCK, NEW YORK 12544
Tel (845) 671-2101
Fax (845) 671-1654
E-Mail: mbo@tchl.net
INTERNET HOME PAGE
http://TCHNetPlan.com

FAX TRANSMISSION MEMORANDUM

To: Daniel G. Hickey, Jr., Pres Date: December 5, 2001
Company: CRM LLC Fax No.: 483-3677
From: James P. Constantino No. of pages: 2
(including this sheet)

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TEAHAN & CONSTANTINO

COUNSELLORS AT LAW

2780 SOUTH ROAD

P. O. BOX 1969

POUGHKEEPSIE, NEW YORK 12601-0969

(845) 452-1834

Fax (845) 452-1421

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Tel (845) 677-2101

Fax (845) 677-1054

E-Mail teahan@idsi.net

INTERNET HOME PAGE

<http://TCTaxPlan.com>

FAX TRANSMISSION MEMORANDUM

To: TODD BRINCKERHOFF

Date: DECEMBER 11, 2001

Company: BRINCKERHOFF & NEUVILLE

Fax No.: 897-5110

From: JIM CONSTANTINO

No. of Pages: 2
(including this sheet)

THE INFORMATION CONTAINED IN THIS FACSIMILE TRANSMISSION IS INTENDED ONLY FOR THE PERSONAL AND CONFIDENTIAL USE OF THE DESIGNATED RECIPIENT NAMED ABOVE. This transmittal may be a CONFIDENTIAL attorney-client communication or contain information within the attorney-client privilege. If the reader of this transmittal is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this transmittal in error, and that any review, dissemination, distribution, copying or retention of this transmittal or the information contained therein is strictly prohibited. If you have received this and you are not the intended recipient or an authorized agent, please notify us immediately by telephone (call us collect at 914-452-1834) and return the original transmittal and any copies to us by mail. Thank you.

HP LaserJet 3100
Printer/Fax/Copier/Scanner

SEND CONFIRMATION REPORT for
ROYAL CARTING SERVICE
845 227 7734
Dec-11-01 7:22

Job	Start Time	Usage	Phone Number or ID	Type	Pages	Mode	Status
609	12/11 7:21....	0'53"	8458975110	Send.....	2/ 2	144	Completed.....

Total 0'53" Pages Sent: 2 Pages Printed: 0

VINCENT L. TEAHAN
JAMES P. CONSTANTINO
RICHARD L. CANTOR
STEPHEN C.F. DIAMOND
ELIOT D. HAWKINS
STEPHEN M. FRIEDBERG
COUNSEL

TEAHAN & CONSTANTINO
COUNSELLORS AT LAW
2780 SOUTH ROAD
P. O. BOX 1969
POUGHKEEPSIE, NEW YORK 12601-0969
(845) 452-1834
Fax (845) 452-1481
E-Mail: tanc@tda.net

MILLROCK OFFICE
4 NORTH AVENUE
WASHINGTON PLAZA
PO BOX 1154
MILLROCK, NEW YORK 11743
Tel (845) 677-2101
Fax (845) 677-1054
E-Mail: mteahan@tda.net
INTERNET HOME PAGE
<http://TCTaxPlan.com>

FAX TRANSMISSION MEMORANDUM

To: TODD BRINCKERHOFF Date: DECEMBER 11, 2001
Company: BRINCKERHOFF & NEUVILLE Fax No.: 897-5110
From: JIM CONSTANTINO No. of Pages: 2
(including this sheet)

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EXHIBIT 10

Attention: Prospective Client

RE: Transportation Industry Workers' Compensation Trust

To Whom It May Concern:

Thank you for your interest in the **Transportation Industry Workers' Compensation Trust**. As you know there is a mandatory underwriting process you must go through in order to obtain approval into the program.

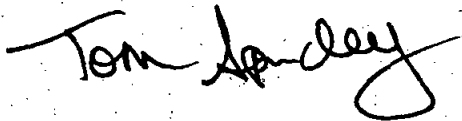
We need the following **ORIGINAL** items to consider your acceptance into the **Transportation Industry Workers' Compensation Trust**:

1. A Formal Request To Bind Coverage
2. Completed CRM application
3. Executed Joinder and Indemnification Agreement (must be executed by an officer)
4. Executed State Application (must be executed by an officer)
5. A deposit check for the amount indicated on the enclosed cost comparison quote.

Please return the above items to CRM for processing. Approval of your application will be based on underwriting criteria and subject to the guidelines established by the administrator for the **Transportation Industry Workers' Compensation Trust**.

Once again, thank you for your interest in the above referenced CRM Trust Program. Should you have any questions, please give my office a call.

Sincerely,



Thomas J. Spendley
Vice President of Underwriting

Compensation Risk Managers, LLC

Attention: Dana Gemmel/ Underwriting Department

4 Jefferson Plaza Suite 201

Poughkeepsie, New York 12601

Formal Request to Bind

Order to Bind Process:

- Fax this binding request to (845) 483-3677 with a copy of the quote.

Forward the following items to our office within SEVEN (7) working days:

1. Deposit Check equal to 20% of the funded premium made payable to the Trust.
2. The **ORIGINAL** signed & completed State Application(s).
3. The **ORIGINAL** signed Joinder and Indemnification Agreement(s).

The Office of Self Insurance requires that these applications be filed with their office within 30 days of the clients' effective date. The order to Bind is rescinded as of _____ if the applications are not received.

As a representative of the _____

I, _____ Request Compensation Risk Managers to bind coverage on the following Account:

Account Name: _____

Effective Date: _____
(CRM will not Backdate)

To be placed in the following Trust:

_____ *Elite Contractors Trust of NY (ECTNY)*

_____ *Wholesale & Retail Workers' Compensation Trust of NY (WRWCTNY)*

_____ *Healthcare Industry Trust of NY (HITNY)*

_____ *Real Estate Management Trust of NY (REMTNY)*

_____ *Transportation Industry Workers' Compensation Trust (TIWCT)*

Jacki Gabriel, AU, Senior Underwriter, C.R.M.

Date

Tom Spendley, Vice President of Underwriting, C.R.M.

COMPENSATION RISK MANAGERS

Supplementary Application

Prospective Member:			Effective Date:	
Address:		City		
Business Phone:	Fax:	State:	Zip:	
NY SUI #				
DATE/STATE OF INC.				
FED#				

If a subsidiary, please provide the following information for each entity.

NAME				
ADDRESS				
% OF OWNERSHIP OF PARENT COMPANY				
NY SUI #				
DATE/STATE OF INC.				
FED#				

NAME				
ADDRESS				
% OF OWNERSHIP OF PARENT COMPANY				
NY SUI #				
DATE/STATE OF INC.				
FED#				

List contact information for each location as follows:

CLAIMS				
CONTACT NAME	ADDRESS	PHONE	FAX	LOCATION

GENERAL				
CONTACT NAME	ADDRESS	PHONE	FAX	LOCATION

If you answer yes to any of the following, please attach a letter of explanation.

Do operations include wrecking or demolition of structures?
Any exposures to heights?
Any exposures to burns?
Have you had any employer liability claims in the last three years?
Have you ever been sited for any OSHA violations?
Has your workers' compensation coverage ever been canceled or non-renewed in the past 3 years?
What, if any, unusual changes in operations will take place or have already taken place in the last 5 years?

**Please include the following:
Four years of loss runs**

EXHIBIT 11

JOINDER AND INDEMNIFICATION AGREEMENT

This Joinder and Indemnification Agreement made as of this the ____ day of _____ 2002 by and among Royal Carting Service Co. (hereinafter referred to as the "Applicant") and Transportation Industry Workers Compensation Trust (hereinafter referred to as the "Fund").

INTRODUCTION

The Fund was established under a Trust Agreement dated December 27, 2000, by and among Emil Panichi DBA Royal Carting Service Co., as Trustee, Key Bank of New York as the Financial Institution, known as Transportation Industry Workers Compensation Trust Agreement (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 to 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 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 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 the Trust Agreement

The Applicant hereby expressly agrees that it will be 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 provision 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 the Transportation Trust of New York Administrative Service Agreement dated December 27, 2000 and any subsequent amendment thereto as it 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 Trust 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".

6. Participating Members Term and Termination Requirements

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 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.

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: _____ by: _____
Signature

Printed Name and Title

Royal Carting Service Co.

Witness _____ by: _____
Martin Rakoff, CEO
Compensation Risk Managers, LLC

EXHIBIT 12

STATE OF NEW YORK
WORKERS' COMPENSATION BOARD

D-3

APPLICATION FOR PARTICIPATION IN GROUP SELF-INSURANCE PLAN

Submit this form to the Workers' Compensation Board, Attention: Self-Insurance Office

1. NAME OF EMPLOYER GROUP:		
2. NAME OF EMPLOYER:		
3. DBA (if applicable):		
4. ADDRESS (Principal Office):		
5. FEDERAL EMPLOYER IDENTIFICATION NUMBER:	6. NYS U.I. EMPLOYER REGISTRATION NUMBER:	7. EFFECTIVE DATE OF PARTICIPATION:
8. NATURE OF BUSINESS:	STANDARD INDUSTRIAL CLASSIFICATION CODE (SIC)	
9. WHAT COMPANY NOW IS CARRYING YOUR COMPENSATION INSURANCE?		

Report full payrolls for all employees. Include interstate, maritime, homeworkers, value of meals and lodging, etc., received by employees and sub-contractors' employee's payrolls unless compensation is definitely provided by sub-contractors.

10. CLASS NO.	11. DIVISIONS OF OPERATIONS	12. ESTIMATED AVERAGE NUMBER OF EMPLOYEES	13. ESTIMATED PAYROLL OF ALL EMPLOYEES FOR ONE YEAR
TOTALS			

14. IF A CORPORATION...	a. Enter date when incorporated	b. Under laws of what state?	c. If not a New York Corporation, enter date of registration in New York State. / /
d. Has applicant any affiliates or subsidiaries with operations in NYS? <input type="checkbox"/> NO <input type="checkbox"/> YES	e. Did you succeed anyone? <input type="checkbox"/> NO <input type="checkbox"/> YES	If yes, whom did you succeed?	
f. If a subsidiary, enter name and address of parent company:			
g. Enter parent's percentage of stock ownership:			

15. IF A PARTNERSHIP.....(a) Name all partners and designate whether they are General (G), Special (S), Limited (L), Other.				
Name	G	S	L	Specify Other
(b) Enter date when partnership was established. / /				

16. IF A SOLE PROPRIETORSHIP..... Indicate home address of proprietor.
CERTIFICATION ON REVERSE SIDE TO BE COMPLETED BY AUTHORIZED OFFICIAL OF GROUP SELF-INSURER.

The undersigned hereby affirms, under the penalties of perjury, that (s)he is Title
of the participating employer named above and that the foregoing
Name of Employer statement is true.

Printed or Typed Name of Company Official	Signature	Date Signed / /
---	-----------	--------------------

CERTIFICATION BY GROUP SELF-INSURER

STATE OF NEW YORK

COUNTY OF , being duly sworn, says:
Name of Authorized Official

That (s)he is the of the
Title Name of Employer Group
and is duly authorized to execute this affidavit of certification on behalf of said Group Self-Insurer.

That this EMPLOYER'S participation will continue to be effective until ten days after a written notice of termination is served on the EMPLOYER and filed with the Chair, Workers' Compensation Board, by the Self-Insurer.

That all employees of this EMPLOYER will be covered under the Workers' Compensation Law by the Group Self-Insurer.

Signature of Authorized Official

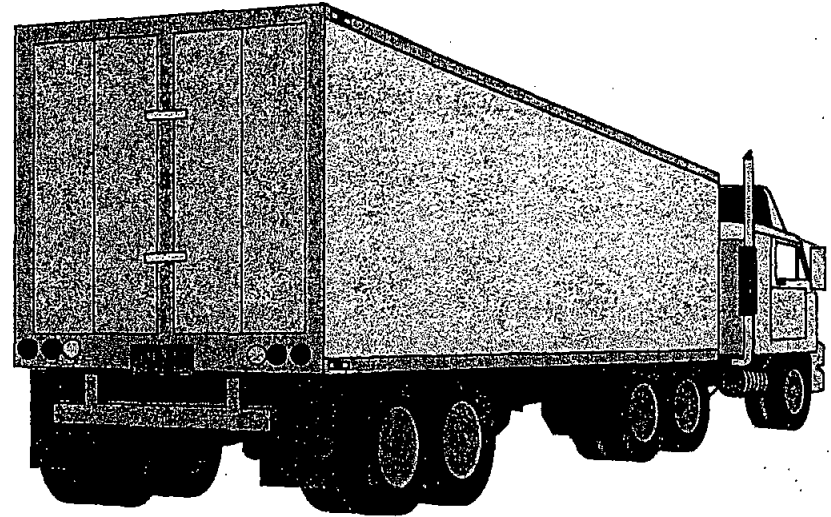
Sworn to before me this day of 20

Signature of Notary Public

FOR WORKERS' COMPENSATION BOARD ONLY USE	
<input type="checkbox"/>	Approved
<input type="checkbox"/>	Disapproved
_____ Director of Licensing	_____ Date

EXHIBIT 13

COMPENSATION RISK MANAGERS/BRINCKERHOFF & NEUVILLE



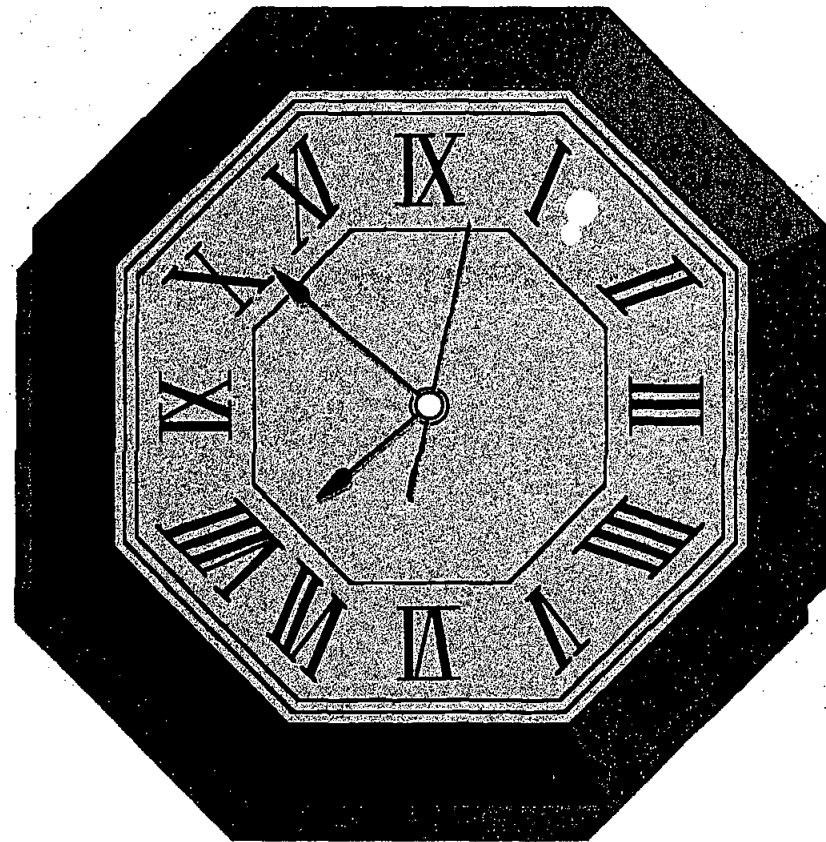
Are pleased to present:
THE TRANSPORTATION
INDUSTRY WORKERS'
COMPENSATION TRUST

WHAT IS A GROUP TRUST PROGRAM?

- Approved workers' compensation insurance program by WC Board and NY State Insurance Department
- Provides statutory benefits to injured workers
- Owned and Operated (day-to-day delegated to CRM) by members
- Improves Savings/Service/Control
- Limits RISK by Purchasing Insurance (Excess Workers Compensation Policy)
- Fastest growing workers' compensation alternative in New York

WHY HAVE GROUP TRUSTS STOOD THE TEST OF TIME!

- OVER 35 STATES
- OVER 10,000 NY EMPLOYERS
- 75 PLUS GROUPS
- SELECTIVITY
- LOWER LOSSES/FIXED COST = LOWEST PRICE



CRM'S EXPERIENCE

- WORKERS' COMPENSATION EXPERTS!
- PARTNERS BRING OVER 30 YEARS EXPERIENCE - 9 GROUP TRUSTS
- OVER 1500 EMPLOYERS MOVED INTO TRUSTS
- CRM IS A "FULL SERVICE COMPANY"
- ESTABLISHED BROKER NETWORK
- ASSOCIATION PARTNERSHIPS



TIWCT'S SAVINGS TO MEMBERS

UP-FRONT PREMIUM DISCOUNTS =

40% - 50%

DIVIDENDS =

20% - 40%



**DON'T BE "PRICE
REGULATED" BY THE
INSURANCE INDUSTRY!**

PAY BASED ON COST!!!

TAKING CONTROL OVER YOUR WORKERS' COMPENSATION AS A MEMBER OF TIWCT!

- EMPLOYERS GAIN MORE CONTROL OVER CLAIMS:
 - CLAIM DECISIONS; PAY OR DENY
 - CRM CONVEYS EMPLOYERS PHILOSOPHY
 - RESERVING PROCESS
 - SURVEILLANCE/MEDICAL CASE MANAGEMENT
- BOARD OF DIRECTORS
 - QUARTERLY BOARD MEETINGS
 - FINANCIAL/LOSS REVIEW
 - UNDERWRITING/DISCOUNTS/DIVIDENDS
 - INVESTMENT POLICIES

TIWCT PROVIDES SUPERIOR CLAIM INVESTIGATION SERVICES



■ CLAIM SERVICES

- **AGGRESSIVE CLAIMS INVESTIGATION**
- **24 HOUR 3-4 POINT CONTACT**
- **CLAIM NOTIFICATION FORM**
- **CLIENT/CRM COMPENSABILITY DISCUSSION**
- **MONTHLY LOSS RUNS**
- **REGULAR CLAIM REVIEW MEETINGS**

TIWCT'S SUPERIOR SAFETY PROGRAM

MANDATORY SAFETY PROGRAMS

- OSHA COMPLIANCE
- IN-SERVICE TRAININGS
- SAFETY COMMITTEE
- VIDEO LIBRARY
- RETURN-TO-WORK PROGRAM
- INCENTIVE PROGRAMS



CRM PROVIDES THE "SAFETY" IN THE PROGRAM BY PURCHASING "REINSURANCE"

INDIVIDUAL ACCIDENTS ARE LIMITED:

\$150,000 ANNUALLY

\$300,000 LIFETIME

MULTIPLE ACCIDENTS ARE LIMITED:

100% OF PREMIUM

"THIS **INSURANCE** PROVIDES
MY COMPANY THE
SECURITY WE NEED!



ASSESSING THE STATE ASSESSMENT DOESN'T MAKE SENSE!



GROUP SELF-INSURANCE

\$100,000 PREMIUM

30% LOSS RATIO

50% INDEMNITY

**\$4,800 PAID QUARTERLY
OVER TIME!**

INSURANCE POLICY

\$100,000 PREMIUM

30% LOSS RATIO

50% INDEMNITY

**\$13,600 PAID UP-
FRONT/OUT OF
DIVIDEND**

32% OF INDEMNITY

QUESTIONS AND ANSWERS

HOW DO WE TRACK COSTS OF PROGRAM?

MONTHLY FINANCIAL REPORTS/LOSS RUNS

HOW DO WE MONITOR WHO GETS IN PROGRAM?

UNDERWRITING APPROVAL

HOW DO I LEAVE THE PROGRAM?

**MULTI-YEAR COMMITMENT/EARLY PENALTY
WITHDRAWAL**

ARE WE "JOINT AND SEVERALLY LIABLE?"

YES, LIMITED TO REINSURANCE LIMITS

CRM/BRINCKERHOFF & NEUVILLE THANK YOU:

Royal Carting Service Co.

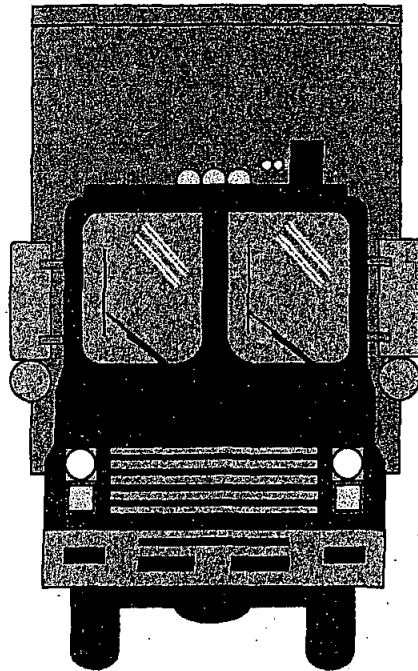


EXHIBIT 14

TRANSPORTATION INDUSTRY WORKERS' COMPENSATION TRUST

Member List as of 11/12/01

Customer	Address	Bus Phone Contact
A&D Freight, Inc.	489 Trombly Lane	Chazy, NY 12921
AAA Express, Inc.	25-12 Humphrey Street	East Elmhurst, NY 11309
ACE Recycling & Rubbish, Inc.	590 Atkins Avenue	Brooklyn, NY 11205
ACME BTDT, Inc.	P.O. Box 818	Remsenburg, NY 11960
ALJ Trucking, Ltd.	2213 East 59th Place	Brooklyn, NY 11234
All Inn Trucking Inc.	23 Storer Avenue	Staten Island, NY 10309
Allcare Transportation, Inc.	12 Fullerton Street	Albany, NY 12209
Alliance Transfer Corp.	140 58th Street	Brooklyn, NY 11220
Alscior Associates, Inc.	145 Hook Creed Boulevard	Valley Stream, NY 11581
AT&A Trucking Corp.	P.O. Box 367	Lancaster, NY 14086
BioClean Inc.	382 High Street	Buffalo, NY 14204
C.I. Logistics, Inc.	121 Main	So Dayton, NY 14138
C.J. Krantz Topsoil Inc.	8960 Lapp Road	Clarence Center, NY 14032
Calvin F. Harvey Trucking, Inc.	PO Box 604	Chazy, NY 12921
Cargo Transportation Logistics, Inc.	500 Ocean Avenue	East Rockaway, NY 11518
City Waste Services of NY, Inc.	167-33 Porter Road	Jamaica, NY 11434
Collins Brothers Moving Corp.	620 Fifth Avenue	Larchmont, NY 10538
Dolphin Trucking, Inc.	299 Edison Avenue	West Babylon, NY 11704
East End Freight & Special Services, Inc.	17 Tollsme Lane	East Hampton, NY 11937
Ecuacol Trucking, Inc.	99 Arlington Avenue	Brooklyn, NY 11207-2258
Electro Industrial Waste Service, Inc.	110 Swalm Street	Westbury, NY 11509
Empire Auto Transport, Inc.	1414 Whittier Avenue	Merrick, NY 11566
Empire Carting Corporation	242 42nd Street	Brooklyn, NY 11232
Esposito & Sons Freight Lines, Inc.	6 Graham Drive	Plattsburgh, NY 12901
Expo Trucking, Inc.	50 Croyden Lane	Hicksville, NY 11801
Falso Carting Co., Inc.	97 Bruckner Boulevard	Bronx, NY 10454
Fastway Trucking Corp.	911 Oaks Drive	Franklin Square, NY 11010
FG Trucking, Inc.	124 Greenlawn Road	Huntington, NY 11743
Franklin Trucking, Inc.	212 Ohio Street	Buffalo, NY 14204
G. Bon Funding Corp.	133 Old Northport Road	Kings Park, NY 11754
Galasso Trucking, Inc.	2 Galasso Place	Maspeth, NY 11378
Global Waste, Inc.	7 Gregg Street	East Patchogue, NY 11772
Graz Recycling Corp.	4 O'Neil Avenue	Bayshore, NY 11706
Heritage Trucking, Inc.	1672 84th Street	Brooklyn, NY 11214
J & J Equipment Leasing Corp.	8799 14th Avenue	Brooklyn, NY 11228
J&H Transfer, Inc.	2031 Old Country Road	Riverhead, NY 11901

JLG Trucking, Inc.	1391 Ackerson Boulevard	Bay Shore, NY 11706
JMK Materials, Inc.	6 Rondell Lane	Centereach, NY 11720
John A. Miller	18 Kallen Avenue	Schenectady, NY 12304
Kent Funding Corp.	30 Ridge Rock Lane	East Norwich, NY 11732
Kingsway Lumber Carriers, Inc.	1347 Route 19	Elizaville, NY 12523
Krafft Trucking, Inc.	5945 Dunnigan Road	Lockport, NY 14094
L.Z.S. Ceremonial Trails, Inc.	238 E. 8th Street	Brooklyn, NY 11218
Long Island Waste Services, Inc.	11 Lincoln Avenue	Bay Shore, NY 11706
M.J. Trucking Corp.	4333 Arthur Kill Road	Staten Island, NY 10309
Marage Trucking, Inc.	9584 Cobblestone	Clarence, NY 14031
McCalla Trucking, Inc.	82-47 164 Place	Hillcrest, NY 11432
Michael Carpenter, Inc.	382 Duquette Road	Cadyville, NY 12918
Morgan Fuel & Heating Co., Inc. T/A Bottini Fuel	2785 West Main Street	Wappingers Falls, NY 12590
Nu-Leaf Trucking, Inc.	12 Foxboro Avenue	Farmingville, NY 11738
Overall Transport Inc.	RR 1 Box 64F	Clemons, NY 12819
P Marc Sampson	PO Box 87	Yorkshire, NY 14173
P.K. Carrier Corp.	87-24 132 Street	Jamaica, NY 11418
Pebble Rock, Ltd.	476 Stafford Avenue	Staten Island, NY 10312
PJC Sanitation Service, Inc.	590 Atkins Avenue	Brooklyn, NY 11205
Queen City Logistics, Inc.	176 Vulcan Street	Buffalo, NY 14207
Rachhpal Kaur	145 Hook Creek Blvd.	Valley Stream, NY 11581
Richard Glode	834 Point Au Roche Road	Plattsburgh, NY 12901
Road Ranger Express Inc	118 Wyandanch Avenue	Wyandanch, NY 11798
Samuel A. Ponto, Sr.	104 Mackay Avenue	Syracuse, NY 13219
Satisfied Trucking	Attn: Steve Soltau	Massapequa,, NY 11754
Schmidt Trucking, Inc.	3702 Route 31	Liverpool, NY 13088
Solar Express, Inc.	235 Route 416	Montgomery, NY 12549
Sonny Boy Transportation, Inc.	1815 Rte 284	Slate Hill, NY 10973
Southern Tier Moving & Storage Inc.	250 Homer Street	Olean, NY 14760
Super Pak Courier Service, Inc.	57 South 6th Street	Brooklyn, NY 11211
T&R Enviomment Corp	2590 East 21st Street	Brooklyn, NY 11235
TJS Hauling, Inc.	1786 Louis Kossuth Boulevard	Ronkonkoma, NY 11779
Tolga Trucking Inc.	206 Farmers Avenue	Lindenhurst, NY 11757
Transportation Resource Management Corp., Etal	3808 Oak Orchard Rd	Albion, NY 14411
Two B's Beverage, Inc.	735 Mount Avenue	North Babylon, NY 11704
W.M.C.D.W., Inc.	265 42nd Street	Brooklyn, NY 11232
Wings Trucking, Inc.	99 Brooklyn Terminal Market	Brooklyn, NY 11236
Winter Brothers Recycling Corp	99 Nancy Street	West Babylon, NY 11704
Yankee Services Inc.	P.O Box 318	Rockville Center, NY 11570
75 Clients		

EXHIBIT 14A

Transportation Accounts

Accounts	Effective Date	Agent	Trust	Manual Premium	Bound Premium
Crown Container	11/27	Fairmont	TIWCT		
Gaeta Interior	11/19	Brady	TIWCT		
Sam's Trucking	11/20	Paris Kirwan	TIWCT		
David Evans	11/30	Coverex	TIWCT		
WJW Associate	12/1	RMSCO	TIWCT		
Ficel Transport	12/1	HRH	TIWCT		
Woodland Leasing	12/1	HRH	TIWCT		
Greene Trucking	12/1	M&S	TIWCT		
Kegan Brothers	12/1	Lawley	TIWCT		
Speedway Motor Express *	12/1	Warren Hoffman	TIWCT		
Prime Time Express	12/1	Warren Hoffman	TIWCT		
Douglas Kohorst Trucking	12/1	Lawley	TIWCT		
Carmen Pariso	12/1	Hatch Leonard	TIWCT		
S&M Prompt	12/2	Fairmont	TIWCT		
General Industrial Services Corp	12/1	Ralph Silvers	TIWCT		
West Coast Reclamation	12/5	Transportaiton	TIWCT		
Hanlon Auto Transport	12/18	RMI	TIWCT		
Nealon Transportation	12/27	Haylor	TIWCT		
CJ Transport	12/10	Global	TIWCT		
White Buffalo	12/11	Warren Hoffman	TIWCT		
KWH Inc	11/28	Vanner	TIWCT		
On Time Cement	12/10	Dinger	TIWCT		
Mitsi Tranports	12/22	Global	TIWCT		
JD Rugenstein & Sons	1/1	Warren Hoffman	TIWCT		
Saratoga Transport	1/1	M&S	TIWCT		
M&T Trucking	1/1	Warren Hoffman	TIWCT		
Cope Bestway	1/1	HRH	TIWCT		
Anthony Ulgiati	1/1	Lawley	TIWCT		
Buffalo Fuel Corp	1/1	Hatch Leonard	TIWCT		
M & L Trucking	1/1	Bailey Haskell	TIWCT		
George Banks	1/1	Lawley	TIWCT		
Enorab Distributors	1/1	Global	TIWCT		

Champion Express	1/1	RMI	TIWCT
Silk Road Transport Inc	1/1	Warren Hoffman	TIWCT
Sullivan County First Recycling &	1/1	Northfork	TIWCT
Ausmus Corp	1/1	Buckingham	TIWCT
L C A Development	1/1	Mike Cryan	TIWCT
Lyle H. Flack Bus Lines	1/1	Cool	TIWCT
Bossongs Commercial Delivery	1/1	Reagan	TIWCT
JCA Development, Inc	1/1	Lawley	TIWCT
Smith Mobile Home Transport	1/1	Lawley	TIWCT
Total for TIWCT			

EXHIBIT 15

TRANSPORTATION INDUSTRY WORKERS' COMPENSATION TRUST
 MANUAL PREMIUM REPORT OCTOBER 23, 2001

Client	Broker	Policy #	Eff Date	Exp Date	Policy Type
Rachhpal Kaur	~CRM ~Reinsurance	TT0901006	9/24/2001	1/1/2002	New business
Road Ranger Express Inc	Bender Insurance	TT0401001	4/15/2001	1/1/2002	New business
AT&A Trucking Corp.	Briceland Agency	TT0701003	7/1/2001	1/1/2002	New business
BioClean Inc.	Briceland Agency	TT0501001	5/21/2001	1/1/2002	New business
P Marc Sampson	Briceland Agency	TT0301001	3/8/2001	1/1/2002	New business
Allcare Transportation, Inc.	Briceland Agency	TT0501002	6/8/2001	1/1/2002	Policy change
Two B's Beverage, Inc.	Capalon Insurance	TT0101000	1/1/2001	1/1/2002	New business
John A. Miller	Cool Ins. Agency	TT0501002	5/12/2001	1/1/2002	New business
✓ M.J. Trucking Corp.	Coverex CRS, LLC	TT0901006	9/11/2001	1/1/2002	New business
All Inn Trucking Inc.	DeMonaco Agency Inc.	TT0101000	1/1/2001	1/1/2002	New business
C.J. Krantz Topsoil Inc.	E.F. Kaul Agency Inc	TT0101000	1/1/2001	1/1/2002	New business
AAA Express, Inc.	Fairmont Ins Brokers	TT0801004	8/23/2001	1/1/2002	New business
Cargo Transportation Logistics, Inc.	Fairmont Ins Brokers	TT0501002	5/11/2001	1/1/2002	New business
Ecuacol Trucking, Inc.	Fairmont Ins Brokers	TT0701004	7/30/2001	1/1/2002	New business
Empire Auto Transport, Inc.	Fairmont Ins Brokers	TT0501002	5/31/2001	1/1/2002	New business
Empire Carting Corporation	Fairmont Ins Brokers	TT0701004	6/25/2001	1/1/2002	New business
Expo Trucking, Inc.	Fairmont Ins Brokers	TT0601003	7/31/2001	1/1/2002	New business
Fastway Trucking Corp.	Fairmont Ins Brokers	TT0701004	7/17/2001	1/1/2002	New business
J & J Equipment Leasing Corp.	Fairmont Ins Brokers	TT0901006	9/26/2001	1/1/2002	New business
P.K. Carrier Corp.	Fairmont Ins Brokers	TT0601003	6/13/2001	1/1/2002	New business
W.M.C.D.W., Inc.	Fairmont Ins Brokers	TT0501002	5/11/2001	1/1/2002	New business
Wings Trucking, Inc.	Fairmont Ins Brokers	TT0701003	7/16/2001	1/1/2002	New business
Satisfied Trucking	Fairmont Insurance Brokers	TT0301001	3/1/2001	1/1/2002	New business
Kingsway Lumber Carriers, Inc.	Global Underwriters Agency	TT1200000	12/27/2000	1/1/2002	New business
Marage Trucking, Inc.	Gustella & Assoc.	TT0501002	5/25/2001	1/1/2002	New business
Krafft Trucking, Inc.	Hatch Leonard Naples	TT1001007	10/1/2001	1/1/2002	New business
A&D Freight, Inc.	Latremores Insurance	TT0801005	8/1/2001	1/1/2002	New business
Richard Glode	Latremores Insurance	TT0601003	6/14/2001	1/1/2002	New business
Michael Carpenter, Inc.	Lattremore's ~Insurance Agency	TT0101000	1/1/2001	1/1/2002	New business
Schmidt Trucking, Inc.	Marshall and Sterling Syracuse	TT0701003	7/1/2001	1/1/2002	New business
Samuel A. Ponto, Sr.	Marshall and Sterling, Glenville	TT0901006	9/2/2001	1/1/2002	New business
Alscior Associates, Inc.	Mktg.Spec. Inc. North American	TT0601003	6/20/2001	1/1/2002	New business
City Waste Services of NY, Inc.	Mktg.Spec. Inc. North American	TT0901007	9/30/2001	1/1/2002	New business
Super Pak Courier Service, Inc.	Mktg.Spec. Inc. North American	TT1001007	10/18/2001	1/1/2002	New business
Electro Industrial Waste Service, Inc.	No. American Marketing Spec. Inc	TT0401002	4/26/2001	1/1/2002	New business
✓ J&H Transfer, Inc.	NorthFork Agency	TT0701004	7/23/2001	1/1/2002	New business
✓ McCalla Trucking, Inc.	NorthFork Agency	TT0801005	8/1/2001	1/1/2002	New business
ACE Recycling & Rubbish, Inc.	NPA Assoc. LTD	TT0501003	5/30/2001	1/1/2002	New business

EXHIBIT 16

D-9

Compensation Risk Managers, LLC

4 Jefferson Plaza Suite201
Poughkeepsie, NY 12601
Phone: (845) 452-4100 Toll Free: (877) 452-4102 Fax: (845) 483-3677

Royal Carting Service Co.

Transportation Industry Workers Compensation Trust
Self-Funded Workers Compensation Quote

1/1/2002 - 1/1/2003

Class Description	Code	Manual Premium
Salesperson Messengers- Outside	8742	[REDACTED]
Executive Officers	8809	[REDACTED]
Clerical Office Employees NOC	8810	[REDACTED]
Commercial bldg operation	9026	[REDACTED]
Garbage Collection and Drivers	9403	[REDACTED]
Payroll Total \$		[REDACTED]
		Total Manual Premium

Pro-Rated Manual Premium
Experience Rating
Adjusted Premium
CRM Discount
Annual Premium

[REDACTED]

Deposit

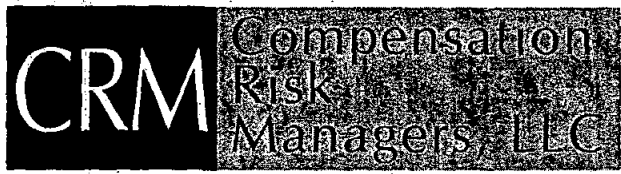
10 monthly Installments of

Please make Checks Payable to Transportation Industry Workers Compensation Trust

NYS assessment is paid from funded contributions as a percentage of indemnity payments.

Please note, this quote is valid for sixty days.

EXHIBIT 17



15 Davis Avenue • Poughkeepsie, NY 12603 • Phone (914) 452-4100 • Toll Free (877) 452-4102

BOARD OF DIRECTORS LIST

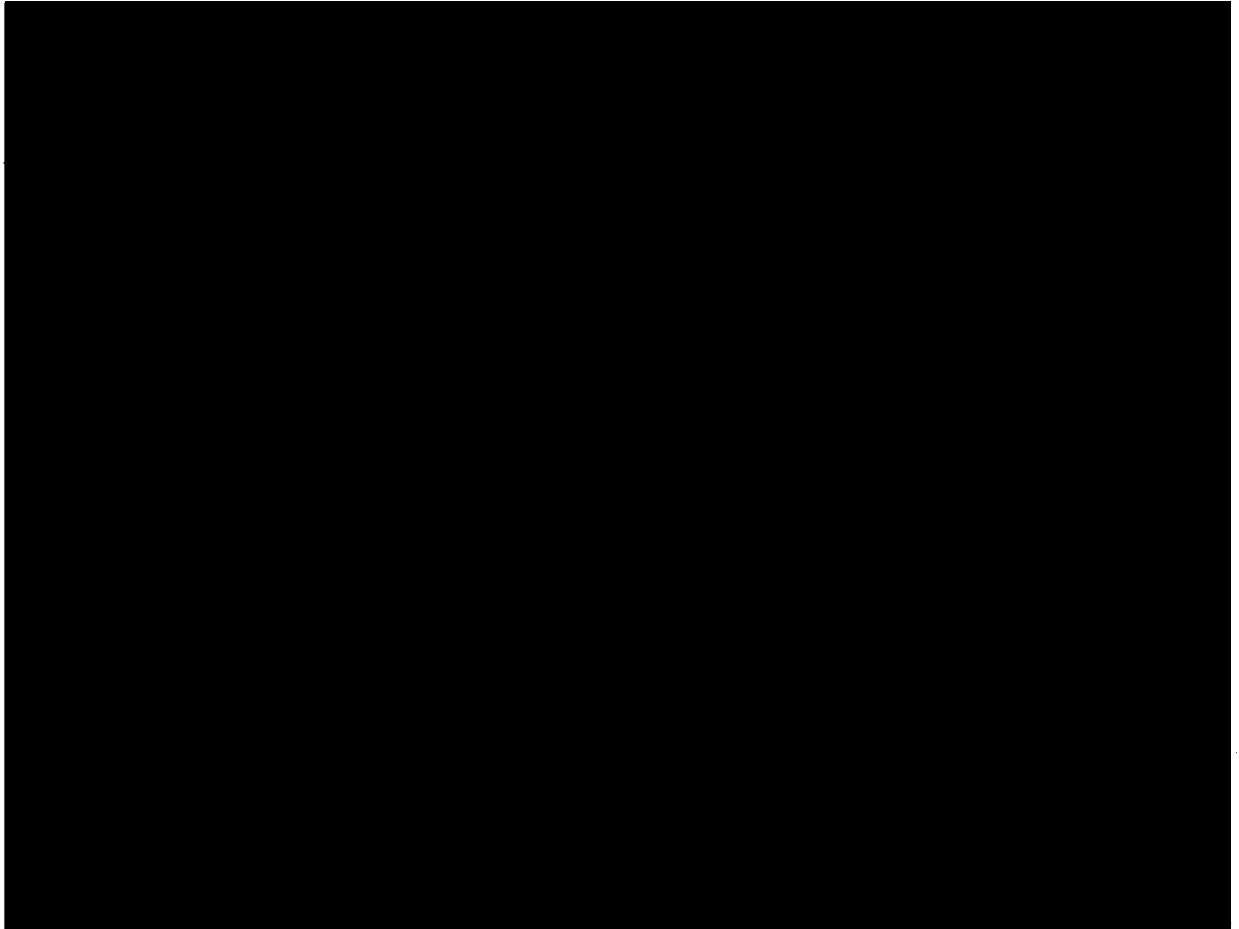


EXHIBIT 18

THE TRANSPORTATION TRUST OF NEW YORK WORKERS' COMPENSATION AGREEMENT AND DECLARATION

THIS AGREEMENT AND DECLARATION made the 27TH day of DECEMBER, 2000 by and between _____ (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, as authorized and defined in section 50, subdivision 3a of the New York State Workers' Compensation Law, the Board of Trustees has established a Workers' Compensation Group Insurance Trust 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 Transportation Trust of New York 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 fiscal year of the trust shall be January 1st to December 31st unless otherwise determined by the Board of Trustees.

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 Transportation Trust of New York shall perform services directly related to the transportation industry and have SIC code's in the major index's 54 and/or predominant payroll class codes of _____.

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 Rules and Regulations governing investment policy promulgated by the New York State Workers' Compensation Board.

The WC Board shall be notified in writing within ten days, of the election, resignation or removal of any member of the board of trustees.

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, Administrator and Surety Company 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".

* The Board of Trustees will notify the WCB of changes, elections, resignations or removal of any Board Member within 10 days in writing.

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". Any and all records or reports the Administrator compiles will be made available to group members upon request. 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 employer 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 employer, 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 employer. 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 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 will notify the WC Board in writing of any changes in the excess coverage within ten days.

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.

The records of the Trust will be made available to any group member, upon request.

SECTION VIII PARTICIPATING EMPLOYERS

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 three years of membership. Should a member

terminate participation within the first three years the following penalties will apply:

During 1 st Year:	35% of annual contributions
At end of 1 st year or during 2 nd year:	25% of annual contributions
At end of 2 nd year or during 3 rd 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. All investments made by the Trust shall be in accordance with any rules and regulations promulgated by the WC Board.

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. All amendments must be forwarded to the WC Board within ten days.

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. The WC Board will be notified within ten days of any change in coverage.

**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. All by-laws must be filed with the WC Board within ten days.

**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: _____

by: _____

Emil Panichi DBA Royal Carting Service Co.

THE TRANSPORTATION TRUST OF NEW YORK SERVICE AGREEMENT

THIS AGREEMENT dated the 27TH day of December, 2000 by and between The Transportation 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 15 Davis Avenue, Poughkeepsie, New York 12603 (referred to herein as the "Administrator").

WITNESSETH:

WHEREAS, on the 27th day of December, 2000, the Trustees of The Transportation 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, 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 Transportation Trust of New York Trust Agreement dated the 27th day of December 2000, 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

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.

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. 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 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, 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.

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

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.

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 obligations and responsibilities of the parties to each other shall be ended.

4. Upon 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.

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

This Agreement and all terms thereunder, shall be governed by the laws of the State of New York.

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

by: _____
Emil Panichi DBA Royal Carting Service Co.

EXHIBIT 19

THE TRANSPORTATION TRUST OF NEW YORK WORKERS' COMPENSATION AGREEMENT AND DECLARATION

THIS AGREEMENT AND DECLARATION made the 27TH day of DECEMBER, 2000 by and between _____ (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, as authorized and defined in section 50, subdivision 3a of the New York State Workers' Compensation Law, the Board of Trustees has established a Workers' Compensation Group Insurance Trust 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 Transportation Trust of New York 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 fiscal year of the trust shall be January 1st to December 31st unless otherwise determined by the Board of Trustees.

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 Transportation Trust of New York shall perform services directly related to the transportation industry and have SIC code's in the major index's 54 and/or predominant payroll class codes of _____.

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 Rules and Regulations governing investment policy promulgated by the New York State Workers' Compensation Board.

The WC Board shall be notified in writing within ten days, of the election, resignation or removal of any member of the board of trustees.

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, Administrator and Surety Company 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".

* The Board of Trustees will notify the WCB of changes, elections, resignations or removal of any Board Member within 10 days in writing.

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". Any and all records or reports the Administrator compiles will be made available to group members upon request. 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 employer 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 employer, 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 subcontractor, 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 employer. 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 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 will notify the WC Board in writing of any changes in the excess coverage within ten days.

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.

The records of the Trust will be made available to any group member, upon request.

SECTION VIII PARTICIPATING EMPLOYERS

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 three years of membership. Should a member terminate participation within the first three years the following penalties will apply:

During 1 st Year:	35% of annual contributions
At end of 1 st year or during 2 nd year:	25% of annual contributions
At end of 2 nd year or during 3 rd 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. All investments made by the Trust shall be in accordance with any rules and regulations promulgated by the WC Board.

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. All amendments must be forwarded to the WC Board within ten days.

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. The WC Board will be notified within ten days of any change in coverage.

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. All by-laws must be filed with the WC Board within ten days.

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: _____


by: 
Emil Panichi DBA Royal Carting Service Co.

EXHIBIT 20

TEAHAN & CONSTANTINO

COUNSELLORS AT LAW

2780 SOUTH ROAD

P. O. BOX 1969

POUGHKEEPSIE, NEW YORK 12601-0969

(845) 452-1834

Fax (845) 452-1421

E-Mail tandc@idsi.net

MILLBROOK OFFICE

4 NORTH AVENUE

WASHINGTON PLAZA

P.O. BOX 1104

MILLBROOK, NEW YORK 12545

Tel (845) 677-2101

Fax (845) 677-1054

E-Mail teahan@idsi.net

INTERNET HOME PAGE

<http://TCTaxPlan.com>

VINCENT L. TEAHAN
JAMES P. CONSTANTINO

RICHARD I. CANTOR
STEPHEN C.F. DIAMOND
ELIOT D. HAWKINS
STEPHEN M. FRIEDBERG
COUNSEL

December 19, 2001

Daniel G. Hickey, Jr., President
Compensation Risk Managers, LLC
4 Jefferson Plaza Suite 201
Poughkeepsie, New York 12601

Re: Transportation Industry Trust/CRM

Dear Dan,

First, I want you to know how much I appreciate all the time you spent in personally meeting with us and explaining the trust option and its benefits. While we have decided to proceed with joining the Transportation Industry Workers Compensation Trust, we cannot do so until you have secured the unlimited B coverage insurance, which you said you expected to have in place during the first quarter of 2002. We have a commitment from our current workers compensation carrier that we will be allowed to terminate our policy without penalty during 2002. Therefore, you should advise me promptly when you have secured the unlimited B coverage so that we can make arrangements for transition into the trust.

Our agreement to join the trust is also subject to the trust receiving an unqualified opinion from its independent auditors and providing us with the experience modification rates and premium information for all of the members of the trust that exist at the time we enter the trust. We understand that the audit will also be similarly completed in the first quarter so that we are planning a transition sometime before the end of the second quarter of 2002.

I would like to recommend that you consider asking Todd Brinckerhoff to become a trustee. I have no way of knowing whether he is available or willing to serve but I know that Emil and I will encourage him to do so.

TEAHAN & CONSTANTINO

Daniel G. Hickey, Jr., President
December 19, 2001
Page 2

Please feel free to communicate with me if you have any questions or comments. We look forward to working with you.

Very truly yours,

A handwritten signature in black ink, appearing to be 'D. Hickey', with a long horizontal line extending to the right.

JPC/cjk

cc: Emil Panichi, President

EXHIBIT 21

A-6

STATE OF NEW YORK
WORKERS' COMPENSATION BOARD

**AGREEMENT AND UNDERTAKING
OF
EMPLOYER GROUP AS A SELF-INSURER**

.....Transportation Trust of New York....., an incorporated unincorporated employer group
(Name of Employer Group)

engaged in the.....Transportation.....Industry, with principal offices

situated at15 Davis Avenue Poughkeepsie New York 12603....., in accordance with the conditions set forth by the Chair, Workers' Compensation Board, in approving the group's application for the privilege of Group Self-Insurance under Sec. 50, subd. 3-a of the Workers' Compensation Law:

Does hereby AGREE AND UNDERTAKE as a condition precedent to such approval taking effect:

1. That all employees, without exception, of participating employers shall be included under this group self-insurance plan.
2. That the group will, and hereby does,

either (a) make an initial deposit with the Chair, Workers' Compensation Board, under subdivision 3 of Section 50 of the Workers' Compensation Law to secure the group's liability to pay the Compensation provided in the Workers' Compensation Law by depositing securities registered in the name of the Chair, Workers' Compensation Board, State of New York.

Such securities as well as any others hereafter deposited with the Chair, Workers' Compensation Board, are to be held by the Chair, Workers' Compensation Board, in trust, with power to collect the interest and the principal as the same become due, to sell the securities or any of them as may be required and to apply the proceeds to the payment of any compensation or any administration expense for which the group may become liable under the Workers' Compensation Law in the payment of which the group may be in default. The interest collected by the Chair, Workers' Compensation Board, upon securities deposited by us under subdivision 3-a of Section 50 shall be paid to the group by the Chair, Workers' Compensation Board.

and/or (b) deposit with the Chair cash in the form of a certified check, in the name of Chair, Workers' Compensation Board, State of New York.

Such cash deposit is to be held by the Chair, Workers' Compensation Board, in trust, with power to collect the interest, as it becomes due, to use the cash as may be required and to apply the proceeds to the payment of any compensation or any administration expense for which we may become liable under the Workers' Compensation Law in the payment of which the group may be in default. The interest collected by the Chair, Workers' Compensation Board, as a result of the cash deposited by us under subdivision 3-a of Section 50 shall be paid to the group by the Chair, Workers' Compensation Board.

and/or (c) file with the Chair the bond of a surety company authorized to do business in the State of New York in form and penal sum acceptable to the Chair and conditioned on the payment of compensation and all obligations provided in the Workers' Compensation Law. Such surety bond is undertaken and may be enforced in the name of "Chair, Workers' Compensation Board, State of New York."

In the event of the group's neglect or refusal to pay any obligation, the group hereby authorizes the Chair to require the Surety Company to pay forthwith to the Chair the penal sum of the bond.

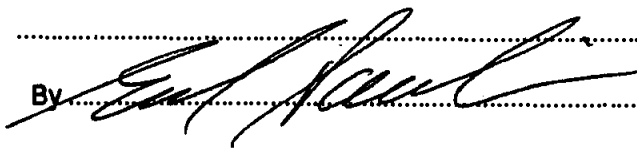
and/or (d) file with the Chair irrevocable letters of credit issued by a qualified banking institution as defined by rules promulgated by the Chair.

The group authorizes the Chair to draw upon the letters of credit in the event of the group's neglect or refusal to pay any compensation obligations, expense or assessments imposed by law. The group further authorizes the Chair to draw upon the letters of credit in the event we fail to renew or replace them with new letters of credit, cash, securities or a surety bond by thirty days before its expiration date.

3. That the group will pay into the Aggregate Trust Fund promptly on demand any awards commuted under Section 27 of the Workers' Compensation Law.
4. That the group will comply with the rules and regulations for group self-insurers, including such modifications thereof as the Chair, Workers' Compensation Law, may make from time to time.
5. That the group will comply with all orders of the Chair, Workers' Compensation Board, requiring the deposit of additional cash or securities, or to increase the penal sum of the bond or the amount of the irrevocable letters of credit, proof of its financial condition and the verification thereof, a consolidated statement of the accident experience and payroll exposure of all participating employers and in any other way pertaining to the exercise by it of the status of a self-insurer, within the time specified in any notice mailed to it at its last given post office address; and it will permit the Chair's authorized representative access to the premises of the applicant and of participating employers for the purpose of examining operations and records pertaining to financial condition and all obligations under the Workers' Compensation Law, failing which it consents that this status of a self-insurer may forthwith be revoked by the Chair, Workers' Compensation Board, and that in addition the Chair, Workers' Compensation Board, may invoke all legal and equitable remedies.

The foregoing agreement and undertaking is executed, and the deposit is made and/or the surety bond and/or the irrevocable letters of credit are filed, as fulfillment, on the group's part, of the conditions under which the Chair, Workers' Compensation Board, has permitted the group to give security for the payment of compensation.

Signed at
this.....day of, 19.....

By 
.....
(Title)
.....
(Telephone Number)

IF THE APPLICANT IS A CORPORATION USE THIS FORM OF ACKNOWLEDGMENT

STATE OF }
County of } ss.:

On this day of, in the year 19, before me personally came,
to me known, who being by me duly sworn did depose and say that (s)he resides at; that (s)he is the
..... of the corporation described in and
(President or Other Officer) (Name of Corporation)
which executed the above instrument; that (s)he signed his/her name thereto by order of the Board of Directors of said corporation.

.....
(Notary)

IF THE APPLICANT IS AN UNINCORPORATED ASSOCIATION USE THIS FORM OF ACKNOWLEDGMENT

STATE OF }
County of } ss.:

On this day of, in the year 19, before me personally came,
an officer of the described in the foregoing instrument
(Name of Association)
to me known and known to me to be an officer of the said association and the person who executed said instrument and acknowledged to me that (s)he executed the
same on behalf of said association.

.....
(Notary)

EXHIBIT 22



ROBERT R. SNASHALL
CHAIRMAN

STATE OF NEW YORK
WORKERS' COMPENSATION BOARD
Self Insurance Office
20 Park Street Room 201
Albany, New York 12207

E-Mail: joseph.bruno@wcb.state.ny.us
(518) 402-7879
FAX (518) 402-6199



SUZANNE LENGIO
DIRECTOR OF SELF INSURANCE

JOSEPH BRUNO
SENIOR ACCOUNTANT

January 18, 2002

Emil Panichi - Chairman
Royal Carting Services
P.O. Box 1209
Route 82
Hopewell Junction, NY 12533

Joseph M. Winters - Secretary
Winter Brothers Recycling Corporation
99 Nancy Street
West Babylon, NY 11704

Subject: Group Self Insurance – Workers' Compensation Law
Transportation Industry Workers' Compensation Trust

Dear Sirs:

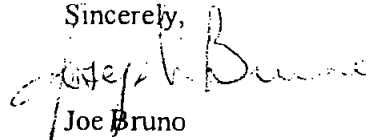
In accordance with Section 317.19 of Title 12 of the New York Codes, Rules and Regulations, group self-insurers are required to file the following reports with the Workers' Compensation Board, no later than 120 days after the close of the fiscal year of the group:

- (1) Financial summary report in a form prescribed by the Chair (copy attached);
- (2) Audited financial statements prepared in accordance with generally accepted accounting principles for the preceding fiscal year, certified by an independent certified public accountant.
- (3) Actuarial report certified by an independent qualified actuary verifying claims and the method of calculating such claims, based on accepted actuarial standards of practice;
- (4) A payroll report filed by classification code for each group member and in aggregate for the preceding twelve month period and including the total number of employees participating in the group as well as the current total number of employees for each employer; such report should be accompanied by the final payroll audit of the group, as submitted to the group's excess insurance carrier.

Our records indicate that the group noted above has a fiscal year end date of December 31, 2001. Accordingly the reports listed above are due in this office by April 30, 2002. Per Part 317.22, the Board may impose a penalty of up to \$500 per day for each day that a group does not submit the required reports.

This letter simply serves as a reminder of the reporting requirements. Thank you in advance for your anticipated cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Bruno". The signature is written in a cursive style with a large initial "J".

Joe Bruno
Senior Accountant

cc: Mr. Daniel Hickey
President
Compensation Risk Manager, LLC
4 Jefferson Plaza
Poughkeepsie, NY 12601

B-11

STATE OF NEW YORK WORKERS' COMPENSATION BOARD
GROUP SELF-INSURED - FINANCIAL SUMMARY REPORT

REPORT AS OF THE FISCAL YEAR ENDING _____

Group Name:	Group Address & Phone No.:
Administrators Name:	Administrators Address & Phone No.:
Group Description:	

Accounting firm performing the most recent audit:

Name:	Address:	Contact Person:
-------	----------	-----------------

Actuarial firm performing the most recent actuarial study:

Name:	Address:	Contact Person:
-------	----------	-----------------

Amount

Total trust assets for the past fiscal reporting year. (Trust assets shall mean cash and deposits in a bank or trust company insured under the provisions of the Federal Deposit Insurance Act or investments permitted pursuant to section 317.8(c) of Title 12 of the NYCRR. For purposes of these rules, assets shall not include fixed assets nor shall they include the security deposit posted by the group self-insurer under section 317.5 of Title 12 of the NYCRR.)	\$
Total trust liabilities for the past fiscal reporting year. (Trust liabilities shall mean all claims, accrued Workers' Compensation Board assessments, accrued expenses including administrative costs, costs of excess insurance policies, and other fixed costs, accounts payable, loans, bonds and notes payable, unearned contributions and all other trust obligations.)	\$
Range of claims reserve determined by actuarial firm for the past fiscal reporting year.	Range: to
Discount rate applied:	
Does the group have an aggregate net worth of members which is at least one million dollars (\$1,000,000)?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Are any of the group's assets pledged as collateral? If yes, please indicate account and amount:	Yes <input type="checkbox"/> No <input type="checkbox"/>
Number of active members as of reporting date:	
Does group have two or more employers that perform related activities in a given industry?	Yes <input type="checkbox"/> No <input type="checkbox"/>

Investment Summary (See Part 317.8 Rules and Regulations for Group Self-Insurers):

Clearly state the name, type, amount and term for each investment. Investments can fall within one of the following categories: (1) Government Obligations, (2) Obligations of American Institutions, (3) Preferred Shares of American Institutions, (4) Equity Interests, (5) Mutual Funds, and (6) Other.

Investment Category	Name	Type	Amount	Term of Obligation	Securities Rating of Obligation

Note: Obligations of American Institutions – Must be i) rated A or higher (or the equivalent thereto) by a securities rating agency recognized by the Superintendent; or ii) have been given the highest quality designation by the Securities Valuation Office of the National Office of Insurance Commissioners.

Equity Interests – Investments in common shares of any solvent American institution, if such equity interests are registered on a national securities exchange, as provided in the Securities Exchange Act of 1934, 15 U.S.C. §§ 78a-78kk or otherwise registered pursuant to said act and, if so otherwise registered, price quotations therefore are furnished through a nationwide automated quotations system approved by the National Association of Securities Dealers, Inc.

STATE OF NEW YORK
COUNTY OF _____, being duly sworn, says: That (s)he
is the _____ of the
Title

Name of Employer Group

and is duly authorized to execute this affidavit of certification on behalf of said Group Self-Insurer.

Signature of Authorized Official

Sworn to before me this _____ day of _____ 20 _____

Signature of Notary Public

EXHIBIT 23

TEAHAN & CONSTANTINO

COUNSELLORS AT LAW

VINCENT L. TEAHAN
JAMES P. CONSTANTINO

RICHARD I. CANTOR
STEPHEN C.F. DIAMOND
ELIOT D. HAWKINS

STEPHEN M. FRIEDBERG
COUNSEL

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INTERNET HOME PAGE
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FAX TRANSMISSION MEMORANDUM

To: DANIEL G. HICKEY, PRESIDENT Date: JANUARY 24, 2002

Company: COMPENSATION RISK MANAGERS Fax No.: 483-3677

From: JAMES CONSTANTINO No. of Pages: 7
(including this sheet)

THE INFORMATION CONTAINED IN THIS FACSIMILE TRANSMISSION IS INTENDED ONLY FOR THE PERSONAL AND CONFIDENTIAL USE OF THE DESIGNATED RECIPIENT NAMED ABOVE. This transmittal may be a CONFIDENTIAL attorney-client communication or contain information within the attorney-client privilege. If the reader of this transmittal is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this transmittal in error, and that any review, dissemination, distribution, copying or retention of this transmittal or the information contained therein is strictly prohibited. If you have received this and you are not the intended recipient or an authorized agent, please notify us immediately by telephone (call us collect at 914-452-1834) and return the original transmittal and any copies to us by mail. Thank you.

Job	Start Time	Usage	Phone Number or ID	Type	Pages	Mode	Status
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COUNSELLORS

TEAHAN & CONSTANTINO

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TEAHAN & CONSTANTINO

COUNSELLORS AT LAW

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JAMES P. CONSTANTINO

RICHARD I. CANTOR
STEPHEN C.F. DIAMOND
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January 24, 2002

**BY FAX (845) 483-3677
AND REGULAR MAIL**

Compensation Risk Managers, LLC
4 Jefferson Plaza
Poughkeepsie, New York 12601

Attn.: Daniel G. Hickey, Jr., President

**Re: Group Self Insurance - Workers' Compensation Law
Transportation Industry Workers' Compensation Trust**

Dear Dan:

Emil received the enclosed correspondence in the mail and was very disturbed that he has been incorrectly identified as Chairman of the Transportation Industry Workers' Compensation Trust. Please attend to this immediately and advise the Workers' Compensation Board that Mr. Panichi does not now and has never held any such office and, further, has no duty whatsoever to provide any report to the Board. I also expect an explanation as to just how this happened, including the identity of the responsible party(ies) and what action will be taken to prevent that ever happening again.

So that I know that this matter has been properly handled, we will need to receive a letter from the Workers' Compensation Board acknowledging correction of this matter and that Emil has no obligation or responsibility to submit any report. We must receive this notification on or before February 15, 2002. If we don't, we will need to communicate directly with the Board, and seek its assistance in correcting this error and advising the Board that Mr. Panichi's "chairmanship" occurred without his knowledge or consent.

TEAHAN & CONSTANTINO

DANIEL G. HICKEY, JR.
JANUARY 24, 2002

It probably won't surprise you that this kind of error only bolsters the concerns we specifically discussed relating to Compensation Risk Managers and self-insurance trusts in general. This was truly unfortunate.

Thank you for your immediate attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to be "DGH", written over the typed name "Very truly yours,".

JPC:lsp

Enclosure

cc: H. Todd Brinckerhoff

**STATE OF NEW YORK WORKERS' COMPENSATION BOARD
GROUP SELF-INSURED - FINANCIAL SUMMARY REPORT**

REPORT AS OF THE FISCAL YEAR ENDING _____

Group Name:	Group Address & Phone No.:
Administrators Name:	Administrators Address & Phone No.:
Group Description:	

Accounting firm performing the most recent audit:

Name:	Address:	Contact Person:
--------------	-----------------	------------------------

Actuarial firm performing the most recent actuarial study:

Name:	Address:	Contact Person:
--------------	-----------------	------------------------

	Amount
Total trust assets for the past fiscal reporting year. (Trust assets shall mean cash and deposits in a bank or trust company insured under the provisions of the Federal Deposit Insurance Act or investments permitted pursuant to section 317.8(c) of Title 12 of the NYCRR. For purposes of these rules, assets shall not include fixed assets nor shall they include the security deposit posted by the group self-insurer under section 317.5 of Title 12 of the NYCRR.)	\$
Total trust liabilities for the past fiscal reporting year. (Trust liabilities shall mean all claims, accrued Workers' Compensation Board assessments, accrued expenses including administrative costs, costs of excess insurance policies, and other fixed costs, accounts payable, loans, bonds and notes payable, unearned contributions and all other trust obligations.	\$
Range of claims reserve determined by actuarial firm for the past fiscal reporting year.	Range: to



ROBERT R. SNASHALL
CHAIRMAN

STATE OF NEW YORK
WORKERS' COMPENSATION BOARD
Self Insurance Office
20 Park Street Room 201
Albany, New York 12207

E-Mail: joseph.bruno@wcb.state.ny.us
(518) 402-7879
FAX (518) 402-6199



SUZANNE LENGIO
DIRECTOR OF SELF INSURANCE

JOSEPH BRUNO
SENIOR ACCOUNTANT

January 18, 2002

Emil Panichi - Chairman
Royal Carting Services
P.O. Box 1209
Route 82
Hopewell Junction, NY 12533

Joseph M. Winters - Secretary
Winter Brothers Recycling Corporation
99 Nancy Street
West Babylon, NY 11704

Subject: Group Self Insurance – Workers' Compensation Law
Transportation Industry Workers' Compensation Trust

Dear Sirs:

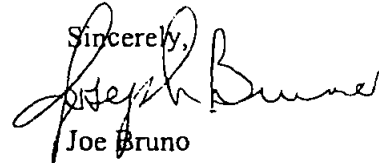
In accordance with Section 317.19 of Title 12 of the New York Codes, Rules and Regulations, group self-insurers are required to file the following reports with the Workers' Compensation Board, no later than 120 days after the close of the fiscal year of the group:

- (1) Financial summary report in a form prescribed by the Chair (copy attached);
- (2) Audited financial statements prepared in accordance with generally accepted accounting principles for the preceding fiscal year, certified by an independent certified public accountant.
- (3) Actuarial report certified by an independent qualified actuary verifying claims and the method of calculating such claims, based on accepted actuarial standards of practice;
- (4) A payroll report filed by classification code for each group member and in aggregate for the preceding twelve month period and including the total number of employees participating in the group as well as the current total number of employees for each employer; such report should be accompanied by the final payroll audit of the group, as submitted to the group's excess insurance carrier.

Our records indicate that the group noted above has a fiscal year end date of December 31, 2001. Accordingly the reports listed above are due in this office by April 30, 2002. Per Part 317.22, the Board may impose a penalty of up to \$500 per day for each day that a group does not submit the required reports.

This letter simply serves as a reminder of the reporting requirements. Thank you in advance for your anticipated cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Bruno". The signature is written in a cursive style with a large initial "J".

Joe Bruno
Senior Accountant

cc: Mr. Daniel Hickey
President
Compensation Risk Manager, LLC
4 Jefferson Plaza
Poughkeepsie, NY 12601

EXHIBIT 24

JPC
1/28 7:41
Janice 896-4706

re: letter to Todd on Royal
Certing

MAIL ADDRESS: _____ SIGNED: *JH*

RINGED CALL BACK RETURNED CALL WANTS TO SEE YOU WILL CALL AGAIN WAS IN URGENT

B-12

MILLBROOK OFFICE
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Jan Hickey -

- Not have seen / or never has been mentioned
- Not an error of CRM
- benefit of the doubt
- will follow up to substantiate
- 452 4100

2/4 b/c Cost up. initially -
filed paper work
New percent →
follow -

Receive return processors.
actual claims
w/c
claim done

EXHIBIT 25



Compensation
Risk
Managers, LLC

C-3

January 4, 2001

Karen A. Keane
Associate Examiner
State of New York
Workers' Compensation Board
Self Insurance Office
20 Park Street, Room 201
Albany, New York 12207

RE: Board of Trustees for Transportation Industry Trust of New York


Dear Karen:

Please accept this letter as confirmation of the initial Board of Trustees for the above referenced program. The Trustees are listed below:

Emil Panichi, Royal Carling Services, Inc. Chairman
Joseph M. Winters, Winter Brothers Recycling Corporation Secretary

Should you have any questions feel free to give me a call.

Sincerely,


Martin D. Rakoff
Chief Executive Officer

MDR/sh

EXHIBIT 26

TRANSPORTATION INDUSTRY WORKERS' COMPENSATION TRUST
W648885
Designation of Trustees
As of 1/7/08

Trustee Name	Member Name	Member Eff Date	Position Held	Term as a Group Trustee		Phone No.	E-Mail Address	GSI-23 On File
				From	To			

The Board of Trustees shall consist of no more than 7 individuals, each of which shall be an authorized employee of an active participating employer. Each Trustee shall serve for a period of one year.

Inactive Trustees								
Dotterweich, Joseph	Fidel Transport	12/01/01	Chair	4/1/2002	1/1/2008	716-828-0748	joseph@fidel.com	N
Riccelli, Richard	Riccelli Enterprises, Inc.	07/16/03	Trustee	7/16/2003	1/1/2008	315-433-5115	rchr@riccellitrucking.com	N
Vorselen, Craig	Sterling Ambulette, Inc.	06/02/06	Trustee	8/31/2007	1/1/2008	914-76-6044	cvorselen@sterlingambulette.com	Y
Dial, Michael	Speed Motor Express of WNY	03/15/05	Trustee	3/15/2005	8/15/2007	716-876-2235	mdial@speedtransportalrgu.com	N
Bottini, Mark	Morgan Fuel & Heating Co.	10/01/01	Chair	10/1/2001	1/8/2004	845-297-5580		
DiGiovanni, Fred	Island Charter	02/05/02		4/1/2002	3/5/2003	718-448-4006		

Members sorted by date

	Employer Name	Effective Date	Termination Date	FEIN	GSI 1.1 Group Application	GSI 3.1 Member Termination	Jointer/Participant Agreement	Member Payroll
1	C.I. LOGISTICS, INC.	12/27/2000	01/14/2002		X	X	X	
2	KINGSWAY LUMBER CARRIERS INC	12/27/2000	02/08/2005		X	X	X	
3	PANICHI HOLDING CORP	12/27/2000	12/27/2000		X	X	X	
4	ROYAL CARTING OF DUTCHESS COUNTY INC	12/27/2000	12/27/2000		X	X	X	
5	VALLEY 82 HOLDING CORP	12/27/2000	12/27/2000		X	X	X	
6	WATCH HILL HOLDING CORPORATION	12/27/2000	12/27/2000		X	X	X	
7	WINTER BROTHERS TRANSFER STATION CORP	12/27/2000	1/1/2008		X	X	X	
8	WINTERS BROTHERS RECYCLING CORPORATION	12/27/2000	1/1/2008		X	X	X	
9	ALL INN TRUCKING INC	01/01/2001	09/08/2003		X	X	X	
10	C J KRANTZ TOPSOIL INC	01/01/2001	12/31/2001		X	X	X	
11	CITY WIDE DEMOLITION CORP.	01/01/2001	1/1/2008		X	X	X	
12	ESPOSITO & SONS FREIGHT LINES INC	01/01/2001	09/23/2002		X	X	X	
13	FRANKLIN TRUCKING INC	01/01/2001	02/24/2003		X	X	X	
14	MICHAEL CARPENTER, INC	01/01/2001	03/22/2005		X	X	X	
15	TWO B'S BEV INC.	01/01/2001	12/05/2006		X	X	X	
16	SOUTHERN TIER MOVING & STORAGE INC	01/27/2001	01/01/2005		X	X	X	
17	OVERALL TRANSPORTING	02/15/2001	12/01/2001		X	X	X	
18	GLOBAL WASTE, INC	02/16/2001	11/03/2005		x	x	x	
19	YANKEE SERVICES INC.	02/17/2001	03/08/2007		X	X	X	
20	SATISFIED TRUCKING	03/01/2001	11/21/2001		X	X	X	
21	SAMPSON, P MARC	03/08/2001	03/24/2005		X	X	X	
22	TOLGA TRUCKING, INC.	03/26/2001	2/4/2008		X	X	X	
23	F.G. TRUCKING INC.	03/31/2001	01/01/2003		X	X	X	
24	WILD HORSE TRUCKING INC.	03/31/2001	01/01/2003		X	X	X	
25	ROAD RANGER EXPRESS INC.	04/15/2001	07/24/2003		X	X	X	
26	JLG TRUCKING INC.	04/18/2001	06/28/2002		X	X	X	
27	ELECTRO INDUSTRIAL WASTE SVCE. INC.	04/26/2001	11/21/2001		X	X	X	
28	FALSO CARTING CO., INC.	05/04/2001	1/1/2008		X	X		
29	CARGO TRANSPORTATION LOGISTICS, INC.	05/11/2001	04/12/2002		X	X	X	
30	MILLER, JOHN A.	05/11/2001	03/04/2006		X	X	X	
31	W.M.C.D.W. INC.	05/11/2001	10/17/2003		X	X	X	
32	ACE RECYCLING & RUBBISH INC.	05/20/2001	03/23/2003		X	X	X	
33	BIO CLEAN OF NEW YORK INCORPORATED	05/21/2001	07/26/2005		X	X	X	
34	MARAGE TRUCKING INC.	05/25/2001	1/24/2008		X	X	X	
35	PJC SANITATION SERVICE INC.	05/30/2001	04/05/2002		X	X	X	
36	ALLCARE TRANSPORTATION INC.	06/08/2001	2/4/2008		X	X	X	
37	EMPIRE AUTO TRANSPORT INC.	06/13/2001	02/23/2007		X	X	X	
38	PK CARRIER CORP.	06/13/2001	07/15/2004		X	X	X	
39	GLODE, RICHARD E.	06/14/2001	04/30/2004		X	X	X	
40	ALSCIOR ASSOCIATES, INC.	06/20/2001	07/23/2003		X	X	X	
41	EMPIRE CARTING CORP	06/25/2001	04/12/2002		X	X	X	
42	DOLPHIN TRUCKING, INC.	06/26/2001	12/31/2001		X	X	X	
43	70 SHELDON, INC.	07/01/2001	01/01/2008		X	X	X	
44	AT & A TRUCKING CORP.	07/01/2001	01/01/2008		X	X	X	
45	COLLINS BROTHERS COMMERCIAL MOVING CORP.	07/01/2001	1/1/2008		X	X	X	

	Employer Name	Effective Date	Termination Date	FEIN	GSI 1.1 Group Application	GSI 3.1 Member Termination	Joinder/Participation Agreement	Member Payroll
46	COLLINS BROTHERS INDUSTRIES CORP.	07/01/2001	1/1/2008		X	X	X	
47	COLLINS BROTHERS MOVING CORPORATION	07/01/2001	1/1/2008		X	X	X	
48	DESPATCH OF SOUTHAMPTON MOVING & STORAGE	07/01/2001	1/1/2008		X	X	X	
49	SCHMIDT TRUCKING INC.	07/01/2001	01/01/2005		X	X	X	
50	GALASSO CONTRACTING, INC.	07/14/2001	1/1/2008		X	X	X	
51	GALASSO TRUCKING INC.	07/14/2001	1/1/2008		X	X	X	
52	GTI HARBOR TRUCKING & RIGGING INC.	07/14/2001	1/1/2008		X	X	X	
53	GTI MOVING & STORAGE, INC.	07/14/2001	1/1/2008		X	X	X	
54	SPENCER INVESTMENT LP	07/14/2001	1/1/2008		X	X	X	
55	SPENCER REALTY INC.	07/14/2001	1/1/2008		X	X	X	
56	FASTWAY TRUCKING CORP.	07/16/2001	08/18/2002		X	X	X	
57	WINGS TRUCKING INC.	07/16/2001	05/04/2006		X	X	X	
58	JMK MATERIALS, INC.	07/18/2001	1/19/2008		X	X	X	
59	J & H TRANSFER INC.	07/23/2001	1/19/2008		X	X	X	
60	ECUACOL TRUCKING INC.	07/30/2001	04/12/2002		X	X	X	
61	TJS HAULING, INC.	07/30/2001	11/30/2002		X	X	X	
62	EXPO TRUCKING, INC.	07/31/2001	04/12/2003		X	X	X	
63	A & D FREIGHT, INC.	08/01/2001	06/30/2003		X	X	X	
64	MCCALLA TRUCKING INC.	08/01/2001	09/23/2002		X	X	X	
65	ALJ TRUCKING LTD.	08/02/2001	03/10/2004		X	X	X	
66	EAST END FREIGHT & SPECIAL SERVICES, INC.	08/10/2001	03/31/2003		X	X	X	
67	LONG ISLAND WASTE SERVICES, INC.	08/10/2001	2/3/2008		X	X	X	
68	NATIONAL WASTE SERVICES LLC	08/10/2001	1/19/2008		X	X	X	
69	ADVANCED DISTRIBUTION SYSTEMS INC	08/18/2001	06/23/2004		X	X	X	
70	ADVANCED DISTRIBUTION SYSTEMS INC.	08/18/2001	09/23/2002		X	X	X	
71	SFL MANAGEMENT CORP.	08/18/2001	03/03/2004		X	X	X	
72	TRANSPORTATION RESOURCE MANAGEMENT, INC.	08/18/2001	04/30/2003		X	X	X	
73	AAA EXPRESS TRUCKING INC.	08/23/2001	1/1/2008		X	X	X	
74	ACME BTDI, INC.	08/23/2001	03/31/2003		X	X	X	
75	HERITAGE TRUCKING INC.	08/23/2001	10/19/2002		X	X	X	
76	PEBBLE ROCK LTD.	08/23/2001	1/19/2008		X	X	X	
77	CALVIN F. HARVEY TRUCKING, INC.	08/25/2001	03/31/2003		X	X	X	
78	SONNY BOY SANITATION INC.	08/30/2001	1/1/2008		X	X	X	
79	SONNY ZITO SANITATION INC.	08/30/2001	1/1/2008		X	X	X	
80	RAY'S TRANSPORTATION INC.	09/04/2001	1/1/2008		X	X	X	
81	GRAZ RECYCLING CORP.	09/08/2001	09/25/2003		X	X	X	
82	GRAZ TRANSPORTATION CORP.	09/08/2001	09/25/2003		X	X	X	
83	NU-LEAF TRUCKING, INC.	09/08/2001	03/25/2002		X	X	X	
84	G. BON FUNDING CORP.	09/10/2001	09/05/2005		X	X	X	
85	KENT FUNDING CORP.	09/10/2001	02/12/2004		X	X	X	
86	M.J. TRUCKING CORP.	09/11/2001	03/31/2003		X	X	X	
87	PREET TRANSPORT LLC	9/24/2001	02/02/2006		X	X	X	
88	J&J EQUIPMENT LEASING CORP.	09/26/2001	04/10/2003		X	X	X	
89	CITY WASTE SERVICES OF NY, INC.	09/30/2001	1/1/2008		X	X	X	
90	KRAFFT TRUCKING INC.	10/01/2001	1/1/2008		X	X	X	
91	MORGAN FUEL & HEATING CO. INC.	10/01/2001	02/09/2007		X	X	X	

	Employer Name	Effective Date	Termination Date	FEIN	GSI 1.1 Group Application	GSI 3.1 Member Termination	Jointer/Participant Agreement	Member Payroll
92	NAILATI LEASING COMPANY, INC.	10/01/2001	2/3/2008		X	X	X	
93	ORANGE COUNTY FUEL, INC.	10/01/2001	02/09/2007		X	X	X	
94	LZS CEREMONIAL TRAILS INC.	10/16/2001	04/12/2002		X	X	X	
95	SUPER-PAK COURIER SERVICE, INC.	10/18/2001	02/20/2006		X	X	X	
96	ALLIANCE TRANSFER CORP.	11/01/2001	09/18/2003		X	X	X	
97	SOLAR EXPRESS, INC.	11/01/2001	09/23/2002		X	X	X	
98	QUEEN CITY LOGISTICS, INC.	11/03/2001	03/06/2003		X	X	X	
99	T & R ENVIRONMENT CORP.	11/09/2001	05/03/2002		X	X	X	
100	ATLANTIC CARRIER, INC.	11/14/2001	1/19/2008		X	X	X	
101	ADAMS, SAM & EILLEN	11/20/2001	10/19/2002		X	X	X	
102	INTERNATIONAL WAREHOUSE SOLUTIONS INC.	11/21/2001	05/06/2004		X	X	X	
103	AMSTERDAM TRUCK CENTER, INC.	12/01/2001	1/1/2008		X	X	X	
104	CARMEN M. PARISO INC.	12/01/2001	1/1/2008		X	X	X	
105	FICEL TRANSPORT, INC.	12/01/2001	1/1/2008		X	X	X	
106	G & L TRUCKING INC.	12/01/2001	1/1/2008		X	X	X	
107	GREENE TRUCKING, INC.	12/01/2001	1/1/2008		X	X	X	
108	S & M PROMPT RUBBISH REMOVAL SERVICE, INC.	12/02/2001	04/06/2002		X	X	X	
109	WEST COAST RECLAMATION INC.	12/05/2001	1/23/2008		X	X	X	
110	CJ'S TRANSPORTATION SERVICES, INC.	12/10/2001	02/27/2006		X	X	X	
111	ON TIME CONCRETE CORP.	12/10/2001	2/4/2008		X	X	X	
112	WHITE BUFFALO EXPRESS, LLC	12/11/2001	03/06/2002		X	X	X	
113	MISTI'S TRANSPORTS INC.	12/22/2001	2/4/2008		X	X	X	
114	MO TRUCKING INC.	12/28/2001	05/14/2003		X	X	X	
115	SHELLEY TRANSPORT CORP.	12/28/2001	10/27/2003		X	X	X	
116	A. ULGIATI ENTERPRISES, INC.	12/31/2001	11/10/2004		X	X	X	
117	BOSSONG'S COMMERCIAL DELIVERY, INC.	12/31/2001	01/01/2003		X	X	X	
118	CRAGCO TRANSPORT, INC.	12/31/2001	03/06/2003		X	X	X	
119	CSW WAREHOUSE & DISTRIBUTION, INC.	12/31/2001	08/15/2004		X	X	X	
120	ENORAB, INC.	12/31/2001	2/4/2008		X	X	X	
121	WOODLAND LEASING CO., INC.	12/31/2001	1/1/2008		X	X	X	
122	SULLIVAN COUNTY FIRST RECYCLING INC.	01/01/2002	1/1/2008		X	X	X	
123	M.D.T. TIRE CORP.	01/04/2002	04/22/2003		X	TERM 05/23/06		
124	U.D.S. CORP.	01/09/2002	05/19/2004		X	X	X	
125	ATI EXPRESS, INC.	01/11/2002	01/18/2003		X	X	X	
126	RELIANCE MOVING & STORAGE INC.	01/15/2002	09/08/2003		X	X	X	
127	LIME LIGHT TRUCKING, INC.	01/18/2002	2/4/2008		X	X	X	
128	STRONG EQUIPMENT	01/25/2002	03/12/2003		X	X	X	
129	T & T LEASING OF PLATTSBURGH, INC.	01/28/2002	1/1/2008		X	X	X	
130	FRANK KAPELA INC.	02/05/2002	11/24/2004		X	X	X	
131	I.C. ASSOCIATES INC.	02/05/2002	2/4/2008		X	X	X	
132	ISLAND CHARTER INC.	02/05/2002	03/06/2003		X	X	X	
133	ISLAND ESCORT INC.	02/05/2002	2/4/2008		X	X	X	
134	BRONX COUNTY RECYCLING, LLC	02/11/2002	01/01/2008		X	X	X	

EXHIBIT 27

TEAHAN & CONSTANTINO

VINCENT L. TEAHAN
 JAMES P. CONSTANTINO
 JAE EUN C. JIN

MARILYN D. BERSON
 RICHARD I. CANTOR
 STEPHEN C.F. DIAMOND
 STEPHEN M. FRIEDBERG
 ANN GIFFORD
 ELIOT D. HAWKINS
 COUNSEL

COUNSELLORS AT LAW
 41 FRONT STREET, SUITE A
 P. O. BOX 1181
 MILLBROOK, NEW YORK 12545
 (845) 677-2101
 Fax (845) 677-1054
 E-Mail Millbrook@TCTaxPlan.com

POUGHKEEPSIE OFFICE
 2780 SOUTH ROAD
 P.O. BOX 1969
 POUGHKEEPSIE, NEW YORK 12601-0969
 Tel (845) 452-1834
 Fax (845) 452-1421
 E-Mail Poughkeepsie@TCTaxPlan.com
 INTERNET HOME PAGE
 www.TCTaxPlan.com

July 30, 2008

DELIVERY CONFIRMATION - AIR BILL NO. 0305 1720 0002 4639 5577

Louis Viglotti, Esq.
 General Counsel
 Compensation Risk Managers, LLC
 2515 South Road
 Poughkeepsie, NY 12601

**Re: Transportation Industry Workers' Compensation Trust
 w/ Emil Panichi**

Dear Lou:

This follows our telephone conversation today. Enclosed is a copy of the July 18, 2008 letter Emil received from the Workers' Compensation Board. Needless to say he was very concerned by the letter as it asserts that "records indicate that [Emil was] a member of the Transportation Industry Workers' Compensation Trust." That, Lou, was never the case.

I am also enclosing a copy of a January 18, 2002 letter Emil received concerning this Trust, and my January 24, 2002 letter to Danny relating to it. I subsequently received a call from Dan's office (on January 28, 2002) that confirmed that Emil was not nor ever had been a member of any Trust and that the letter that he received was not the error of CRM. I was also assured that Dan's office would follow up directly with the Workers' Compensation Board to clarify this matter. As we never heard anything further, we proceeded on the basis that the issue was resolved -- apparently, that was not the case.

You explained that one possibility for the confusion here may be related to the application to create the Trust that would have included *proposed core members*, and all that Royal Carting may have been included as a proposed core member. However, Emil never submitted any documents (including for example the "Agreement and Undertaking of Employer

TEAHAN & CONSTANTINO

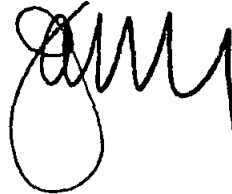
Louis Viglotti, Esq.
July 30, 2008
Page Two

Group as a Self-Insurer" etc.) to initiate membership. There can be no legitimate documentary evidence indicating Royal's/Emil's participation in any Trust.

Ideally, I would like to receive a confirmatory letter from CRM that Emil never submitted any application materials and that at no time was he a member of the Transportation Trust. In the meantime I will be communicating directly with the Workers' Compensation Board to hopefully resolve this matter. I want to reiterate that my only objective is to remove Emil from inclusion in this matter.

I look forward to hearing from you.

Very truly yours,

A handwritten signature in black ink, appearing to be 'LV', written in a cursive style.

JPC:sc
cc: Emil Panichi, President

Handwritten note:
12/1/03
to Mr. Louis Viglotti

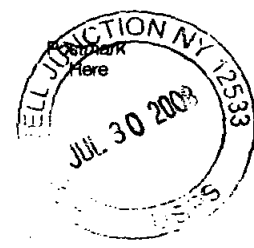
U.S. Postal Service™ Delivery Confirmation™ Receipt

DELIVERY CONFIRMATION NUMBER:
0305 3720 0002 4639 5577

Postage and Delivery Confirmation fees must be paid before mailing.

Article Sent To: (to be completed by mailer)

Louis Viglotti Esq
2515 Southard, P.O. NY 12601



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FOIA

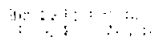
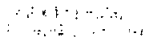


EXHIBIT 28

B-6



Compensation Risk Managers, LLC
Workers' Compensation Solutions You Can Trust.

DELIVERY CONFIRMATION – UPS TRACKING NO. 1ZE05Y720194079899

August 14, 2008

James P. Constantino, Esq.
Teahan & Constantino
Counselors at Law
41 Front Street, Suite A
P.O. Box 1181
Millbrook, New York 12545

RE: Transportation Industry Workers' Compensation Trust
Royal Carting of Dutchess County, Inc. and Panichi Holding Corp

Dear Mr. Constantino,

This correspondence is in response to your letter dated July 30, 2008, regarding Royal Carting of Dutchess County, Inc. and Panichi Holding Corp. participation in the Transportation Industry Worker's Compensation Trust.

Enclosed herewith please find copies of the approved Workers Compensation Board Notice of Termination of Employer's Participation in Group Self-Insurance Plan for Royal Carting of Dutchess County Inc, and Panichi Holding Corp., effective December 27, 2000.

Please accept this letter as a confirmatory letter from Compensation Risk Managers, LLC (CRM) that Royal Carting of Dutchess County, Inc. and Panichi Holding Corp were never members of the Transportation Industry Workers Compensation Trust. Also, please accept our apologies for any inconvenience this may have created.

Sincerely,

Daniel G. Hickey, Jr.
Chief Executive Officer

Enclosure


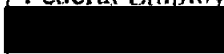
Handwritten notes:
L...
4/25 - 4/28 - 1992

WORKERS' COMPENSATION BOARD

NOTICE OF TERMINATION OF EMPLOYER'S PARTICIPATION IN GROUP SELF-INSURANCE PLAN

Name of Employer Group Self-Insurer:
Transportation Industry Workers' Compensation Trust of New York

Here by gives notice that MEMBER'S participation in the self-insurance plan of the Employer Group identified above is to be terminated, as indicated herein:

Employer Name and Address 	DIA (if applicable)
	Federal Employers Identification Number (FEIN) 

1. Date that MEMBER'S participation in the Plan identified above is to be terminated: 12/27/2000
2. Date that a copy of this Notice of Termination was served upon the MEMBER: February 20, 2008
3. Reason for termination of MEMBER'S Participation:

Never Joined Trust

The Employer Group Self-Insurer hereby agrees that it remains liable for compensation and all other obligations arising during the period of the above named member's participation in the Group's self-insurance plan. The Employer Group Self-Insurer certifies that a Notice of Termination has been sent certified or registered letter, return receipt requested, upon the member and shall not be effective until at least ten (10) days after the Notice of Termination, on the prescribed form, has been filed in the Office of the Chair, in accordance with Section 50, subdivision 3-a of the Workers' Compensation Law.

2-20-08

Date Signed



Signature of Authorized Official of the Employer Group Self-Insurer

(845) 452-4100

Telephone Number

Administrator

Title

1. File original of this notice with the Chair at the following address:
WORKERS' COMPENSATION BOARD
SELF-INSURANCE OFFICE
20 PARK STREET ROOM 201
ALBANY, NY 12207

2. Serve one copy upon the MEMBER as indicated above.

SI-3.1 (03/04)

Handwritten note:
Completed
letter to member
dated 2/20/08

WORKERS' COMPENSATION BOARD

NOTICE OF TERMINATION OF EMPLOYER'S PARTICIPATION IN GROUP SELF-INSURANCE PLAN

Name of Employer Group Self-Insurer: Transportation Industry Workers' Compensation Trust

Here by gives notice that MEMBER'S participation in the self-insurance plan of the Employer Group identified above is to be terminated, as indicated herein:

Employer (Name and Address) <div style="background-color: black; width: 100%; height: 40px;"></div>	DBA (if applicable)
	Federal Employers Identification Number (FEIN) <div style="background-color: black; width: 100%; height: 20px;"></div>

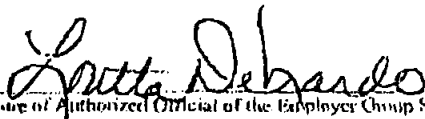
1. Date that MEMBER'S participation in the Plan identified above is to be terminated: 12/27/2000
2. Date that a copy of this Notice of Termination was served upon the MEMBER: February 20, 2008
3. Reason for termination of MEMBER'S Participation:

Never Joined Trust.

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2-20-08
Date Signed

(845) 452-4100
Telephone Number


Signature of Authorized Official of the Employer Group Self-Insurer

Administrator
Title

1. File original of this notice with the Chair at the following address:

WORKERS' COMPENSATION BOARD
SELF-INSURANCE OFFICE
20 PARK STREET ROOM 201
ALBANY, NY 12207

2. Serve one copy upon the MEMBER as indicated above.

SI-3.1 (03/04)

*Completed
refer to e-mail
dated 2/20/08*

EXHIBIT 29

B-3



STATE OF NEW YORK
WORKERS' COMPENSATION BOARD
20 PARK STREET
ALBANY, NEW YORK 12207
(518) 402 - 0247
(518) 402 - 6201 Fax



DAVID A. PATERSON

ZACHARY S. WEISS
CHAIR

To: Members of the Transportation Industry WC Trust
From: Mary Beth Woods, Director of Licensing
Date: 02/18/09
Subject: Group Self Insurance - Forensic Accounting Services
BST Valuation and Litigation Advisors, LLC

As conveyed to you at the membership meeting on August 7, 2008, the WCB is directing the performance of forensic accounting services of the Transportation Industry WC Trust.

The WCB has contracted with BST Valuation and Litigation Advisors (BST) to perform this service on the trust, based on the recently ceased operations due to funding issues. It is our hope that proper review into the circumstances that directly led to the shortfalls will assist us in the proper dissolution of the trust. As part of this forensic accounting service, each fiscal year will be evaluated based upon a comparison of the contributions received to the claims and related expenses for that year. Shortfalls will be allocated to the members that were actively participating in that year.

Members of BST may be contacting you directly to discuss your experience as a trust member and/or to request written information which might be useful in determining an equitable method for dispensing of the trust assets and liabilities, such as copies of payroll audits, declaration pages detailing coverage or any other relevant information. We urge all members to be as forthcoming as possible and provide BST with any requested information.

We ask for your cooperation in this process as we work towards resolution of these issues. In consideration of the members, the results of the forensic accounting services will be made available to every member once the process is completed.

Please feel free to call one of the contacts named below if you have any questions or if you have information that you believe is pertinent to the goal of the process. Thank you for your continued cooperation.

John Vale
Associate Internal Auditor
Self Insurance Office
(518) 402-7971
20 Park St
Albany, NY
12207

Christopher Rosetti, CPA, CFF, CFE
Partner
BST Valuation & Litigation Advisors
(518) 459-3188 ext 335
26 Campbell Dr W
Albany, NY

EXHIBIT 29A



A DIVISION OF BRINCKERHOFF & NEUVILLE INSURANCE GROUP

PO BOX 424 - 1154 MAIN STREET - FISHKILL NY 12524
PHONE 845-898-4700 - FAX 845-897-5110
COMMERCIAL & BONDING 845-898-4706

March 20, 2009

Royal Carting Service Co
PO Box 1209
Hopewell Junction, NY 12533

Re: Worker's Compensation Policies

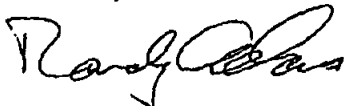
Dear Emil:

With reference to Jim Constantino's request March 20, 2009, please note that Panichi Holding Corp dba Royal Carting Service Co et al has been continuously insured with Brinckerhoff & Neuville, Inc. through the following carriers:

Year	Policy Number	Carrier
1/1/2001-2002	[REDACTED]	Crum & Forster
1/1/2002-9/30/2007	[REDACTED]	Mountain Valley Indemnity Co
09/30/2007-current	[REDACTED]	Tower Insurance Companies

If you have any questions, or need further assistance, please feel free to contact our office.

Sincerely,


Randy Adams

VAIL & SUTTON, INC.
39 MARKET STREET
POUGHKEEPSIE NY 12601
PHONE 845-452-1776
FAX 845-454-1776

TRI-COUNTY PLANNING SERVICES, INC.
39 MARKET STREET
POUGHKEEPSIE NY 12601
PHONE 845-471-8200
FAX 845-471-7840

POWERS & HAAR, INC.
PO BOX 217 - 189 MAIN STREET
COLD SPRING NY 10516
PHONE 845-355-3852
FAX 845-355-3780

EXHIBIT 30

TEAHAN & CONSTANTINO

COUNSELLORS AT LAW

41 FRONT STREET, SUITE A

P. O. BOX 1181

MILLBROOK, NEW YORK 12545

(845) 677-2101

Fax (845) 677-1054

E-Mail Millbrook@TCTaxPlan.com

POUGHKEEPSIE OFFICE

2780 SOUTH ROAD

P.O. BOX 1969

POUGHKEEPSIE, NEW YORK 12601-0969

Tel (845) 452-1834

Fax (845) 452-1421

E-Mail Poughkeepsie@TCTaxPlan.com

INTERNET HOME PAGE

www.TCTaxPlan.com

VINCENT L. TEAHAN
JAMES P. CONSTANTINO

JAE EUN C. JIN

MARILYN D. BERSON
RICHARD I. CANTOR
STEPHEN C.F. DIAMOND
STEPHEN M. FRIEDBERG
ANN GIFFORD
ELIOT D. HAWKINS
COUNSEL

February 24, 2009

Daniel G. Hickey, Jr.
Chief Executive Officer
Compensation Risk Managers, LLC
2515 South Road, 5th Fl.
PO Box 1999
Poughkeepsie, NY 12601

**Re: Transportation Industry Workers' Compensation Trust (TW/C Trust)
Watch Hill Holding Corporation and Valley 82 Holding Corp.**

Dear Dan:

You may recall, we received continuing correspondence from the Workers Compensation Board concerning Royal Carting of Dutchess, Inc. ("RCDC") and Panichi Holding Corp. d/b/a Royal Carting Service ("Royal") as asserted members of the above trust. Your office provided a Notice of Termination of Employer's Participation in Group Self-Insurance Plan form¹ signed by an authorized official confirming that neither RCDC nor Royal were ever members of the TW/C Trust.

I have now received copies of the enclosed correspondence that was addressed to two *other* corporations owned by Emil, that is, Watch Hill Holding Corporation and Valley 82 Holding Corp. Why or how the Workers' Compensation Board asserts that these companies have had any involvement with any TW/C Trust is a mystery. However, it appears that we will again require a Notice of Termination of Employer's Participation in Group Self-Insurance Plan form signed by an authorized official of CRM confirming that neither Watch Hill Holding Corporation nor Valley 82 Holding Corp. were ever members of any trust. Would you be kind enough to cause these forms to be prepared (for both Valley 82 and Watch Hill Holding) and forwarded to the appropriate party with copies to me..

¹ See copy of form previously provided relating to RCDC and Royal.

TEAHAN & CONSTANTINO

Daniel G. Hickey, Jr.

February 24, 2009

Page Two

Please, of course, feel free to communicate with me if you have any questions or comments concerning this matter.

Thank you for your courtesy.

Very truly yours,



JPC:sc

Encs.

cc: Louis Viglotti, Esq.

Emil Panichi, President of Watch Hill Holding Corporation and Valley 82 Holding Corp.

WORKERS' COMPENSATION BOARD

NOTICE OF TERMINATION OF EMPLOYER'S PARTICIPATION
IN GROUP SELF-INSURANCE PLAN

Name of Employer Group Self-Insurer:
Transportation Industry Workers' Compensation Trust

Here by gives notice that MEMBER'S participation in the self-insurance plan of the Employer Group identified above is to be terminated, as indicated herein:

Employer (Name and Address) [Redacted]	DBA (if applicable)
	Federal Employers Identification Number (FEIN) [Redacted]

1. Date that MEMBER'S participation in the Plan identified above is to be terminated: 12/27/2000
2. Date that a copy of this Notice of Termination was served upon the MEMBER: February 20, 2008
3. Reason for termination of MEMBER'S Participation:

Never Joined Trust.

The Employer Group Self-Insurer hereby agrees that it remains liable for compensation and all other obligations arising during the period of the above named member's participation in the Group's self-insurance plan. The Employer Group Self-Insurer certifies that a Notice of Termination has been sent certified or registered letter, return receipt requested, upon the member and shall not be effective until at least ten (10) days after the Notice of Termination, on the prescribed form, has been filed in the Office of the Chair, in accordance with Section 50, subdivision 3-a of the Workers' Compensation Law.

2-20-08
Date Signed
(845) 452-4100
Telephone Number

Loretta DeBardo
Signature of Authorized Official of the Employer Group Self-Insurer
Administrator
Title

1. File original of this notice with the Chair at the following address:
WORKERS' COMPENSATION BOARD
SELF-INSURANCE OFFICE
20 PARK STREET ROOM 201
ALBANY, NY 12207

2. Serve one copy upon the MEMBER as indicated above.

SL-1 (03/06)

*Completed
Loretta DeBardo
2/20/08*

WORKERS' COMPENSATION BOARD

NOTICE OF TERMINATION OF EMPLOYER'S PARTICIPATION
IN GROUP SELF-INSURANCE PLAN

Name of Employer Group Self-Insurer:

Transportation Industry Workers' Compensation Trust of New York

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Employer (Name and Address)

DBA (if applicable)

Federal Employers Identification Number (FEIN)

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Never Joined Trust

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2-20-08

Date Signed

Signature of Authorized Official of the Employer Group Self-Insurer

(845) 452-4100

Telephone Number

Administrator

Title

1. File original of this notice with the Chair at the following address:

WORKERS' COMPENSATION BOARD
SELF-INSURANCE OFFICE
20 PARK STREET ROOM 201
ALBANY, NY 12207

2. Serve one copy upon the MEMBER as indicated above.

SI-A (01/04)

Completed
Notice of Termination
1/27/08



STATE OF NEW YORK
WORKERS' COMPENSATION BOARD
20 PARK STREET
ALBANY, NEW YORK 12207
(518) 402-0247
(518) 402-6201 Fax



DAVID A. PATERSON

ZACHARY S. WEISS
CHAIR

To: Members of the Transportation Industry WC Trust
From: Mary Beth Woods, Director of Licensing
Date: 02/18/09
Subject: Group Self Insurance – Forensic Accounting Services
BST Valuation and Litigation Advisors, LLC

As conveyed to you at the membership meeting on August 7, 2008, the WCB is directing the performance of forensic accounting services of the Transportation Industry WC Trust.

The WCB has contracted with BST Valuation and Litigation Advisors (BST) to perform this service on the trust, based on the recently ceased operations due to funding issues. It is our hope that proper review into the circumstances that directly led to the shortfalls will assist us in the proper dissolution of the trust. As part of this forensic accounting service, each fiscal year will be evaluated based upon a comparison of the contributions received to the claims and related expenses for that year. Shortfalls will be allocated to the members that were actively participating in that year.

Members of BST may be contacting you directly to discuss your experience as a trust member and/or to request written information which might be useful in determining an equitable method for dispensing of the trust assets and liabilities, such as copies of payroll audits, declaration pages detailing coverage or any other relevant information. We urge all members to be as forthcoming as possible and provide BST with any requested information.

We ask for your cooperation in this process as we work towards resolution of these issues. In consideration of the members, the results of the forensic accounting services will be made available to every member once the process is completed.

Please feel free to call one of the contacts named below if you have any questions or if you have information that you believe is pertinent to the goal of the process. Thank you for your continued cooperation.

John Vale
Associate Internal Auditor
Self Insurance Office
(518) 402-7971

Christopher Rosetti, CPA, CFF, CFE
Partner
BST Valuation & Litigation Advisors
(518) 459-3188 ext 335

EXHIBIT 31

TRANSPORTATION INDUSTRY WORKERS' COMPENSATION TRUST
W648885

Designation of Trustees
As of 1/7/08

Trustee Name	Member Name	Member Eff Date	Position Held	Term as a Group Trustee		Phone No.	E-Mail Address	GSI-23 On File
				From	To			

The Board of Trustees shall consist of no more than 7 individuals, each of which shall be an authorized employee of an active participating employer. Each Trustee shall serve for a period of one year.

Inactive Trustees

Trustee Name	Member Name	Member Eff Date	Position Held	Term as a Group Trustee From	Term as a Group Trustee To	Phone No.	E-Mail Address	GSI-23 On File
Dotterweich, Joseph	Fidel Transport	12/01/01	Chair	4/1/2002	1/1/2008	716-828-0745	jbod@fidel.com	N
Riccelli, Richard	Riccelli Enterprises, Inc.	07/16/03	Trustee	7/16/2003	1/1/2008	315-433-5115	rchr@riccellitrucking.com	N
Vorsefen, Craig	Sterling Ambulette, Inc.	06/02/06	Trustee	8/31/2007	1/1/2008	914-76-6044	cvorsefen@sterlingambulette.com	Y
Dial, Michael	Speed Motor Express of WNY	03/15/06	Trustee	3/15/2006	8/15/2007	716-876-2235	mdial@speedtransportation.com	N
Bottini, Mark	Morgan Fuel & Heating Co.	10/01/01	Chair	10/1/2001	11/8/2004	845-297-5580		
DiGiovanni, Fred	Island Charter	02/08/02		4/1/2002	3/5/2003	718-448-4006		

EXHIBIT 32

(18)

**BYLAWS OF THE
TRANSPORTATION INDUSTRY
WORKERS' COMPENSATION TRUST**

ARTICLE I - NAME OF TRUST

The name of this trust shall be the *Transportation Industry Workers' Compensation Trust*, hereinafter referred to as the "Trust". The Trust shall be located at 112 Delafield Street, Poughkeepsie, New York 12601. The fiscal year of the Trust shall be from January 1 through December 31 of the following year.

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, subdivision 3a 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; and to pay all administrative and operating expenses as are allowed by the appropriate regulations.

ARTICLE III - POWERS

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, subdivision 3a of the New York State Workers' Compensation Law, and the regulations thereunder.

The Trust shall have the authority to:

1. Collect and receive any and all money and other property due to the Trust;
2. Call Special Meetings of the Administrator, Board of Trustees, or Participating Employers;
3. Commence or defend litigation in the interest of the Trust, 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 necessary 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, in accordance with Section 317.8 of the Rules and Regulations governing NYS Group Self-Insurance Trusts;
 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.

The above powers and authority are intended to be inclusive and not exhaustive.

ARTICLE IV - MEMBERSHIP IN THE TRUST

SECTION 1 - MEMBERSHIP: The Trust shall consist of Participating Employers that contractually agree, in accordance with section 50, subdivision 3a of the Workers' Compensation Law, to assume the workers' compensation liabilities of each associated member. All members are deemed jointly and severally liable for all workers' compensation obligations incurred by the Trust. Membership in the Trust shall be based upon the terms and conditions as outlined in the Trust Agreement, to include, but not be limited to, the terms for addition and termination of members, rights and responsibilities, determination of contributions, participation in safety programs, change in legal status of member.

SECTION 2 - QUALIFICATIONS: Membership shall be limited to employers performing related activities in the transportation industry; who meet the requirements set forth in section 50, subdivision 3a of the Workers' Compensation Law; and whose applications have been duly approved for membership by the Administrator through the direction of the Board of Trustees.

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 NYS 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. This shall include, but not be limited to, adherence to the Rules and Regulations, specifically Parts 317.6, 317.15, 317.17, and 317.18.

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. This includes disclosure of the books, reports, etc. of the Trust to the membership, as outlined in the Trust Agreement.

SECTION 4 - COMPOSITION OF THE BOARD: The Board shall be composed of no more than seven (7) and no less than three (3) members, all of who 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 a maximum of three (3) years for any single term in office. 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 a committee created for that purpose. 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.

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.

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 the Chair, 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 in writing 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; of which, the 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.

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 Part 317.19 of the Rules and 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

EXHIBIT 33

To the State of New York Workers' Compensation Board:

As you requested, we have performed analyses of certain historical financial information and various financial, operating and other data for the Transportation Industry Workers' Compensation Trust (the "Trust") solely to assist you in your evaluation of the Trust. Consistent with your instructions, our services have been limited to the work described in our engagement letter dated June 30, 2003.

Information with respect to the Trust's operations, account balances and accounting and operating procedures purported to be in effect and described in this report was obtained through discussions with certain officers and employees of the Trust, discussions with the Trust's independent accountants, and observations and analyses made by us during the course of our work.

Our work did not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls or other attestation or review services in accordance with standards established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we do not express an opinion or any other form of assurance on the financial statements of the Trust or any financial or other information, or operating and internal controls of the Trust.

We make no representation regarding the sufficiency of our work either for purposes for which this report has been requested or for any other purpose. The sufficiency of the work we performed is solely the responsibility of the State of New York Workers' Compensation Board, as are any decisions with respect to the Trust. Had we been requested to perform additional work, additional matters might have come to our attention that would have been reported to you.

It is understood that this report is solely for the information of the State of New York Workers' Compensation Board, Compensation Risk Managers LLC and the Board of Trustees of the Trust. This report, or portions thereof, should not be referred to or distributed, orally or in writing, to any other persons or entity, other than the State of New York Workers' Compensation Board's, Compensation Risk Managers LLC, the Board of Trustees or the Trust's legal counsel. It is not to be referred to or quoted, in whole or in part, in any registration statement, prospectus, public filing, loan agreement, or other agreement or document without our prior written approval, which may require that we perform additional work.

We appreciate the opportunity to assist you in connection with your due diligence review of the Trust. Should you require clarification of any of the matters contained in our report or any further information, we would be pleased to extend our work, as you consider necessary.

Very truly yours,

PricewaterhouseCoopers LLP

Management and Control

Procedure performed

Compared the Trust's activities to those activities described in the Trust's by-laws.

Results

The activities of the Trust are consistent with its by-laws.

Group Records

Procedure performed

Reviewed the Trust's auditors' workpapers for the year ended December 31, 2002.

Results

The auditors did not perform claims testing but did perform testing of written premiums. Out of 20 premiums tested, 1 was calculated incorrectly by management.

For remaining areas, the work papers indicated that an audit was performed in accordance with accounting standards generally accepted in the United States of America.

Procedure performed

Reviewed the Trust's management letter comments provided by the auditors and verified that the corrective action was implemented and is working effectively.

Results

The auditors did not provide a management letter for the year ended December 31, 2002.

Procedure performed

Reviewed the stated internal controls of the Trust regarding financially significant accounting cycles (including contributions; cash and cash equivalents and investments; and liability for claim and claim expenses.) Updated our understanding of the Trust's control environment.

Results

As a result of the work performed, we did not note any inconsistencies between the stated controls and controls in operation. Below is a summary of information relevant to the Administrator's control environment that we updated with the VP of Finance. We did not test each of the items listed below.

- There are defining authorizing limits for the final underwriting of premiums, check issuance and reserve limits and premium receivable write offs.
- Due to the size of the organization, proper segregation of duties has been lacking. With the addition of the VP of Finance position for the Trust on July 1, 2002, and the implementation of a lockbox system for cash receipts, there has been an increase in the segregation of duties over the cash cycle.
- There is currently no formalized Code of Conduct for employees of the Administrator.
- Budgets and short and long term fiscal plans are not prepared.
- A monthly financial reporting package is prepared which includes interim financial statements and is presented to members of management (President and CEO, and the members of the Board). These reports are prepared by the VP of Finance for the Trust.

- Per discussion with the VP of Finance, prior to the addition of his position as head of Finance for the Trust on July 1, 2002, there was no consistent recording of financial transactions being performed at the Trust level. Financial data (ie - rudimentary cash flows statements and bank reconciliations) were prepared in Excel and distributed to management and the Board. While the Administrator had implemented the internet-based AFW General Ledger software, it was not being utilized effectively or consistently. Additionally, monthly accrual based financial statements were not being prepared.
- Beginning on July 1, 2002, the VP of Finance began an effort to properly track and record all Trust related transactions in the AFW system.
- Per conversation with the VP of Finance, he is the primary member of management responsible for journal entries. Members of the collections department also have access to the general ledger system and are responsible for booking collections due and received, and the aging of accounts receivable. This is overseen by the VP of Administration. Monthly, the VP of Finance "scrubs" all general ledger accounts in detail to make sure that the information in AFW is accurate and reliable. There is no additional level of review of journal entries made. From this "scrubbed" information, beginning subsequent to the finalization of the accrual basis September 30, 2002 financial statements, monthly accrual basis financials are being prepared by the VP of Finance and presented to Board members.
- During the past year 2 new employees have been added to the Finance function and they are in process of looking to hire a full time internal auditor to overview controls for the trusts.
- The VP of Finance reviews bank reconciliations prepared by his staff. The Administrator utilizes the online banking report they access through the internet to create outstanding check lists at month end. The VP of Finance consistently reviews this outstanding check listing, and reviews all checks cashed during the month for reasonableness. In addition he specifically reviews all checks outstanding over \$10,000 to ensure the payee on the account is a verified claimant.

Procedure performed

Reviewed the Administrator's procedures for retaining its records and providing audit evidence throughout the process of the review.

Results

The Administrator was generally able to provide us with the relevant records we requested in a timely manner. However, some of the information we requested was not received in a timely manner and is identified in our testing summarized throughout this document.

Procedure performed

Reviewed the detailed general ledger of administrative disbursements made and substantively tested any disbursements that appeared to be inconsistent with expenses that would be incurred in the administration of the Trust.

Results

Total management fees incurred by the Trust during 2002 were \$895,148. Of these fees, \$879,423 were paid to the Trust Administrator. In addition, total administrative and other expenses were \$200,965.

We recalculated the management fee paid to the Administrator by multiplying the premiums before discounts by the stated 15% rate in the administrative agreement (see below). Based on our calculation, fees expensed by the trust exceeded the agreement by approximately \$23,500.

Manual premiums earned per trial balance	\$5,706,000
Multiplied by 15%	\$855,900

Included in other expenses of \$200,965 was \$85,000 related to the allowance for doubtful accounts receivable.

No other expenses reviewed appeared to be unusual.

Underwriting Policies and Procedures

The Trust's underwriting policies per discussion with the Administrator are as follows:

Each member submits an application (the "GSI 1.1").

The underwriting department reviews each account submitted for acceptability based on the Trust's underwriting guidelines. The following Trust guidelines have been established for the Trust members:

1. Minimum manual premium is \$5,000.
2. Acceptable experience modification factor is 1.10. Any modification factor greater than 1.10 must be approved by the VP of Operations.
3. An account with 2 losses where the total incurred is over \$150,000 per claim will be automatically declined.
4. Acceptable SICs are 42 or 49. If the SIC code is not one of the above, the account must be declined. When the underwriting guidelines were updated in July 2003, the following codes were added: 41, 50 and 59.

The Administrator of the Trust also established authority limits for each of the underwriters. In addition, the above guidelines were adjusted in July 2003 to reflect the requirements of the excess insurance carrier discussed below.

Discounts:

The trust's discount factor is determined by the Administrator's underwriting department and is a function of overall loss experience, adherence to safety program, type of exposure and the size of premiums. Of the 20 members selected below, discounts ranged from 5% to 31% and the average for the selection was 12%.

We did not note any surcharges added to the members premiums.

Experience Modifications:

The experience modification factors utilized by the Administrator are those promulgated by the New York Compensation Rating Board (NYCRB), which is available using a program called QMOD. If there is no experience modification factor available from the NYCRB, the Administrator assigns a modification factor of 1 until QMOD provides a new factor.

Procedure performed

Compared the excess insurance carrier's underwriting policy to the Trust's underwriting policy and to the policy received from the State of New York Workers' Compensation Board.

Results

We did not receive a copy of the Trust's underwriting policy from the State of New York Workers' Compensation Board. The Trust's underwriting policy obtained from the Administrator appears to be consistent with the requirements of the excess insurance company except for the following:

- The trust's experience modification is limited to 1.10 versus 1.25 by the excess insurance company; and
- The trust prohibits the following class code while the excess insurance company accepts it: 7368 Taxicab.

In addition, it appears that the State of New York Workers' Compensation Board was not notified of the Trust's change in excess insurance carriers from United States Fidelity Guarantee Company to Clarendon National during 2002.

Procedure performed

Selected 20 Trust members and obtained the member's file, both the external file and access to the Administrator's underwriting system. Compared the actual underwriting procedures followed by the Administrator to those documented as the Administrator's procedures.

Our member selections were as follows:



Results

Following observations were noted related to the underwriting procedures performed by the Administrator, as compared to the underwriting procedures written by the Administrator:

- For each selected member, verified that the S.I.C code assigned to the Trust member was included in the Trust's underwriting guidelines.

No exceptions were noted.

- Obtained the member file from the Underwriting Manager and:

Reviewed the GSI I.I and ensured that this document was signed by the participant, the Trust's designated official, usually the Chairman of the Board, although may be another member of the Board, and the New York State Workers' Compensation Board - Director of W.C. Regulatory Services.

No exceptions were noted.

- In order to test that all premiums written were properly authorized, obtained the appropriate approval forms for members for the year ended December 31, 2002 and ensured that the approver on the form had the appropriate authority.

No exceptions were noted.

- Reviewed the endorsement form to verify that new members had an experience modification of 1.25 or less. (Exceptions may be made at the discretion of the Trust by the Senior VP of Operations).

One member had an experience modification rate greater than 1.25 ([REDACTED]). The VP of Operations indicated to us that this member was referred to the reinsurance carrier. However, we could not verify that this was done. No other instances were noted.

- Compared the actual 2002 premium to the minimum premium of \$5,000 per the Trust's underwriting policy.

No exceptions were noted.

Procedure performed

For the 20 members selected, obtained the members endorsement form and agreed the manual rate by payroll class, used in calculating the member's premium, to the manual rate listed in the State of New York Workers' Compensation and Employers Liability Manual Rates published for the State Insurance Fund for the respective year.

Results

Of the 20 members selected, 1 member ([REDACTED]) was assigned a class code (5709) that was not published in 2002 by New York State and could not be supported by the Administrator.

Of the 20 members selected, 1 member ([REDACTED]) was provided with an incorrect rate for the class code assigned. It appeared to be an inputting error and the difference was \$.01 which had a total impact on the premium of \$41.37.

No other exceptions were noted.

Procedure performed

For the 20 members selected, traced and agreed the experience modification factor used by the Administrator to the supporting documentation as proscribed by their policy, or a default factor of 1 for members with no QMOD factors.

Results

Of the 20 members selected, 1 member ([REDACTED]) had a modification factor that could not be supported.

In addition, as noted above in the Trust's underwriting procedures there are instances where a QMOD is not available and therefore a factor of 1.0 is assigned. Of the 20 members selected, 8 members were assigned a factor of 1.0 ([REDACTED])

Procedure performed

For the 20 members selected, verified the mathematical accuracy of the endorsement form.

Results

No exceptions were noted.

Procedure performed

For the 20 members selected, recalculated premiums earned to-date based on coverage period, per the contributions listing, and the written fee per the same report.

Results

No exceptions were noted.

Procedure performed

For the 20 members selected, obtained the latest endorsement for the period ended December 31, 2002, included in participant file and:

- Agreed the total contribution amount to the contributions listing.
- Agreed the class code rate using the rates provided by the Trust.
- Recalculated the manual premium.

Results

No exceptions were noted.

Procedure performed

For the 20 members selected above, selected one payment made on the selected member's account during the year and traced and agreed each payment received to the applicable deposit slip and bank statement, ensuring that the documented controls were adhered to. Inquired as to instances where members did not make payments during the year.

Results

The following checks were reviewed for the corresponding list of members included above:

	Check#	Date Cleared Bank
1.	1514	7/30/02
2.	15020	11/15/02
3.	13668	12/2/02
4.	4978	4/30/02
5.	3615	10/29/02
6.	16108	3/28/02
7.	6705	11/15/02
8.	8412	9/22/02
9.	7546	5/7/02
10.	6001	12/10/02
11.	2366	10/1/02
12.	6326	8/15/02
13.	1181	5/21/02
14.	1926	8/5/02
15.	1660	6/19/02

16.	12649	7/3/02
17.	4363	8/22/02
18.	1606	4/12/02
19.	22145	9/20/02
20.	1224	8/30/02

No exceptions were noted.

The Trust's payroll audit policies per discussion with the Administrator are as follows:

Payroll audits are performed on all members following the Trust's year end by Accurate Premium Audits (third party administrator). The information is retained in the member file in a Payroll Audit file. An analysis is performed following the completion of the audit in order to credit or bill the member based on actual payroll. This analysis includes calculations based on the trust rate category, experience modification and discount. Once the calculation is complete, it is compared to actual billings to determine if a credit or invoice is necessary.

Certain members may not allow the Trust to perform a payroll audit. In these cases, the Trust has established "non productive audit guidelines." The guidelines indicate that the member is billed an additional charge of 50% of their current year estimated premium. Members do have the ability to change their mind and have the payroll audit performed at a later date.

For financial statement purposes, the Trust does not accrue at the balance sheet date for the difference in premium earned during the year based on actual audited payroll versus estimated payroll. True ups and adjustments are recorded in the Trust's financial statements as they are settled and paid.

Procedure performed

For each of the 20 members selected, recalculated the payroll audit endorsement by agreeing the actual payroll listed on the additional endorsement to the outside service agency payroll reported.

Results

Out of 20 members selected, 1 member ([REDACTED]) did not allow a payroll audit to be performed and was charged the "non productive" amount according to the Trust's policy.

Out of 20 members selected, 2 members ([REDACTED]) were not required to have an audit as they just recently joined the trust and will be subject to audit on January 1, 2004.

The Trust's excess insurance carrier's underwriting policies per discussion with the Administrator are as follows:

- Prior approval is required if:
 - an estimated premium for an applicant exceeds \$150,000;
 - existing or prospective members have modification factors of 1.25 or greater;
 - Risks with a single loss of \$50,000 or greater;
 - Risks with a loss ratio of greater than 75% when generated by more than a single loss; and
 - class codes are not pre-approved.
- Certain class codes will not be approved.

The excess insurance carrier notifies the Trust when it determines a payroll audit is warranted. The excess insurance carrier sends the Administrator a form to self-report the Trust's member payroll and premiums for the past year. Based on the Trust's member payroll and the premiums, the excess insurance carrier determines an earned premium and the credit to be given or additional payment required.

Procedure performed

Reviewed the payroll audit endorsement received by the excess insurance carrier.

Results

It is our understanding that the Trust's excess insurer (Clarendon National Insurance Company) has never performed a payroll audit of the Trust and has relied on the information provided to them by the Trust.

Claims Reserve/Reserve Analysis/Rate Adequacy

Procedure performed

Obtained the actuarial report submitted to the State of New York Workers' Compensation Board and recalculated the claims reserves, including IBNR and assessment reserves on unpaid indemnity claims.

Results

A separate report has been issued detailing this review. An adjustment to increase the losses and ALEA reserve and assessments has been suggested of between \$93,775 and \$471,740.

Procedure performed

Traced and agreed the historical claims information provided to the actuary to the Trust's claims records.

Results

No exceptions were noted.

Procedure performed

Compared the discount factor used to discount the reserves to the average investment income being earned.

Results

The adjustment proposed above is based on a 5% discount rate, which has been typical for workers' compensation self-insurance trusts and is the same rate used by the Trust's actuaries. The Trust does not have any investments at December 31, 2002 and as a result, has not recorded investment income. If the reserves were not discounted the additional liability, above the adjustment noted above, would be \$575,033.

Procedure performed

Performed a detailed claims review.

Results

The claims specialists work has been incorporated into the actuarial report noted above.

The Trust's claims cycle policies per discussion with the Administrator are as follows:

An employer reports an injury via telephone or via an Internet Claims Reporting Program in most cases.

The Administrator collects the form C-2 for filing. The Administrator then forwards a copy of the C-2 to the New York State Workers Compensation Trust Board.

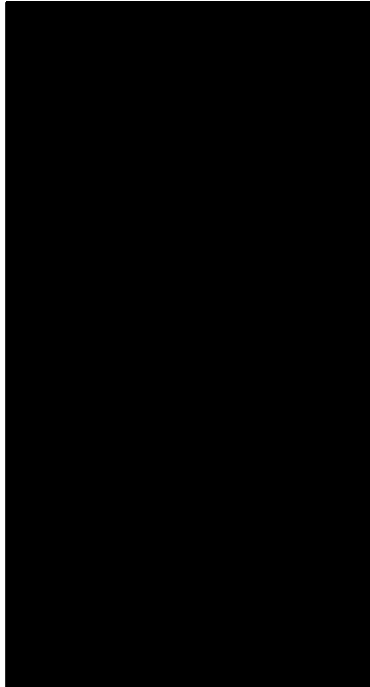
Each claim is assigned to an adjuster, while each lost time file is also assigned to an Immediate Contact Adjuster, who makes 24 to 48 hour contact with the insured, claimant and physician, then hands the case over to the short-term disability adjuster.

Claims are entered into a computer system (Pyramid) by a data entry clerk. Reserves are generated by the adjuster or supervisor, based on authority levels and revised as needed, based on what is foreseeable.

Procedure performed

Selected 20 current year claims and obtained the claim's file, both the external file and access to the Administrator's claim's system. Compared the actual claims procedures followed by the Administrator to those documented as the Administrator's procedures.

Our claims selections were as follows:



Results

Out of the 20 claims selected, 1 of the claims was transferred from another Trust of the Administrator (EDD402041). The Administrator did not provide us with an explanation for this transfer.

No other exceptions were noted.

Procedure performed

Out of the 20 claims selected, selected one payment per claim and agreed the check date, payee, amount, and check number to the paid check register and supporting cancelled check obtained from the Administrator.

Results

The following checks were requested for the 20 members listed, in the same order:

	Check#	Check Date	First Payment
1.	3932	12/30/02	
2.	No checks written in 2002		1/29/03
3.	3397	7/15/02	
4.	3804	11/27/02	
5.	3887	12/17/02	
6.	3811	12/4/02	
7.	3710	11/6/02	

8.	3669	10/21/02	
9.	3495	8/27/02	
10.	3652	10/14/02	
11.	3743	11/18/02	
12.	6940	5/3/02	
13.	10410	12/18/02	
14.	9678	11/6/02	
15.	No checks written in 2002		5/7/03
16.	3900	12/18/02	
17.	3363	6/27/02	
18.	No checks written in 2002		2/27/03
19.	No checks written in 2002		1/7/03
20.	3747	11/18/02	

For instances noted above where there were no checks written in 2002, a claim was incurred during 2002 but the first payment did not occur until 2003.

Of the 16 checks requested, 3 of them were not provided to us by the Administrator (6940, 10410 and 9678). In addition, the sequence of these checks is odd compared to the rest of the checks reviewed. All of the other checks we reviewed were in the sequence of 3363 to 3932.

No other exceptions were noted.

Financial Statements/Regulatory Funding Position

Procedure performed

Recalculated the Trust's funding status as defined by the regulations:

Results

Financial Statement Caption	12/31/2002
Assets	
Cash and Cash Equivalents	\$2,521,206
Accounts receivable	12,979
Prepaid expenses	<u>30,785</u>
Deferred tax assets	<u>17,125</u>
Total Assets	<u>\$2,582,095</u>
Less: Non-trust assets	
Accounts receivable	12,979
Prepaid expenses	30,785
Deferred tax asset	<u>17,125</u>
Trust Assets	<u>\$2,521,206</u>
Liabilities	
Accrued expenses	\$100,575
Unearned premium	159,515
Claims reserve	<u>2,300,000</u>
Total Liabilities	2,560,090
PwC adjustments:	
Actuarial adjustment	<u>93,775</u>
Adjusted Total Liabilities	<u>2,653,865</u>
Funding Status	<u>(\$132,659)</u>
Funding Status Percentage	95%

Note: The Administrator was unable to provide us with the amount of accounts receivable that were not collected within 90 days and therefore we excluded all accounts receivable in the above calculation.

The Trust does not have any investments at December 31, 2002 and as a result, has not recorded any investment income. If the reserves were not discounted, an additional liability of \$575,033 would be required.

EXHIBIT 34

TRANSPORTATION INDUSTRY TRUST OF NEW YORK

REPORT ON RATES AND RESERVES – AS OF 12/31/02

Prepared by:

PRICEWATERHOUSECOOPERS 

March 2004

March 4, 2004

Ms. Mary Beth Woods
Workers Compensation Board
20 Park Street
Albany, New York 12206

Dear Mary Beth:

Please find attached a copy of PricewaterhouseCoopers (PwC) actuarial report documenting our review of the loss and loss expense reserves held by Transportation Industry Trust of New York as of 12/31/02 as well as a review of indicated rates for the period beginning 1/01/03.

PwC always appreciates the opportunity to provide actuarial consulting services to the Workers Compensation Board of New York, and we look forward to discussing this report with you at your convenience. Questions or comments regarding this report may be addressed to me at (617) 530-7427.

Sincerely,

Maryellen Coggins, FCAS, MAAA
Principal Consultant

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INTRODUCTION

PricewaterhouseCoopers LLP (PwC) has completed its review of the loss and loss expense reserves and indicated rate levels for the Transportation Industry Trust of New York (Transportation or the Trust). The results and conclusions of our review are presented in the Executive Summary section of this report. The details of our review are documented in the remaining text, which represent an integral part of this report.

Purpose, Distribution, and Use

This report was prepared for internal use by Workers Compensation Board of New York. Further distribution of this report will not result in the creation of any duty or liability by PwC to a third party.

Scope

This Workers Compensation Board of New York requested that PwC review the loss and loss expense reserves held by the Trust as of 12/31/02. This reserve review included both a claims audit of a selected set of claim files and a review of the claims management practices of Compensation Risk Managers, LLC (CRM) as well as an actuarial estimation of required IBNR as of that date.

Based upon our findings from our claims audit and reserve review, the Workers Compensation Board of New York requested that PwC estimate required rates for the period beginning 1/01/03, or more specifically, determine an appropriate deviation from standard premium based upon manual rates effective as of 2/24/03.

Limitations

We relied upon the accuracy and completeness of the data and information as provided. As actuaries, we did not audit the data in accordance with generally accepted auditing standards, but have checked it for reasonableness and consistency. Any errors or omissions in any of this information may have a material effect on our review.

The ultimate loss and loss adjustment expense reserves produced by PwC are estimates. As estimates, these values are subject to variability arising from the fact that all factors affecting the ultimate liability have not taken place and cannot be evaluated with absolute certainty. Such factors may include, but are not limited to, tort reform, unanticipated future inflationary trends and regulatory rulings. We have not anticipated any extraordinary changes to the various factors that might impact the future cost of claims. No guarantee, either expressed or implied, should be inferred that losses and loss adjustment expenses will develop as estimated in this review. Therefore, in assessing the reasonableness of the reserves, we have assumed that a range of acceptable estimates around these values exist in which the selected value is one possible value.

Background

The Transportation Industry Trust of New York is a self-insurance trust providing workers compensation protection to an association of transportation employers in the State of New York. The group has been in existence since December 27, 2000. It is currently administered by Compensation Risk Managers, LLC (CRM), audited by Urbach Kahn & Werlin LLP, and supported by actuarial consulting firm SGRisk, Inc.

EXECUTIVE SUMMARY

- We believe that loss and loss expense reserves held by Transportation as of 12/31/02 fall below a range of reasonable values. Held reserves are \$93,775 less than the low end of PwC's range of reasonable reserves. Below is a table that summarizes our results.

SUMMARY OF LOSS/ALAE AND ASSESSMENT RESERVES

DECEMBER 31, 2002

Reserve Component	(a)	(b)	(c)
	Best Estimate	High Estimate (a) x 1.10	Low Estimate (a) x 0.95
(1) Undiscounted Loss/ALAE Reserve	2,532,821	2,786,103	2,406,180
(2) Undiscounted Assessment Reserve	592,240	651,465	562,628
(3) Undiscounted Total Reserve	3,125,061	3,437,567	2,968,808
(4) Discounted Reserve	2,519,764	2,771,740	2,393,775
(5) Booked Amount @ 12/31/02	2,300,000	2,300,000	2,300,000
(6) Trust - PwC Dollar Difference	(219,764)	(471,740)	(93,775)
(7) Trust - PwC Percentage Difference	-8.7%	-17.0%	-3.9%

- The most challenging assumption implicit in our results is our reliance upon adjusted industry benchmarks as a proxy for Transportation's expected future loss emergence as of 12/31/02. Selecting development factors that vary from industry factors would necessarily imply the acceptance that the handling of claims and the resulting establishment of adequate case reserves, adjustment of case reserves as facts emerge, and ultimate payout of losses is different than that implied by these industry factors. Other than the lighter 'tail factor' assumption that we have allowed, we found no strong evidence suggesting that Transportation's future emergence of loss and ALAE should vary significantly from industry expectations.
- PwC is unable to provide an indicated rate deviation for Transportation for the period beginning 1/1/03. Transportation provided payroll figures that do not reflect the actual payroll for each member. Rather, Transportation provided annualized payroll for each member. We are unable to reconcile these payroll amounts with historical premium identified within Transportation's financials, and cannot rely upon these estimates to produce rate indications.

CLAIMS AUDIT AND PROCESS REVIEW

PwC's claims audit and process review for Transportation involved utilizing a PwC claims specialist. As part of this review, PwC's claim specialist examined the practices employed by Compensation Risk Managers, LLC (CRM) as Transportation's workers' compensation third party administrator (TPA).

Approach and Methodology

Major Findings

- Since our review of CRM in 2002, the quality of CRM claims handling performance appears to be steadily improving. CRM exhibits claims handling practices comparable to generally accepted industry claims handling practices in all categories, investigation, reserving, medical management, settlement, etc. However, additional improvement in CRM's claims handling practices would be required for CRM to attain an optimal or Best Practice-level of claims handling performance.
- PwC found claim practices to be entirely satisfactory in 80%, or 24 claims, of our 30-claim sample; claim practices were found to be occasionally unsatisfactory in selected claim handling categories of the six remaining claims in our sample.
- We found virtually no differences between existing case reserves and PwC's view of ultimate exposure for all the open claims in our sample. The single difference occurred in claim number TBL020002-001 where we recommended an expense case reserve of \$750 versus an existing expense case reserve of \$185. The claimant was still symptomatic even though he had returned to work. The degree of permanency has yet to be determined, and it appears that at least one or two additional hearings may yet occur before this claim is fully resolved.
- CRM continues to strengthen the quality of management resources, adding a claims supervisor in 2003. Previously, this individual was CRM's top senior claims adjuster. We examined the technical quality of this individual's work product in 2002 and 2003 and found it to be consistently high. The new supervisor appears to be making steady progress in transitioning from a technical role to a "Big Picture" management one.
- CRM should continue to stress the importance of supervisory coaching of, and technical knowledge/skill transfer to, the less seasoned adjusters as a key success factor in achieving quality, cost-effective claim handling.
- CRM should continue to increase its emphasis on developing and implementing strategic plans of action in individual claims to serve as a blueprint for cost-effective, efficient claim handling activity and promote successful outcomes.
- Return-to-work can be a real challenge with this transportation trust, particularly with respect to back injuries, due to the functional requirements of many of the jobs and the limited

availability of light/alternative duty. This tends to unfavorably impact claim costs. CRM should continue in its efforts to secure member buy-in to the benefits of work hardening and modified/alternative duty, coordinating closely with the employee and treating physician to promptly spot and address issues—medical or otherwise—in order to reduce recidivism, i.e., additional lost-time periods and re-injury, and promote a successful outcome to the claim.

- CRM may wish to consider requiring litigation budgets and implementing litigation guidelines in order to help contain or reduce expenses and promote increased accuracy and timeliness in assessing and reserving for expense.
- CRM may wish to consider adopting claim injury codes to provide enhanced feedback to trust members on the nature and causes of employee injuries. Ultimately, this could lead to reduced claim costs if it prompts member improvements in workplace safety and ergonomics.
- CRM should continue to strengthen its efforts to identify and pursue potential subrogation and Second Injury Fund opportunities.
- We observed inconsistency in adjuster documentation of the periodic review of case reserves for reasonableness and the rationale for case reserve adjustments. CRM may wish to consider enhancements in this area.
- We observed some inconsistency in the quality of the compensability validation. The compensability investigation could be enhanced by placing greater emphasis on the independent verification of the alleged circumstances of the accident using such tools as field investigations and recorded statements.
- CRM was observed to comply with statutory claims handling requirements:
 - Appropriate statutory forms were used for all aspects of the claim.
 - Statutory forms were generally filed in a timely manner (however, see below regarding the C-240)
 - The claim file documented the basis for the calculation of the Average Weekly Wage.
 - The employee's Average Weekly Wage was calculated properly.
 - The employee's temporary/permanent benefits were calculated properly.
 - All benefits payments were made in a timely manner.
- We noted trust member delays in completing and returning C-240s in a number of claims despite diligent follow-up by CRM. In several claims, this resulted in late filings with the Board. CRM should continue to stress the importance of timely completion and return of C-240s by trust members.
- Claims were handled so as not to encourage claimants to litigate to recover benefits.

-
- Settlements were reasonable in light of the facts of the claim, including such factors as permanent medical exposure, disability period, present value, permanency to schedulable body parts, liens, and non-schedulable permanency such as scarring or facial disfigurement. The Medicare set-aside was taken into account when evaluating the feasibility of settlement.

ACTUARIAL REVIEW - LOSS AND LOSS EXPENSE RESERVES

Information Reviewed

PwC's review was based upon the information contained with several documents provided to us as follows:

- SGRisk, Inc. Actuarial Analysis of Workers' Compensation Loss and ALAE Reserves as of December 31, 2002;
- Urbach Kahn & Werlin LLP - Financial Report – December 31, 2002;
- Payroll reports for the periods 1/1/02-12/31/02 and 1/1/03-12/31/03.

PwC Analysis

In developing the loss reserve estimates shown in this report, PwC first projected paid and incurred losses and ALAE to estimated ultimate values using several actuarial methods. The PwC indicated reserves were determined as the difference between the selected ultimate loss and ALAE and the paid loss and ALAE. The difference between the selected ultimate loss and ALAE and the incurred loss and ALAE is PwC's estimate of the reserve for losses that were incurred but not reported (IBNR). Thus IBNR includes a provision for both development on known cases as well as a provision for late reported claims.

The following actuarial methods were used in projecting net ultimate losses and ALAE:

- Paid Loss and ALAE Development
- Incurred Loss and ALAE Development
- Bornhuetter-Ferguson Using Ultimate Premium and Paid Loss and ALAE
- Bornhuetter-Ferguson Using Ultimate Premium and Incurred Loss and ALAE

These actuarial methods were applied to Transportation's paid and incurred losses and ALAE separately for medical and indemnity as well as in total.

Paid loss and ALAE development assumes that the ratio of losses paid in one period to losses paid in an earlier period is approximately constant over time. For example, if, on average, paid losses at 24 months after the start of the year were 150% of losses at 12 months, loss development from 12 to 24 months is projected to be 50%. Similarly if losses at 36 months were 120% of losses at 24 months, then the combined loss development from 12 to 36 months is projected to be 80% ($1.50 \times 1.20 = 1.80$). The process of estimating period-to-period development factors is normally continued until a level of maturity is reached at which point no additional movement is expected. In the case of Transportation, historical loss and ALAE experience was not available. Instead, PwC relied upon industry factors as an alternative to the Trust's own historical patterns of loss and ALAE emergence.

Incurred loss and ALAE development is similar to the prior method but uses incurred losses (paid loss plus case loss reserves) instead of paid losses and ALAE.

The Bornhuetter-Ferguson method based on premiums and incurred (or paid) loss and ALAE is a variation on the traditional development approach. The basic premise underlying this technique is that loss varies proportionately with premiums. Expected loss ratios are selected based on historical loss experience and resulting trends. This is balanced by assuming that only future losses will develop at this rate. The percent of incurred (or paid) loss to ultimate loss implied from the incurred (or paid) loss development method is used to determine what percentage of ultimate loss is yet to be developed. Current losses are added to losses yet to be developed, yielding an estimate for each year.

A discussion of the results and assumption contained within the attached exhibits follows:

Exhibit I: PwC's estimate of Transportation's required loss and ALAE reserve is \$2.5 million. To that estimate, we add our provision for unpaid assessments of \$.6 million. On an undiscounted basis, total indicated reserves are \$3.1 million. This value is then adjusted to reflect anticipated investment income, bringing the total indicated discounted reserves to \$2.5 million. In comparison, the Trust held \$2.3 million as of 12/31/03. Because of the uncertainty inherent in estimating reserves, PwC accepts a range of reasonable values around our point estimate. This range is +10% to -5% around our indication, or \$2.4 million to \$2.8 million. We believe that any provision for held reserves that fall within this range to be reasonable.

Exhibit II: PwC's discounted reserve estimate reflect a provision for anticipated investment income. We have assumed that the payout pattern that we used to reflect the future payout of losses, ALAE and assessments is consistent with the payout pattern implicit in our calculation of required reserves. We also reflect a 5% interest rate in our discounting calculation.

Exhibit III: To calculate the amount of assessment reserves, we first adjusted the ultimate indemnity loss and ALAE to eliminate the effect of ALAE. We then applied the Workers Compensation Board assessments as a percentage of indemnity losses to the Transportation's adjusted indemnity losses to estimate ultimate assessments. The amount of actual assessments paid by the Trust as of 12/31/02 is then subtracted from this estimate of ultimate assessments to calculate an assessment reserve.

Exhibit IV: PwC's indicated undiscounted reserve reflects the difference between our estimate of ultimate loss and ALAE less amounts of loss and ALAE paid as of 12/31/02.

Exhibit VI: PwC's selected ultimate total loss and ALAE is based upon the results of the application of four generally accepted actuarial methods applied separately to medical and indemnity losses: Paid loss and ALAE development, incurred loss and ALAE development, and the Bornhuetter-Ferguson method applied to paid

loss and ALAE and incurred loss and ALAE. The selection of ultimate loss and ALAE for total losses reflects the sum of the separate medical and indemnity selections.

Exhibit VII: We applied the paid and incurred loss development methods using industry loss development factors and Transportation's losses and ALAE as of 12/31/02. Our source for these factors was the 2003 National Council on Compensation Insurance (NCCI) statistical bulletin for the State of New York. We relied upon the two-year average, and modified the tail factor at age 108 months to ultimate.

Exhibit VIII: The Bornheutter-Ferguson methods rely upon the NCCI development factors and an assumption for the expected ratio of loss and ALAE to total earned contributions. We selected a 25% ratio for medical and a 50% ratio for indemnity.

Exhibit IX-X: Our selected loss development factors reflect NCCI factors unadjusted for age, but with a modified tail factor at 108 months to ultimate.

ACTUARIAL REVIEW – INDICATED RATE DEVIATION

PwC is unable to provide an indicated rate deviation for Transportation for the period beginning 1/1/03. Transportation provided payroll figures that do not reflect the actual payroll for each member. Rather, Transportation provided annualized payroll for each member. We are unable to reconcile these payroll amounts with the historical premiums identified within Transportation's financials, and cannot rely upon these estimates to produce rate indications.

**REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY**

TRANSPORTATION INDUSTRY TRUST OF NEW YORK

SUMMARY OF LOSS/ALAE AND ASSESSMENT RESERVES

DECEMBER 31, 2002

Reserve Component	(a) Best Estimate	(b) High Estimate (a) x 1.10	(c) Low Estimate (a) x 0.95
(1) Undiscounted Loss/ALAE Reserve	2,532,821	2,786,103	2,406,180
(2) Undiscounted Assessment Reserve	592,240	651,465	562,628
(3) Undiscounted Total Reserve	3,125,061	3,437,567	2,968,808
(4) Discounted Reserve	2,519,764	2,771,740	2,393,775
(5) Booked Amount @ 12/31/02	2,300,000	2,300,000	2,300,000
(6) Trust - PwC Dollar Difference	(219,764)	(471,740)	(93,775)
(7) Trust - PwC Percentage Difference	-8.7%	-17.0%	-3.9%

NOTES:

- (1) Exhibit 2, Line (1).
- (2) Exhibit 2, Line (2).
- (3) Exhibit 2, Line (3).
- (4) Exhibit 2, Line (4).
- (5) Provided by the Trust.
- (6) (5) - (4).
- (7) (6) / (4).

**REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY**

TRANSPORTATION INDUSTRY TRUST OF NEW YORK

**DISCOUNTING OF LOSS RESERVES
DECEMBER 31, 2002**

Policy Year	Years in Which Losses Were Incurred									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	Total
(1) Undiscounted Loss/ALAE Reserve								443,540	2,089,281	2,532,821
(2) Undiscounted Assessment Reserve								105,277	486,963	592,240
(3) Undiscounted Total Reserve								548,817	2,576,244	3,125,061
(4) Discounted Reserve								442,928	2,076,836	2,519,764

Calendar Years	Discounted Losses by Incurral Year									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	Total
2003								100,978	455,112	556,090
2004								73,314	369,718	443,032
2005								59,026	268,430	327,455
2006								42,591	216,115	258,705
2007								31,576	155,940	187,516
2008								22,453	115,613	138,065
2009								29,109	82,207	111,316
2010								21,624	106,578	128,202
2011								16,063	79,172	95,236
2012								11,933	58,814	70,747
2013								8,864	43,690	52,555
2014								6,585	32,456	39,041
2015								4,892	24,110	29,002
2016								3,634	17,910	21,544
2017								2,699	13,305	16,004
2018								2,005	9,884	11,889
2019								1,490	7,342	8,832
2020								1,107	5,454	6,561
2021								822	4,052	4,874
2022								611	3,010	3,620
2023								454	2,236	2,689
2024								337	1,661	1,998
2025								763	1,234	1,997
2026									2,794	2,794
Totals								442,928	2,076,836	2,519,764

Selected Interest Rate for Discounting:	5.0%
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NOTES:

- (1) Exhibit 4, Col.(6).
- (2) Exhibit 3, Line (11).
- (3) (1) + (2).
- (4) Discounted amounts based on annual interest rate, above, and modified industry payout pattern (see Exhibit 9).

**REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY**

TRANSPORATION INDUSTRY TRUST OF NEW YORK

DETERMINATION OF ASSESSMENT RESERVE

DECEMBER 31, 2002

(1) Assessments as a Percentage Of Indemnity Losses	
(a) Section 151 - Administrative	6.50%
(b) Section 151 - Interdepartmental	1.30%
(c) Section 15-8 Second Injury Fund	17.30%
(d) Section 25A Reponed Case Fund	6.40%
(e) Total [(a) + (b) + (c) + (d)]	31.50%
(2) Estimated Ultimate Indemnity Loss/ALAE	2,089,032
(3) Paid Indemnity Loss/ALAE	354,206
(4) Estimated Indemnity Loss/ALAE Reserve	1,734,826
(5) Estimated Indemnity Loss Reserve	1,561,343
(6) Est. Assessment Reserves for Future Indemnity Payments	491,823
(7) Estimated Paid Indemnity Loss	318,785
(8) Ultimate Assessment on Paid Indemnity Loss	100,417
(9) Paid Assessment	0
(10) Unpaid Assessment for Paid Indemnity	100,417
(11) Total Estimated Assessment Reserve	592,240
(12) Estimated Total Loss/ALAE Reserve	2,532,821
(13) (11) as a Percentage of Total Loss/ALAE Reserve	23.38%

NOTES:

- (1) Provided by the Trust.
- (2) Exhibit 6A, Col.(6).
- (3) Exhibit 7A, Col.(4).
- (4) (2) - (3).
- (5) (4) x 0.90.
- (6) (5) x (1e).
- (7) (3) x 0.90
- (8) (7) x (1e).
- (9) Provided by the Trust.
- (10) (8) - (9).
- (11) (6) + (10)
- (12) Exhibit 4, Col.(6).
- (13) (6) / (7).

**REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY**

TRANSPORTATION INDUSTRY TRUST OF NEW YORK

**SUMMARY OF LOSS/ALAE RESERVES
DECEMBER 31, 2002**

Policy Year Ending 12/31/xx	Cumulative Paid Loss/ALAE (1)	Case Loss Reserve (3)-(1) (2)	Cumulative Incurred Loss/ALAE (3)	Selected Ultimate Loss/ALAE (4)	Indicated IBNR Loss/ALAE Reserve (4)-(3) (5)	Indicated Total Loss/ALAE Reserve (2)+(5) (6)
1994						
1995						
1996						
1997						
1998						
1999						
2000						
2001	197,867	189,872	387,739	641,407	253,668	443,540
2002	384,226	675,363	1,059,589	2,473,507	1,413,918	2,089,281
Total	\$582,093	\$865,235	\$1,447,328	\$3,114,914	\$1,667,586	\$2,532,821

NOTES:

(1),(3) Provided by the Trust.
(4) Exhibit 6, Col.(6).

**REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY**

TRANSPORTATION INDUSTRY TRUST OF NEW YORK

**ESTIMATED LOSS RATIOS
DECEMBER 31, 2002**

Policy Year Ending 12/31/xx	Selected Ultimate Loss/ALAE (1)	Earned Contributions (2)	Loss/ALAE Ratio (1)/(2) (3)
1994			
1995			
1996			
1997			
1998			
1999			
2000			
2001	641,407	803,767	79.8%
2002	2,473,507	3,440,382	71.9%
Total	\$3,114,914	\$4,244,149	73.4%

NOTES:

- (1) Exhibit 6, Col.(6).
(2) Provided by the Trust.

**REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY**

TRANSPORTATION INDUSTRY TRUST OF NEW YORK

**COMPARISON OF ULTIMATE LOSS/ALAE ESTIMATES
TOTAL LOSSES**

DECEMBER 31, 2002

Policy Year Ending 12/31/xx	Total Paid Loss/ALAE Development	Total Incurred Loss/ALAE Development	Bornhuetter-Ferguson Using Ult. Premiums and Total Paid Loss/ALAE	Bornhuetter-Ferguson Using Ult. Premiums Total Incurred Loss/ALAE	Average	Selected Ultimate Total Loss/ALAE
	(1)	(2)	(3)	(4)	(5)	(6)
1994						
1995						
1996						
1997						
1998						
1999						
2000						
2001	709,439	627,033	632,561	617,795	646,707	641,407
2002	3,214,677	2,247,196	2,656,110	2,633,322	2,687,826	2,473,507
Total	\$3,924,117	\$2,874,230	\$3,288,671	\$3,251,117	\$3,334,533	\$3,114,914

NOTES:

- (1) Exhibit 7, Col.(6).
(2) Exhibit 7, Col.(3).
(3),(4) Exhibit 8, Col.(9).

**REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY**

TRANSPORATION INDUSTRY TRUST OF NEW YORK

**COMPARISON OF ULTIMATE LOSS/ALAE ESTIMATES
INDEMNITY LOSSES**

DECEMBER 31, 2002

Policy Year Ending 12/31/xx	Indemnity Paid Loss/ALAE Development	Indemnity Incurred Loss/ALAE Development	Bornhuetter- Ferguson Using Ult. Premiums and Indemnity Paid Loss/ALAE	Bornhuetter- Ferguson Using Ult. Premiums Indemnity Incurred Loss/ALAE	Average	Selected Ultimate Indemnity Loss/ALAE
	(1)	(2)	(3)	(4)	(5)	(6)
1994						
1995						
1996						
1997						
1998						
1999						
2000						
2001	698,919	527,910	455,979	469,358	538,042	498,634
2002	3,056,516	1,522,100	1,819,402	1,658,696	2,014,178	1,590,398
Indemnity	\$3,755,435	\$2,050,010	\$2,275,381	\$2,128,053	\$2,552,220	\$2,089,032

NOTES:

- (1) Exhibit 7A, Col.(6).
(2) Exhibit 7A, Col.(3).
(3),(4) Exhibit 8A, Col.(9).

**REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY**

TRANSPORTATION INDUSTRY TRUST OF NEW YORK

**COMPARISON OF ULTIMATE LOSS/ALAE ESTIMATES
MEDICAL LOSSES**

DECEMBER 31, 2002

Policy Year Ending 12/31/xx	Medical Paid Loss/ALAE Development	Medical Incurred Loss/ALAE Development	Bornhuetter- Ferguson Using Ult. Premiums and Medical Paid Loss/ALAE	Bornhuetter- Ferguson Using Ult. Premiums Medical Incurred Loss/ALAE	Average	Selected Ultimate Medical Loss/ALAE
	(1)	(2)	(3)	(4)	(5)	(6)
1994						
1995						
1996						
1997						
1998						
1999						
2000						
2001	134,540	135,436	166,107	150,109	146,548	142,773
2002	688,107	806,515	820,778	959,703	818,776	883,149
Medical	\$822,647	\$941,951	\$986,885	\$1,109,812	\$965,324	\$1,025,882

NOTES:

- (1) Exhibit 7B, Col.(6).
(2) Exhibit 7B, Col.(3).
(3),(4) Exhibit 8A, Col.(9).

**REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY**

TRANSPORTATION INDUSTRY TRUST OF NEW YORK

**DETERMINATION OF ULTIMATE LOSS/ALAE USING DEVELOPMENT METHODS
TOTAL LOSSES**

DECEMBER 31, 2002

Policy Year Ending 12/31/xx	Cumulative Total Incurred Loss/ALAE	Cumulative Total Incurred Development Factor	Incurred Method Ultimate Loss/ALAE (1)x(2)	Cumulative Total Paid Loss/ALAE	Cumulative Total Paid Development Factor	Paid Method Ultimate Loss/ALAE (4)x(5)
	(1)	(2)	(3)	(4)	(5)	(6)
1994		1.000			1.227	
1995		1.019			1.311	
1996		1.035			1.381	
1997		1.057			1.487	
1998		1.101			1.650	
1999		1.179			1.929	
2000		1.327			2.410	
2001	387,739	1.617	627,033	197,867	3.585	709,439
2002	1,059,589	2.563	2,247,196	384,226	8.367	3,214,677
Total	1,447,328		2,874,230	582,093		3,924,117

NOTES:

- (1),(4) Provided by the Trust.
 (2) Exhibit 9, Line (4).
 (3) Ultimate Loss/ALAE for Year 2002 reflects one loss at the \$300,000 retention.
 (5) Exhibit 9, Line (6).

**REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY**

TRANSPORTATION INDUSTRY TRUST OF NEW YORK

**DETERMINATION OF ULTIMATE LOSS/ALAE USING DEVELOPMENT METHODS
INDEMNITY LOSSES ONLY**

DECEMBER 31, 2002

Policy Year Ending 12/31/xx	Cumulative Indemnity Incurred Loss/ALAE (1)	Cumulative Indemnity Incurred Development Factor (2)	Incurred Method Ultimate Loss/ALAE (1)x(2) (3)	Cumulative Indemnity Paid Loss/ALAE (4)	Cumulative Indemnity Paid Development Factor (5)	Paid Method Ultimate Loss/ALAE (4)x(5) (6)
1994		1.000			1.309	
1995		1.033			1.426	
1996		1.075			1.527	
1997		1.106			1.679	
1998		1.158			1.925	
1999		1.259			2.379	
2000		1.433			3.191	
2001	282,641	1.868	527,910	127,286	5.491	698,919
2002	473,520	3.221	1,522,100	226,920	13.470	3,056,516
Total	755,161		2,050,010	354,206		3,755,435

NOTES:

- (1),(4) Provided by the Trust.
(2) Exhibit 9, Line (8).
(5) Exhibit 9, Line (10).

**REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY**

TRANSPORTATION INDUSTRY TRUST OF NEW YORK

**DETERMINATION OF ULTIMATE LOSS/ALAE USING DEVELOPMENT METHODS
MEDICAL LOSSES ONLY**

DECEMBER 31, 2002

Policy Year Ending 12/31/xx	Cumulative Medical Incurred Loss/ALAE (1)	Cumulative Medical Incurred Development Factor (2)	Incurred Method Ultimate Loss/ALAE (1)x(2) (3)	Cumulative Medical Paid Loss/ALAE (4)	Cumulative Medical Paid Development Factor (5)	Paid Method Ultimate Loss/ALAE (4)x(5) (6)
1994		1.000			1.102	
1995		1.007			1.136	
1996		1.013			1.162	
1997		1.020			1.203	
1998		1.051			1.264	
1999		1.094			1.358	
2000		1.174			1.515	
2001	105,098	1.289	135,436	70,581	1.906	134,540
2002	587,069	1.764	806,515	157,306	4.374	688,107
Total	692,167		941,951	227,887		822,647

NOTES:

- (1),(4) Provided by the Trust.
 (2) Exhibit 9, Line (12).
 (3) Ultimate Loss/ALAE for Year 2002 reflects one loss at the \$300,000 retention.
 (5) Exhibit 9, Line (14).

**REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY**

TRANSPORTATION INDUSTRY TRUST OF NEW YORK

**DETERMINATION OF ULTIMATE LOSS/ALAE USING BORNHUETTER-FERGUSON METHODS
TOTAL LOSSES**

DECEMBER 31, 2002

I Bornhuetter-Ferguson Paid Method			Expected	Cumulative	Ratio of	Ratio of	Undeveloped	Cumulative	Ultimate	Calculated
Policy	Selected	Expected	Total	Total	Cumulative	Undeveloped	Total	Total	Total	Total
Year	Total	Total	Ultimate	Total	to Ultimate	Total	Paid	Paid	Loss	Loss
Ending	Loss	Loss	Loss	Development	Loss	Loss	Loss	Loss	Loss	Ratio
12/31/xx	Contributions	Ratio	(1) x (2)	Factors	(1) / (4)	(1) - (5)	(3) x (6)	Loss	(7) + (8)	(9) / (1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1994		0.75		1.227	0.815	0.185				
1995		0.75		1.311	0.763	0.237				
1996		0.75		1.381	0.724	0.276				
1997		0.75		1.487	0.672	0.328				
1998		0.75		1.650	0.606	0.394				
1999		0.75		1.929	0.519	0.481				
2000		0.75		2.410	0.415	0.585				
2001	803,767	0.75	602,825	3.585	0.279	0.721	434,694	197,867	632,561	0.787
2002	3,440,382	0.75	2,580,287	8.367	0.120	0.880	2,271,884	384,226	2,656,110	0.772
Total	\$4,244,149		\$3,183,112				\$2,706,578	\$582,093	\$3,288,671	0.775
II Bornhuetter-Ferguson Incurred Method			Expected	Cumulative	Ratio of	Ratio of	Undeveloped	Cumulative	Ultimate	Calculated
Policy	Selected	Expected	Total	Total	Incur. Loss	Incur. Loss	Total	Total	Total	Total
Year	Total	Total	Ultimate	Total	to Ultimate	to Ultimate	Incurred	Incurred	Loss	Loss
Ending	Loss	Loss	Loss	Development	Loss	Loss	Loss	Loss	Loss	Ratio
12/31/xx	Contributions	Ratio	(1) x (2)	Factors	(1) / (4)	(1) - (5)	(3) x (6)	Loss	(7) + (8)	(9) / (1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1994		0.75		1.000	1.000	0.000				
1995		0.75		1.019	0.981	0.019				
1996		0.75		1.035	0.966	0.034				
1997		0.75		1.057	0.946	0.054				
1998		0.75		1.101	0.908	0.092				
1999		0.75		1.179	0.848	0.152				
2000		0.75		1.327	0.754	0.246				
2001	803,767	0.75	602,825	1.617	0.618	0.382	230,056	387,739	617,795	0.769
2002	3,440,382	0.75	2,580,287	2.563	0.390	0.610	1,573,733	1,059,589	2,633,322	0.765
Total	\$4,244,149		\$3,183,112				\$1,803,789	\$1,447,328	\$3,251,117	0.766

NOTES:

- (1),(8) Provided by the Trust.
(4) Exhibit 7, Cols.(2) and (5).

**REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY**

TRANSPORATION INDUSTRY TRUST OF NEW YORK

**DETERMINATION OF ULTIMATE LOSS/ALAE USING BORNHUETTER-FERGUSON METHODS
INDEMNITY LOSSES**

DECEMBER 31, 2002

I Bornhuetter-Ferguson Paid Method										
Policy Year Ending 12/31/xx	Earned Contributions	Selected Indemnity Loss Ratio	Expected Indemnity Ultimate Loss (1) x (2)	Cumulative Indemnity Development Factors	Ratio of Cumulative Indemnity Paid Loss to Ultimate Loss (1) / (4)	Ratio of Undeveloped Indemnity Paid Loss to Ultimate Loss (1) - (5)	Undeveloped Indemnity Paid Loss (3) x (6)	Cumulative Indemnity Paid Loss (8)	Ultimate Indemnity Loss (7) + (8)	Calculated Indemnity Loss Ratio (9) / (1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1994		0.50		1.309	0.764	0.236				
1995		0.50		1.426	0.701	0.299				
1996		0.50		1.527	0.655	0.345				
1997		0.50		1.679	0.596	0.404				
1998		0.50		1.925	0.520	0.480				
1999		0.50		2.379	0.420	0.580				
2000		0.50		3.191	0.313	0.687				
2001	803,767	0.50	401,884	5.491	0.182	0.818	328,693	127,286	455,979	0.567
2002	3,440,382	0.50	1,720,191	13.470	0.074	0.926	1,592,482	226,920	1,819,402	0.529
Total	\$4,244,149		\$2,122,075				\$1,921,175	\$354,206	\$2,275,381	0.536
II Bornhuetter-Ferguson Incurred Method										
Policy Year Ending 12/31/xx	Earned Contributions	Selected Indemnity Loss Ratio	Expected Indemnity Ultimate Loss (1) x (2)	Cumulative Indemnity Development Factors	Ratio of Cumulative Indemnity Incur. Loss to Ultimate Loss (1) / (4)	Ratio of Undeveloped Indemnity Incur. Loss to Ultimate Loss (1) - (5)	Undeveloped Indemnity Incurred Loss (3) x (6)	Cumulative Indemnity Incurred Loss (8)	Ultimate Indemnity Loss (7) + (8)	Calculated Indemnity Loss Ratio (9) / (1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1994		0.50		1.000	1.000	0.000				
1995		0.50		1.033	0.968	0.032				
1996		0.50		1.075	0.930	0.070				
1997		0.50		1.106	0.904	0.096				
1998		0.50		1.158	0.863	0.137				
1999		0.50		1.259	0.794	0.206				
2000		0.50		1.433	0.698	0.302				
2001	803,767	0.50	401,884	1.868	0.535	0.465	186,717	282,641	469,358	0.584
2002	3,440,382	0.50	1,720,191	3.221	0.310	0.690	1,186,176	472,520	1,658,696	0.482
Total	\$4,244,149		\$2,122,075				\$1,372,892	\$755,161	\$2,128,053	0.501

NOTES:

- (1),(8) Provided by the Trust.
(4) Exhibit 7A, Cols.(2) and (5).

REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY

TRANSPORTATION INDUSTRY TRUST OF NEW YORK

DETERMINATION OF ULTIMATE LOSS/ALAE USING BORNHUETTER-FERGUSON METHODS
MEDICAL LOSSES

DECEMBER 31, 2002

I Bornhuetter-Ferguson Paid Method			Expected	Cumulative	Ratio of	Ratio of	Undeveloped	Cumulative	Ultimate	Calculated
Policy Year Ending 12/31/xx	Earned Contributions	Selected Medical Loss Ratio	Medical Ultimate Loss (1) x (2)	Medical Development Factors (4)	Cumulative Paid Loss to Ultimate Loss (1) / (4) (5)	Undeveloped Medical Loss to Ultimate Loss (1) - (5) (6)	Medical Paid Loss (3) x (6) (7)	Medical Paid Loss (8)	Medical Loss (7) + (8) (9)	Medical Loss Ratio (9) / (1) (10)
1994		0.25		1.102	0.907	0.093				
1995		0.25		1.136	0.880	0.120				
1996		0.25		1.162	0.860	0.140				
1997		0.25		1.203	0.831	0.169				
1998		0.25		1.264	0.791	0.209				
1999		0.25		1.358	0.736	0.264				
2000		0.25		1.515	0.660	0.340				
2001	803,767	0.25	200,942	1.906	0.525	0.475	95,526	70,581	166,107	0.207
2002	3,440,382	0.25	860,096	4.374	0.229	0.771	663,472	157,306	820,778	0.239
Total	\$4,244,149		\$1,061,037				\$758,998	\$227,887	\$986,885	0.233

II Bornhuetter-Ferguson Incurred Method			Expected	Cumulative	Ratio of	Ratio of	Undeveloped	Cumulative	Ultimate	Calculated
Policy Year Ending 12/31/xx	Earned Contributions	Selected Medical Loss Ratio	Medical Ultimate Loss (1) x (2)	Medical Development Factors (4)	Incur. Loss to Ultimate Loss (1) / (4) (5)	Undeveloped Medical Loss to Ultimate Loss (1) - (5) (6)	Medical Incurred Loss (3) x (6) (7)	Medical Incurred Loss (8)	Medical Loss (7) + (8) (9)	Medical Loss Ratio (9) / (1) (10)
1994		0.25		1.000	1.000	0.000				
1995		0.25		1.007	0.993	0.007				
1996		0.25		1.013	0.988	0.012				
1997		0.25		1.020	0.981	0.019				
1998		0.25		1.051	0.952	0.048				
1999		0.25		1.094	0.914	0.086				
2000		0.25		1.174	0.851	0.149				
2001	803,767	0.25	200,942	1.289	0.776	0.224	45,011	105,098	150,109	0.187
2002	3,440,382	0.25	860,096	1.764	0.567	0.433	372,634	587,069	959,703	0.279
Total	\$4,244,149		\$1,061,037				\$417,645	\$692,167	\$1,109,812	0.261

NOTES:

- (1),(8) Provided by the Trust.
- (4) Exhibit 7B, Cols.(2) and (5).

**REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY**

TRANSPORTATION INDUSTRY TRUST OF NEW YORK

**INDUSTRY ACCIDENT YEAR LOSS DEVELOPMENT FACTORS
DECEMBER 31, 2002**

Policy Year	1994	1995	1996	1997	1998	1999	2000	2001	2002
Policy Year Beginning Date	1/1/1994	1/1/1995	1/1/1996	1/1/1997	1/1/1998	1/1/1999	1/1/2000	1/1/2001	1/1/2002
(1) NCCI Factor Age in Months	108	96	84	72	60	48	36	24	12
(2) Policy Year Age in Months	108	96	84	72	60	48	36	24	12
(3) NCCI Incurred Loss Development Factor - Total ¹		1.107	1.124	1.148	1.196	1.281	1.441	1.755	2.782
Interpolated Cumulative Factors	1.086	1.107	1.124	1.148	1.196	1.281	1.441	1.755	2.784
Interpolated Incremental Factors & Tail Factor	1.086	1.019	1.015	1.021	1.042	1.071	1.125	1.219	1.585
Selected Incremental Factors & Tail Factor	1.000	1.019	1.015	1.021	1.042	1.071	1.125	1.219	1.585
(4) Selected Incurred Loss Development Factor - Total	1.000	1.019	1.035	1.057	1.101	1.179	1.327	1.617	2.563
(5) NCCI Paid Loss Development Factor - Total ¹		1.424	1.500	1.615	1.792	2.095	2.419	3.889	9.475
Interpolated Cumulative Factors	1.332	1.424	1.500	1.615	1.792	2.094	2.618	3.894	9.086
Interpolated Incremental Factors & Tail Factor	1.332	1.069	1.053	1.077	1.110	1.169	1.250	1.487	2.334
Selected Incremental Factors & Tail Factor	1.227	1.069	1.053	1.077	1.110	1.169	1.250	1.487	2.334
(6) Selected Paid Loss Dev. Factor - Total	1.227	1.311	1.381	1.487	1.650	1.929	2.410	3.585	8.367
(7) NCCI Incurred Loss Dev. Factor - Indemnity ¹		1.093	1.113	1.145	1.199	1.304	1.484	1.932	3.332
Interpolated Cumulative Factors	1.035	1.069	1.113	1.145	1.199	1.304	1.483	1.933	3.334
Interpolated Incremental Factors & Tail Factor	1.035	1.033	1.041	1.029	1.047	1.088	1.138	1.303	1.725
Selected Incremental Factors & Tail Factor	1.000	1.033	1.041	1.029	1.047	1.088	1.138	1.303	1.725
(8) Selected Incurred Loss Dev. Factor - Indemnity	1.000	1.033	1.075	1.106	1.158	1.259	1.433	1.868	3.221
(9) NCCI Paid Loss Development Factor - Indemnity ¹		1.477	1.581	1.738	1.993	2.464	3.306	5.677	13.926
Interpolated Cumulative Factors	1.355	1.477	1.580	1.738	1.992	2.463	3.304	5.684	13.943
Interpolated Incremental Factors & Tail Factor	1.355	1.090	1.070	1.100	1.147	1.236	1.341	1.721	2.453
Selected Incremental Factors & Tail Factor	1.309	1.090	1.070	1.100	1.147	1.236	1.341	1.721	2.453
(10) Selected Paid Loss Dev. Factor - Indemnity	1.309	1.426	1.527	1.679	1.925	2.379	3.191	5.491	13.470
(11) NCCI Incurred Loss Development Factor - Medical ¹		1.162	1.169	1.177	1.213	1.263	1.356	1.487	2.036
Interpolated Cumulative Factors	1.154	1.162	1.169	1.177	1.213	1.263	1.356	1.488	2.037
Interpolated Incremental Factors & Tail Factor	1.154	1.007	1.006	1.007	1.031	1.041	1.074	1.097	1.369
Selected Incremental Factors & Tail Factor	1.000	1.007	1.006	1.007	1.031	1.041	1.074	1.097	1.369
(12) Selected Incurred Loss Dev. Factor - Medical	1.000	1.007	1.013	1.020	1.051	1.094	1.174	1.289	1.764
(13) NCCI Paid Loss Development Factor - Medical ¹		1.312	1.342	1.389	1.459	1.568	1.750	2.198	5.044
Interpolated Cumulative Factors	1.272	1.312	1.342	1.389	1.459	1.568	1.749	2.201	5.050
Interpolated Incremental Factors & Tail Factor	1.272	1.031	1.023	1.035	1.050	1.075	1.116	1.258	2.295
Selected Incremental Factors & Tail Factor	1.102	1.031	1.023	1.035	1.050	1.075	1.116	1.258	2.295
(14) Selected Paid Loss Dev. Factor - Medical	1.102	1.136	1.162	1.203	1.264	1.358	1.515	1.906	4.374

¹ 2003 NCCI Statistical Bulletin, New York - Based on 3-C8 Year Average

**REPORT FOR THE WORKERS COMPENSATION BOARD
RATE AND RESERVING STUDY**

TRANSPORATION INDUSTRY TRUST OF NEW YORK

**DETERMINATION OF AVERAGE AGE FOR ACCIDENT YEAR LOSS DEVELOPMENT
DECEMBER 31, 2002**

Evaluation Date: 12/31/2002

Policy Year	1994	1995	1996	1997	1998	1999	2000	2001	2002
Policy Year Beginning Date	1/1/1994	1/1/1995	1/1/1996	1/1/1997	1/1/1998	1/1/1999	1/1/2000	1/1/2001	1/1/2002
(1) Average Effective Date	1/1/1994	1/1/1995	1/1/1996	1/1/1997	1/1/1998	1/1/1999	1/1/2000	1/1/2001	1/1/2002
(2) Average Accident Date [(1) + 6 months]	7/2/1994	7/2/1995	7/1/1996	7/2/1997	7/2/1998	7/2/1999	7/1/2000	7/2/2001	7/2/2002
(3) Number of Months From Average Accident Date to Evaluation Date	102	90	78	66	54	42	30	18	6
(4) Accident Year Factor in Months [(3) + 6.0]	108	96	84	72	60	48	36	24	12

EXHIBIT 35

New York State – Workers' Compensation Board

Group Self-Insurance

Level II Review

**Transportation Industry Workers'
Compensation Trust
As of 12/31/02**

DRAFT

Report Date: August 4, 2004

INTRODUCTION

Every employer in the state of New York is required to secure workers' compensation coverage for its employees. As per Section 50 of the Workers' Compensation Law (WCL), employers may do so by one or more of the following methods: by insuring and keeping insured the payment of compensation through an insurance carrier or through the State Insurance Fund, or by seeking and receiving the privilege to self-insure those benefits. Employers who opt to self-insure may do so by self-insuring on an individual basis, or by forming and/or becoming a participating member in a self-insured group trust. Each such group of employers must establish a "trust account" or "trust fund," which is financed by the contributions of and assessments on members of the group self-insurer, for the exclusive purpose of paying for and otherwise administering the workers' compensation obligations of its members. All members participating in a group trust are deemed to be jointly and severally liable for all workers' compensation obligations incurred by the trust during the period of membership.

Title 12 of the New York Codes, Rules and Regulations (NYCRR) establishes the procedures, qualifications, and responsibilities for any group of employers which desires to become, or which has been approved to operate as, a group self-insurer. Part 317.19 describes the periodic reports to be submitted by group self-insurers, which must evidence the proper capitalization and integrity of a group trust's funds. Part 317.19(b) further states that the "chair may engage an attorney, actuary, certified public accountant or other qualified person or organization other than a salaried employee of the board to conduct or assist in the examination of the annual reports submitted herein. In the event that such professional services are utilized, any costs incurred shall be borne and paid by the group self insurer under examination."

The Transportation Industry Workers' Compensation Trust (Trust) was established on December 27, 2000, to provide workers' compensation coverage through a self-insurance program to employers who are engaged in the transportation industry. The Trust has a fiscal year-end date of December 31.

The Workers' Compensation Board (WCB) deemed it necessary to obtain the services of PriceWaterhouseCoopers, LLP (Consultant) to assist in the examination of the records of the Trust for the fiscal year ending December 31, 2002.

The Consultant performed analyses of certain historical financial information and various financial, operating, and other data for the Trust solely to assist the WCB in its evaluation of the Trust. The sufficiency of the work performed by the Consultant is solely the responsibility of the State of New York Workers' Compensation Board, as are any decisions with respect to the Trust. The work performed by the Consultant was performed solely for the State of New York Workers' Compensation Board, the Board of Trustees of the Transportation Industry Workers' Compensation Trust and the Group Administrator of the Transportation Industry Workers' Compensation Trust, Compensation Risk Managers, LLC, and should not be referred to or distributed, orally or in writing, to any other persons or entities, other than those specified parties. No one other than the WCB is authorized to rely upon the report or statements of the Consultant. The Consultant's work did not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls or other attestation or review services in accordance with standards established by the American Institute of Certified Public Accountants (AICPA). Accordingly, the Consultant did not express an opinion or any other form of assurance on the financial statements of the Trust or any financial or other information, or operating and internal controls of the Trust.

INTRODUCTION
(Continued)

- The following report represents a summary of the results of the examination conducted by the WCB with the assistance of the Consultant.

This report includes the following major sections:

Management and Control
Group Records
Members/Homogeneity/Payroll Covered
Underwriting Policies and Procedures
Case Management
Insurance
Financial Statements/Regulatory Funding Position

Also included with this report are the following Exhibits:

- Exhibit A: Workers' Compensation Board's "Member Roster by Effective Date"
- Exhibit B: PriceWaterhouseCoopers' "Transportation Industry Workers' Compensation Trust Report on Rates and Reserves as of 12/31/02"

MANAGEMENT AND CONTROL

KEY AGENTS

Typically, a number of entities are involved in the proper administration of a group trust. These entities may include, but are not necessarily limited to: the group administrator, the claims administrator, legal counsel, accountant, actuary, and investment manager. The roles and responsibilities of these various entities may vary slightly from group to group, and the entity fulfilling the roles may change over time. As part of this process, the WCB reviewed the documentation on file to discern the following: (1) who the various entities are for the group under review; (2) what changes have occurred over the course of the group's existence; and (3) generally, what their respective roles and responsibilities are. In some instances, the documentation on file with the WCB was not sufficient to determine this information. Therefore, as part of this review process, the Group was requested to submit any additional information that may be relevant.

The Transportation Industry Workers' Compensation Trust began operations on December 27, 2000. According to the documentation on file with the WCB, and any additional information submitted as part of this review process, the following have been identified as the key agents involved in the administration of this Group since its inception:

Group Administrator

Compensation Risk Managers, LLC
112 Delafield Street
Poughkeepsie, NY 12601
Term: 12/27/00 – Present

Claims Administrator

Compensation Risk Managers, LLC
112 Delafield Street
Poughkeepsie, NY 12601
Term: 12/27/00 – Present

Legal Counsel

Louis Viglotti
Compensation Risk Managers, LLC
112 Delafield Street
Poughkeepsie, NY 12601
Term: 12/27/00 – Present

Accountant

Urbach, Kahn & Werlin, LLP
40 Garden Street
Suite 100
Poughkeepsie, NY 12601
Term: 12/27/00 - Present

Actuary

SGRisk, Inc.
1050 Wall Street West
Suite 340
Lyndhurst, NJ 07071
Term: 12/27/00 - Present

Investment Manager

Information was requested but not provided.

MANAGEMENT AND CONTROL (Continued)

- The following provides a brief description of the roles and responsibilities of each of these key agents:

The Group Administrator is responsible for ensuring compliance with the provisions of the rules promulgated by the WCB and the coordination of outside services, including, but not limited to, the day-to-day operation of the Group, claims processing, loss control, and legal, accounting, and actuarial services. Pursuant to the Declaration of Trust, the Group Administrator has the authority to sign the GSI-1.1, "Application for Participation in Group Self-Insurance Plan," which is the vehicle by which all new members are admitted to the Group.

The Claims Administrator is responsible for administering all workers' compensation claims, provide risk management services, determining the compensability of injury or illness, determining the amount and duration of any benefit, establishing reserves, and communicating immediately to participating employees.

Documentation on file with the WCB appears to be silent regarding the roles and responsibilities of the Group's Legal Counsel.

Documentation on file with the WCB appears to be silent regarding the roles and responsibilities of the Group's Accountant.

Documentation on file with the WCB appears to be silent regarding the roles and responsibilities of the Group's Actuary.

Documentation on file with the WCB appears to be silent regarding the roles and responsibilities of the Group's Investment Manager.

The following is noted as a result of the key agent information for this Group:

- The roles and responsibilities of each of the key agents should be well defined and readily available.

MANAGEMENT AND CONTROL (Continued)

TRUSTEES

The board of trustees of every group self-insured trust is that body, identified in the trust documentation, which is responsible for all operations of the group self-insurer. The trust documents should include, among other things, such information related to the trustees as: their specific roles and responsibilities; the required number of trustees; the method of election; the length of their term; voting standards; and meeting requirements. Every group self-insurer must provide the WCB with up-to-date information regarding the name, address, business affiliation and term of every active trustee. Within ten days of any change in trustees, the WCB must be notified accordingly. Failure to promptly notify the WCB of any changes regarding trustees may result in the imposition of penalties against the trust.

Roles and Responsibilities

Trustees have the duty to perform under the terms of the Declaration of Trust, the Participation Agreement, the Bylaws, and the Rules and Regulations of the Chair, and they shall be responsible for performing such duties as may be necessary to operate and maintain the trust. According to the documentation on file for this Group, these duties include, but are not necessarily limited to, the following:

- Collect and receive any and all money and other property due to the Trust Fund.
- Reasonably and prudently invest the assets of the Trust.
- Call Special Meetings of the Administrator or Participating Employers.
- 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).
- Commence or defend litigation in the interest of the Trust.
- Perform all acts, whether or not expressly authorized, which are necessary 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 the Trustees' responsibilities and duties.

Number of Trustees/Method of Election/Length of Term

As per the Trust document, the Board of Trustees for the Transportation Industry Workers' Compensation Trust shall consist of no more than seven individuals, each of which shall be an authorized employee of an active participant. Any vacancy on the Board of Trustees shall be filled by the majority vote of the remaining Trustees. A Trustee is deemed to have resigned his/her position if he/she is no longer employed by a participating member. 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 Trust 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.

Pursuant to the Bylaws, the Board shall be composed of no more than seven and no less than three members. The employer must nominate a representative to appear at Board Meetings and conduct Trust business. Each Trustee shall serve a maximum of three years for any single

MANAGEMENT AND CONTROL
(Continued)

term in office. A Trustee may resign at any time upon 60 days prior written notice. 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. Vacancies on the Board shall be filled by a majority vote of the remaining Trustees from candidates nominated by a committee created for that purpose.

Trustee Voting

Pursuant to the Bylaws, a quorum at a meeting of the Trustees and for the transaction of business requiring a vote is a majority of the Trustees then in office assembled at the meeting. However, pursuant to the Declaration of Trust, a quorum at any Trustee meeting shall be the majority of Trustees then in office. Each voting Trustee shall be entitled to cast one 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 in writing 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 Trustees has an actual or potential conflict of interest.

Identification of Trustees

Based upon documentation on file with the WCB and that which was submitted as part of this review, the names, addresses, business affiliation, and terms of the Trustees since the inception of the Group are as follows:

<i>Name/Address/Business Affiliation</i>	<i>Trustee Term</i>
<i>Present Trustees</i>	
Mark Bottini Morgan Fuel & Heating, Inc. P. O. Box 1640 Wappinger Falls, NY 12590 (Group Member Effective – 10/01/00)	10/01/00 – Present
Joseph Dotterweich Ficel Transport, Inc. 310 Lake Street Blasdell, NY 14219 (Group Member Effective – 12/01/01)	04/01/02 – Present
Richard Ricelli Ricelli Enterprises, Inc. 6755 Manlius Center Road East Syracuse, NY 13057 (Group Member Effective – 01/01/03)	07/16/03 – Present

MANAGEMENT AND CONTROL
(Continued)

Past Trustees

Joseph Winters Winter Brothers Recycling Corporation 99 Nancy Street West Babylon, NY 11704 (Group Member Effective – 12/27/00)	12/27/00 – Unavailable
Fred DiGiovanni Island Charter 246 Parkinson Avenue Staten Island, NY 10305 (Group Member Effective – 02/05/02)	04/01/02 – 03/05/03
Emil Panichi Royal Carting Services (Unknown Affiliation)	Unavailable

Trustee Meetings

As per the Trust document, the Board shall meet at least twice each calendar year. Trustees will be notified, in writing, at least one month in advance of any meeting. The Chair will determine the dates, times, locations, and agenda, which will be included in the meeting notice. Trustees are expected to give three weeks notice if they are unable to attend a scheduled meeting. Special meetings may be called by the Chair or by a majority of the Trustees then in office, who must indicate the reason for calling the meeting. The Chair shall call the special meeting within 30 days after receipt of the request.

According to the meeting minutes provided as part of this process, it appears as if the Trustees held one meeting during the fiscal period under review. This meeting was held on May 29, 2002. The following is noted as a result of the review of the meeting minutes:

- The May 29 meeting was attended by two Trustees—Fred DiGiovanni and Joe Dotterweich; Mark Bottini was absent. Also in attendance were five individuals from Compensation Risk Managers—Dan Hickey, Jr., Chet Walczyk, Adam Strong, Sean McDonnell, and Dawn Stewart.
- Items discussed at the May 29, 2002, meeting included, but were not limited to: financial issues of the Group, including experience modification, premiums, discounts, and dividend payments, and loss control review.

MANAGEMENT AND CONTROL (Continued)

Findings/Recommendations

The following general comments regarding trustees are applicable to all self-insured group trusts:

- It is recommended that all elections of trustees involve active group members, that every member have an equal vote, and that every member be given proper notification of all such voting conducted.
- Any changes in trustees should be sent in a timely manner to the WCB.
- The number of trustees elected to the board should be reviewed periodically to ensure that it is proportional to the size of the trust.
- Trustees should serve for a definitive term; term dates should be made clear.
- The terms of the trustees should be staggered in order to ensure that there is a certain degree of continuity on the board.
- At least two-thirds of the voting trustees shall be officers, partners, members or employees of group members.
- The business affiliation of every trustee should be made clear.
- It is recommended that trustees conduct meetings as often as necessary for the proper administration of the trust.
- In order to fulfill their fiduciary responsibilities as trustees, trustees should attend every trustee meeting, and play an active role in the ongoing operations of the trust.

The following is noted as a result of the review of the Trustee information for this Group:

- The election of any new Trustee(s) needed is done by the remaining Trustees, and not by the members as recommended.
- The Trust document indicates a maximum number of Trustees to serve whereas the Bylaws state both a minimum and maximum number of Trustees. It is recommended that all documentation is clear and in agreement.
- The Trust document indicates that a Trustee shall serve a one-year term or until a successor has been elected. The Bylaws state that each Trustee shall serve a maximum of three years for any single term in office. It is recommended that all documentation is clear and in agreement.
- The Board of Trustees shall consist of no less than 3 or more than 7 individuals. Since the Board of the Trustees currently consist of only 3 individuals, and the Group has experienced significant growth since its inception in 2000, it is recommended that the Trust elect additional Trustees.
- The Group Administrator indicated that one of the Trustees listed above was part of the committee to start up the Trust. However, that member never joined the Group and, therefore, never became a Trustee. The business affiliation of every Trustee should be made clear.
- Trustee terms do not appear to be staggered as recommended.
- From the minutes submitted to the WCB as part of this review, it is difficult to tell if the Trustees had an active role in the Trustee meeting.
- The Board of Trustees only met once in 2002 when the Trust document states that they shall meet at least twice each calendar year.

GROUP RECORDS

GOVERNING DOCUMENTS

Every group self-insured trust has a set of documents that govern all aspects of the group's existence, and provide detailed information as to the operations and administration of the group. These documents must be approved and executed by the board of trustees, and filed with the WCB as part of the initial application process. These documents must be shared with every group member. Any subsequent changes must also be executed by the trustees, and provided to the WCB and every group member. Groups that do not promptly file any document modifications with the WCB, and with every group member, may be subject to a civil penalty of up to \$2,500 for each violation.

It is the position of the WCB that any document that describes the operation and administration of the group trust, particularly how it affects members, should be on file with the WCB. Only those governing documents on file with the WCB would be considered when resolving any disputes that may arise. Furthermore, if any other documents exist that contradict any of the provisions of the governing documents on file with the WCB, those other documents would be considered null and void.

As part of this Level II Review, the Trust was asked to submit a copy of the most current documents that govern this Trust. Based upon a review of the documents on file with the WCB, and those submitted as part of this review process, it appears that the following documents govern the operations of the Transportation Industry Workers' Compensation Trust:

Declaration of Trust
Bylaws
Joinder and Indemnification Agreement

The Declaration of Trust was filed with the WCB as part of the initial application process. Since that time, several modifications have been made including the addition of the common ownership provision, additional SIC Codes, several language changes, and the submission of Bylaws for the Trust.

The following is noted as a result of this review of the governing documents:

- It appears as if several of the modifications made to the Group's governing documents were not filed timely with the WCB as required. It is unclear if these modified documents were provided to members as required. The Trust should ensure that modifications are filed timely; failure to file modifications with the WCB, and with every Group member, could subject the Group to significant penalties in the future.
- The WCB is about to undertake an extensive project to re-evaluate the documentation standards of group self-insured trusts in general and every group trust specifically. Every group trust will be provided with additional information related to this review as it proceeds.

GROUP RECORDS (Continued)

CONTRACTUAL AGREEMENTS

At any point in time, every group trust may have any number of contractual agreements in place related to the operation and administration of the trust. Typically, the group enters into contracts with the group administrator and the claims administrator. Other contracts may exist between the group and any other key agent (legal counsel, investment manager, accountant, actuary, etc.).

Group self-insurers are required to file with the WCB any duly executed contract between the group and the group administrator and the claims administrator. As part of this Level II Review, the Trust was asked to submit a copy of all contractual agreements. A review of the agreements that exist for the Transportation Industry Workers' Compensation Trust reveals the following:

- There exists a contractual agreement between the Trust and Compensation Risk Managers, LLC, who acts as both the Group Administrator and the Claims Administrator, for the administrative services and operation of the Transportation Industry Workers' Compensation Trust. The following is a summary of some of the major components of this contract:
 - The contract was effective December 27, 2000, and shall continue for a period of five years. Thereafter, the agreement shall be automatically renewed for successive five-year periods.
 - The Administrator may resign its position and terminate this agreement upon 90 days written notice to the Trustees at any time during the term of the agreement.
 - The Board of Trustees may, by a duly authorized vote in accordance with the terms of the Trust Agreement, terminate the service agreement based upon the expressed and specific events: Trust Agreement is terminated in accordance with its terms and conditions; Administrator discontinues its business and files for bankruptcy under Chapter 7; Administrator is disallowed, by operation of law, administrative act, or regulation, from fulfilling the terms of the agreement; and Administrator is convicted in a criminal court of a criminal act directly related to its administration of the Trust.
 - Administrator will deliver all records, documents, files, etc., relating to the Trust upon termination of the agreement.
 - The Trust shall pay the Group Administrator 15% of the state rated manual premium. This fee shall be paid on a monthly basis in advance based on projected manual premium.
 - The Group Administrator has the sole authority to accept or reject a participating employer's application. However, if the applicant does not meet the minimum guidelines established, the application must first be approved by the Board of Trustees.
 - The Administrator shall maintain a separate claim file for each claim made against the Trust. Upon closure of a claim, the Administrator will maintain a closed claim file for a period of not less than 48 months.

GROUP RECORDS
(Continued)

- Provides for day-to-day operation and supervision of the Trust by the Group Administrator including but not limited to administrative processing, claims processing, and providing for the services of an accountant and actuary on annual basis.

The following is noted as a result of this review of the contractual agreement:

- The contract between the Group and its Administrator is for a five-year term that is automatically renewed; it is recommended that contracts are not automatically renewed.
- The Trustees may terminate the Trust Agreement based on expressed and specific events. It is recommended that the agreement should be amended to allow the Trustees to terminate the contract without cause with sufficient notice to the Administrator (as the Administrator can do with notice to the trustees).
- The Administrator's fee is based upon manual premium, regardless of the contribution levels.

GROUP RECORDS (Continued)

MARKETING

Part 317.18 of the Rules and Regulations state that "All marketing materials disseminated or communicated by or on behalf of a group self-insurer...shall be strictly factual in nature and shall be truthful and accurate..." Groups that disseminate or communicate untruthful or inaccurate marketing information may be subject to a penalty of as much as \$2,500 per occurrence.

At a minimum, any marketing materials promulgated on behalf of a group self-insurer should provide a complete and accurate description of group self-insurance, including the implications of the joint and several liability and the limitations of excess protection. In addition, no guarantees should be made with regard to contribution levels or dividends expected, and the material should not imply that the group self-insurer is not subject to WCB assessments.

As part of this review process, the Group was asked to submit any material that is commonly used to market the Group. In addition, the WCB reviewed any other information available which made mention of the Trust and/or the Group Administrator, to ensure that the general standards outlined in the Rules and Regulations were maintained.

The WCB reviewed the following marketing material: "CRM Workers' Compensation Insurance - Group Trust Programs" binder of information, as well as the following website: www.trustCRM.com, to ensure that the standards outlined in the Rules and Regulations were maintained.

The following was noted as a result of this review:

- The following appears in a number of places on the documentation reviewed: "A licensed administrator (CRM) provides all group services to include underwriting, claims management, loss control, administration and coordination of independent accounting, actuarial and legal services." This statement implies that the license held by CRM (presumably the Third Party Administrator license) relates to all of the services listed. In fact, the TPA license held by CRM relates only to the claims management aspect.
- The documentation reviewed appears to use the terms insurance and self-insurance interchangeably; the distinction between the two should be made clear.
- The documentation reviewed includes the statement that "members enjoy significant savings compared to the traditional insurance product." Savings cannot be guaranteed, and this point should be made clear.
- The documentation reviewed states that the "contributions and claims are overseen by a member based Board of Trustees, the Group Administrator, the Claims Administrator and the State of New York Workers' Compensation Board." The degree of oversight by all parties should be made clear. For example, the WCB is involved with the contributions only when there has been some degree of under funding identified and/or when the group has been targeted for a more in-depth review. To imply that the contributions are regularly overseen by the WCB is inappropriate.
- The website (www.crmtrust.com) states that "for practical purposes, joint and several liability can be mitigated if not eliminated through reinsurance." Although the proper reinsurance protection certainly limits the overall exposure of the Group Trust, to imply

GROUP RECORDS (Continued)

that each member is virtually protected from any joint and several liability as a result of the re-insurance is misleading.

- The response to the FAQ "Does joint and several liability mean that I would be liable for the losses of other participants?" implies that the joint and several exposure inherent to the group trust also exists in the safety groups overseen by the State Insurance Fund. While the overall structure of a group self-insured trust may be similar to a safety group, members of the safety groups do not assume joint and several liability; to imply otherwise is incorrect and misleading.
- The response to the FAQ "Does joint and several liability mean that I would be liable for the losses of other participants?" also implies that group self-insurance trusts are "all but guaranteed" to out perform any safety group. This is misleading as the results of a group trust cannot be guaranteed; in addition, to compare the group trusts to the safety groups is not an appropriate comparison, particularly in light of the joint and several liability assumed by group members.
- The response to the FAQ "If another member leaves the plan or goes out of business would the remaining members of the self insured group be required to pay their claims" states that "this is identical to the concept any safety group provides its members regarding risk sharing." This is misleading, as the liability assumed for any given policy year by a safety group member is limited to the premium paid. Conversely, there is no limit to the liability assumed by a group trust member.

GROUP RECORDS (Continued)

INTERNAL CONTROLS

The Consultant reviewed the internal controls as stated by the Group Administrator of the Trust regarding financially significant accounting cycles, including: contributions, cash and cash equivalents, investments, and liability for claims and claims expenses. The review of the underwriting and claims records is discussed in a later section of the report. The Consultant did not note any inconsistencies between the stated controls and controls in operation as part of their findings from this portion of the review.

Below is a summary of information relevant to the Administrator's control environment reviewed by the Consultant with the VP of Finance. The Consultant did not test each of the items listed below.

- There are defined authorizing limits for the final underwriting of premiums, check issuance and reserve limits, and premium receivable write offs.
- Due to the size of the organization, proper segregation of duties has been lacking. With the addition of the VP of Finance position for the Trust on July 1, 2002, and the implementation of a lockbox system for cash receipts, there has been an increase in the segregation of duties over the cash cycle.
- There is currently no formalized Code of Conduct for employees of the Administrator.
- Budgets and short- and long-term fiscal plans are not prepared.
- A monthly financial reporting package is prepared which includes interim financial statements and is presented to members of management (the President, Chief Executive Officer, and the members of the Board). These reports are prepared by the VP of Finance for the Trust.
- Per discussion with the VP of Finance, prior to the addition of his position as head of Finance for the Trust on July 1, 2002, there was no consistent recording of financial transactions being performed at the Trust level. Financial data (i.e. - rudimentary cash flow statements and bank reconciliations) were prepared in Excel and distributed to management and the Board. While the Administrator had implemented the internet-based AFW General Ledger software, it was not being utilized effectively or consistently. Additionally, monthly accrual based financial statements were not being prepared.
- Beginning on July 1, 2002, the Vice President of Finance began an effort to properly track and record all Trust related transactions in the AFW system.
- Per conversation with the VP of Finance, he is the primary member of management responsible for journal entries. Members of the collections department, supervised by the VP of Finance, also have access to the general ledger system and are responsible for booking collections due and received, and the aging of accounts receivable. Monthly, the VP of Finance makes sure that the information in AFW is accurate and reliable. There is no additional level of review of journal entries made. Monthly, accrual basis financial statements are prepared by the VP of Finance and presented to Board members.
- At the time of the Consultant's fieldwork, two new employees had been added to the Finance function and the Administrator was in the process of looking to hire a full-time internal auditor.

GROUP RECORDS

(Continued)

- The Vice President of Finance reviews the bank reconciliations prepared by his staff. The Administrator utilizes an internet-based online banking report to create outstanding check lists at month end. The VP of Finance consistently reviews this outstanding check listing and reviews all checks cashed during the month for reasonableness. In addition, he specifically reviews all checks outstanding over \$10,000 to ensure the payee on the account is a verified claimant.

GROUP RECORDS
(Continued)

OTHER

The Consultant reviewed the Group Administrator's procedures for records retention and for providing audit evidence throughout the process of the review. The findings which resulted from this portion of the review are limited to the following:

- The Administrator was generally able to provide the Consultant with the relevant records they requested in a timely manner. Some of the information requested by the Consultant was not received in a timely manner and is identified in the Consultant's testing summarized throughout this document.
- The Consultant reviewed the detailed general ledger of administrative disbursements made and substantively tested any disbursements that appeared to be inconsistent with expenses that would be incurred in the administration of the Trust. A total of \$879,423 in management fees was paid to the Trust Administrator in 2002. In addition, total administrative and other expenses were \$200,965. The Consultant recalculated the management fee paid to the Administrator by multiplying the premiums before discounts by the stated 15% rate in the administrative agreement as shown:

Manual premiums earned per trial balance	\$5,706,000
Multiplied by 15%	\$ 855,900

Based on the Consultant's calculation, fees expensed by the Trust exceeded the agreement by approximately \$23,500. Included in other expenses of \$200,965 was \$85,000 related to the allowance for doubtful accounts receivable. No other expenses reviewed appeared to be unusual.

MEMBERSHIP/HOMOGENEITY/PAYROLL COVERED

The Transportation Industry Workers' Compensation Trust was established on December 27, 2000, to provide workers' compensation coverage through a self-insurance program to employers who are engaged in the transportation industry. Members of the Group should be classified within Standard Industrial Classification (SIC) Code major indexes of 41, Local and Suburban Transit and Interurban Highway Passenger Transportation; 42, Motor Freight Transportation and Warehousing; 49, Electric, Gas, and Sanitary Services; 50, Wholesale Trade-Durable Goods; and 59, Miscellaneous Retail. There have been no significant changes to the homogeneity standard for the Trust since its inception.

The Trust began operations with 8 charter members. Over the course of the period from December 31, 2000, to August 3, 2004, the Group has experienced significant growth, which can be summarized as follows:

	<u>Total</u> <u>Members</u>	<u>Inactive</u>	<u>Active</u>
December 31, 2000	8	0	8
December 31, 2001	123	4	119
December 31, 2002	232	24	208
December 31, 2003	378	86	292
August 3, 2004	427	131	296

A complete list of active and inactive members as of August 3, 2004, is included as Exhibit A to this report. It is noted that of the 427 total members as of August 3, 2004, 296 (69% of total) are active and 131 (31% of total) are inactive.

The Trust reported \$118,184,170 in payroll and 5,610 employees covered for the year ended December 31, 2002. The payroll information reported indicates a breakout of the \$118M among numerous payroll classification codes, including the following:

<u>Class</u> <u>Codes</u>	<u>Description</u>	<u>Dollar Amt</u> <u>of Payroll</u>	<u>Percent of</u> <u>Total</u>
7219	Trucking NOC	\$25,867,143	21.89%
8810	Clerical	\$20,975,690	17.75%
9403	Garbage Ashes Refuse Coll.	\$16,683,726	14.12%
8394	Bus Company All Other	\$14,159,920	11.98%
8809	Executive Officers	\$ 8,520,204	7.21%
7590	Garbage Works	\$ 6,676,621	5.65%
8742	Salesperson	\$ 5,734,975	4.85%
7380	Drivers Chauffers	\$ 2,445,824	2.07%
8293	Storage Warehouse Fum.	\$ 2,178,513	1.84%
5193	Oil Burner Install/Repair	\$ 1,864,260	1.58%
7231	Messengers	\$ 1,845,800	1.56%
8350	Gasoline or Oil Dealer	\$ 1,563,770	1.32%
8263	Junk Dealer	\$ 1,500,500	1.27%
5429	Cabinet Work Installation	\$ 1,423,000	1.20%
8391	Auto Sales Agency	\$ 1,315,305	1.11%
8264	Paper Stk or Rag Dealer	\$ 1,289,500	1.09%
8292	Storage Warehouse NOC	\$ 959,084	.81%
All Others	Each Less Than \$750,000	\$ 3,180,335	2.70%

MEMBERSHIP/HOMOGENEITY/PAYROLL COVERED

(Continued)

The Trust reported \$276,591,441 in payroll and 5,460 employees covered for the year ended December 31, 2003.

The common ownership provision is noted in the Trust document, which means that businesses that do not meet the homogeneity standards of the Group may be admitted if they are commonly owned by members who clearly fit the homogeneity standard, provided the combined payroll of all such commonly owned employers meet the Trust's homogeneity standard. Of the 305 active members as of April 29, 2004, there were 53 members, or roughly 15% of the total number of active members, that were admitted by virtue of common ownership. Such a significant portion of the Group being admitted due to common ownership may distort the overall homogeneity standard of the Group.

Please note that, in an effort to ensure that the intent of the Rules and Regulations with regard to homogeneity is being upheld, over the course of the next 3 to 12 months, the homogeneity standard of every group will undergo an extensive review. Under separate cover, each group will be provided with more information regarding this review, including the scope, purpose, and expected outcomes.

UNDERWRITING POLICIES AND PROCEDURES

DESCRIPTION OF UNDERWRITING POLICIES

Based upon the Consultant's discussion with the Group Administrator, the Trust's underwriting policies are as follows:

Each member submits an application (the "GSI 1.1"). The underwriting department reviews each account submitted for acceptability based on the Trust's underwriting guidelines. The following Trust guidelines have been established for the Trust members:

- Minimum manual premium is \$5,000.
- Acceptable experience modification factor is not greater than 1.10. Any modification factor greater than 1.10 must be approved by the VP of Operations.
- An account with 2 losses where the total incurred is over \$150,000 per claim will be automatically declined.
- Until July 2003, acceptable Standard Industrial Classification (SIC) Codes were 42 and 49. When the underwriting guidelines were updated in July 2003, codes 41, 50, and 59 were added. If the SIC code is not one of the above, the account must be declined.
- The Administrator of the Trust also established authority limits for each of the underwriters.
- Effective July 2003, guidelines were adjusted to reflect the requirements of the excess insurance carrier discussed below.

Experience Modification:

The experience modification factors utilized by the Administrator are those promulgated by the New York Compensation Insurance Rating Board (NYCIRB), which is available using a program called QMOD. If there is no experience modification factor available from NYCIRB, the Administrator assigns a modification factor of 1 until QMOD provides a new factor.

Discounts:

The Trust's discount factor is determined by the Administrator's underwriting department and is a function of overall loss experience, adherence to safety program, type of exposure, and the size of premiums. Of the 20 members selected below, discounts ranged from 5% to 31%, and the average for the selection was 12%.

The Consultant did not note any surcharges added to the members premiums.

TESTWORK – UNDERWRITING POLICIES

Procedure Performed: The Consultant compared the excess insurance carrier's underwriting policy to the Trust's underwriting policy.

Results: The Trust's underwriting policy obtained from the Administrator appears to be consistent with the requirements of the excess insurance company except that more stringent requirements are maintained by the Trust.

UNDERWRITING POLICIES AND PROCEDURES

(Continued)

- The Trust's experience modification is limited to 1.10 versus 1.25 by the excess insurance company; and
- The Trust prohibits the following class code while the excess insurance company accepts it: 7368 Taxicab.

Procedure Performed: The Consultant selected a sample of Trust members and obtained the member's file, both the external file and access to the Administrator's underwriting system. The Consultant then compared the actual underwriting procedures followed by the Administrator to those documented as the Administrator's procedures.

The Consultant's member selections were as follows:



Results: The following observations were noted related to the underwriting procedures performed by the Administrator, as compared to the underwriting procedures written by the Administrator:

- For each selected member, the Consultant verified that the SIC Code assigned to the Trust member was included in the Trust's underwriting guidelines. No exceptions were noted.
- The Consultant obtained the member file from the Underwriting Manager and reviewed the GSI-1.1 to ensure that it was signed by the participant, the Trust's designated official, usually the Chairman of the Board, and the New York State Workers' Compensation Board - Director of W.C. Regulatory Services. No exceptions were noted.

UNDERWRITING POLICIES AND PROCEDURES

(Continued)

- In order to test that all premiums written were properly authorized, the Consultant obtained the appropriate approval forms for members for the year ended December 31, 2002, and ensured that the approver on the form had the appropriate authority. No exceptions were noted.
- The Consultant reviewed the endorsement form to verify that new members had an experience modification of 1.25 or less. (Exceptions may be made at the discretion of the Trust by the Senior VP of Operations). One member had an experience modification rate greater than [REDACTED]. The VP of Operations indicated that this member was referred to the reinsurance carrier. However, the Consultant could not verify that this was done. No other instances were noted.
- The Consultant compared the actual 2002 premium to the minimum premium of \$5,000 per the Trust's underwriting policy. No exceptions were noted.

Procedure Performed: For the member sample selected, the Consultant obtained the members endorsement form and agreed the manual rate by payroll class used in calculating the member's premium, to the manual rate listed in the State of New York Workers' Compensation and Employers Liability Manual Rates published for the respective year.

Results: Of the sample selected:

- One member [REDACTED] was assigned class code 5709 - Wrecking, not Buildings, or Salvage Operations.
- One member [REDACTED] was provided with an incorrect rate for the class code assigned. It appeared to be an inputting error and the difference was \$.01 per hundred dollars of payroll, resulting in a difference in premium of \$41.37.
- No other exceptions were noted.

Procedure Performed: For the member sample selected, the Consultant traced and agreed the experience modification factor used by the Administrator to the supporting documentation as proscribed by their policy, or a default factor of 1 for members with no QMOD factors.

Results: Of the sample selected:

- One member [REDACTED] had a modification factor that could not be supported.
- In addition, as noted above in the Trust's underwriting procedures, there are instances where a QMOD is not available, and therefore, a factor of 1.0 is assigned. From the members selected, eight were assigned a factor of 1.0 [REDACTED]

UNDERWRITING POLICIES AND PROCEDURES
(Continued)

Procedure Performed: For the member sample selected, the Consultant was requested to verify the mathematical accuracy of the endorsement form.

Results: No exceptions were noted.

Procedure Performed: For the member sample selected, the Consultant recalculated premiums earned to date based on coverage period, per the contributions listing, and the written fee per the same report.

Results: No exceptions were noted.

Procedure Performed: For the member sample selected, the Consultant:

- Obtained the latest endorsement for the period ended December 31, 2002, included in participant file.
- Agreed the total contribution amount to the contributions listing.
- Agreed the class code rate using the rates provided by the Trust.
- Recalculated the manual premium.

Results: No exceptions were noted.

Procedure Performed: For the member sample selected above, the Consultant selected one payment made on the member's account during the year and traced and agreed each payment received to the applicable deposit slip and bank statement, ensuring that the documented controls were adhered to. The Consultant also inquired as to instances where members did not make payments during the year.

Results: The following checks were reviewed for the corresponding list of members included above:

Check#	Date Cleared Bank
1514	07/30/02
15020	11/15/02
13668	12/02/02
4978	04/30/02
3615	10/29/02
16108	03/28/02
6705	11/15/02
8412	09/22/02
7546	05/07/02
6001	12/10/02
2366	10/01/02
6326	08/15/02
1181	05/21/02

UNDERWRITING POLICIES AND PROCEDURES
(Continued)

Check#	Date Cleared Bank
1926	08/05/02
1660	06/19/02
12649	07/03/02
4363	08/22/02
1606	04/12/02
22145	09/20/02
1224	08/30/02

No exceptions were noted.

PAYROLL AUDITS

Based upon discussions with the Group Administrator, the Consultant determined that the Trust's payroll audit policies are as follows: Payroll audits are performed on all members following the Trust's year end by Accurate Premium Audits. The information is retained in the member file. An analysis is performed following the completion of the audit in order to credit or bill the member based on actual payroll. This analysis includes calculations based on the Trust rate category, experience modification, and discount. Once the calculation is complete, it is compared to actual billing to determine if a credit or invoice is necessary.

The Trust has established "non productive audit guidelines" in the situation where a member does not allow the Trust to perform a payroll audit. In these cases, the member is billed an additional charge of 50% of their current-year estimated premium. Members do have the ability to change their mind and have the payroll audit performed at a later date. For financial statement purposes, the Trust does not accrue at the balance sheet date for the difference in premium earned during the year based on actual audited payroll versus estimated payroll. Adjustments are recorded in the Trust's financial statements as they are settled and paid.

TESTWORK - PAYROLL AUDITS

Procedure Performed: For each of the 20 members selected, the Consultant recalculated the payroll audit endorsement by agreeing the actual payroll listed on the additional endorsement to the outside service agency payroll reported.

Results: Out of the member sample selected by the Consultant:

- One member ([REDACTED]) did not allow a payroll audit to be performed and was charged the "non productive" amount according to the Trust's policy.
- Two members ([REDACTED]) were not required to have an audit as they just recently joined the Trust. They will be subject to audit on January 1, 2004.

CASE MANAGEMENT

An integral part of operating and appropriately funding a self-insured group trust lies in the appropriate handling of the claims cycle, the proper setting of reserves including assessments, incurred but not reported (IBNR) claims, reasonable discount factors, and adequate rate setting practices. The Consultant performed a review of the Trust's loss and loss expense reserves and indicated rate levels, as well as the Trust's claims cycle policies.

The following is a summary of the procedures which were performed as part of this review, and the results.

Procedure Performed: The Consultant traced and agreed the historical claims information provided to the actuary to the Trust's claims records.

Results: No exceptions were noted.

Procedure Performed: The Consultant's claims specialist performed a detailed claims review.

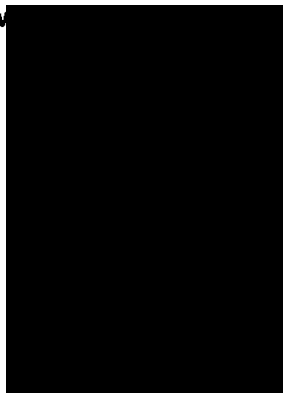
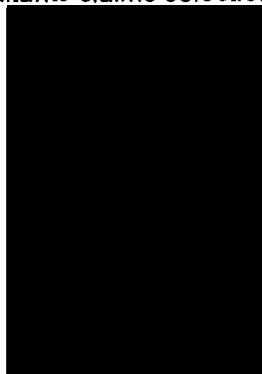
Results: The Consultant's claims specialist's work has been incorporated into the actuarial report noted above.

Based upon discussions with the Group Administrator, the Trust's claims cycle policies are as follows: An employer reports an injury via telephone or via an Internet Claims Reporting Program in most cases. The Administrator collects the C-2 form for filing. The Administrator then forwards a copy of the C-2 to the New York State Workers Compensation Board.

Each claim is assigned to an adjuster, while each lost time file is also assigned to an immediate contact adjuster, who makes 24- to 48-hour contact with the insured, claimant, and physician, then hands the case over to the short-term disability adjuster. Claims are entered into the Pyramid computer program by a data entry clerk. Reserves are generated by the adjuster or supervisor, according to levels of authority, and revised as needed, based on available information.

Procedure Performed: The Consultant selected 20 current year claims and obtained the claim's file, both the external file and access to the Administrator's claim's system. The Consultant then compared the actual claims procedures followed by the Administrator to those documented as the Administrator's procedures.

The Consultants claims selections were as follow



CASE MANAGEMENT
(Continued)

Results: Out of the claims sample selected, one of the claims was transferred from another Trust of the Administrator (EDD402041). The Administrator did not provide the Consultant with an explanation for this transfer. No other exceptions were noted.

Procedure Performed: Out of the claims sample selected, the Consultant selected one payment per claim and agreed the check date, payee, amount, and check number to the paid check register and supporting cancelled check obtained from the Administrator.

Results: The following checks were requested for the sample listed, in the same order:

Check#	Check Date	First Payment
3932	12/30/02	
No checks written in 2002		01/29/03
3397	07/15/02	
3804	11/27/02	
3887	12/17/02	
3811	12/04/02	
3710	11/06/02	
3669	10/21/02	
3495	08/27/02	
3652	10/14/02	
3743	11/18/02	
6940	05/03/02	
10410	12/18/02	
9678	11/06/02	
No checks written in 2002		05/07/03
3900	12/18/02	
3363	06/27/02	
No checks written in 2002		02/27/03
No checks written in 2002		01/07/03
3747	11/18/02	

- For instances noted above where there were no checks written in 2002, a claim was incurred during 2002 but the first payment did not occur until 2003.
- Of the 16 checks requested, three were not provided to the Consultant by the Administrator (6940, 10410, and 9678). In addition, the sequence of these checks is odd compared to the rest of the checks reviewed. All of the other checks reviewed by the Consultant were in the sequence of 3363 to 3932. It is recommended that the Administrator provide an explanation for this missing information.
- No other exceptions were noted.

The following are highlights of the major findings of the Consultant's review:

- The Consultant was unable to provide an indicated rate deviation for the period beginning January 1, 2003. Payroll figures provided by the Trust were annualized, not actual. The Consultant was unable to reconcile these payroll amounts with historical

CASE MANAGEMENT

(Continued)

- premium identified in the financial statements. It is recommended that the Trust provide actual payroll information for future reporting requirements.
- The Administrator exhibits claims handling practices comparable to generally accepted industry claims handling practices in all categories (i.e. investigation, reserving, medical management, settlement, etc.). However, additional improvement in the Administrator's claims handling practices would be required to attain an optimal or best practice level of claims handling performance.
- Claim practices were found to be entirely satisfactory in 80%, or 24 claims, of the 30-claim sample. Claim practices were found to be occasionally unsatisfactory in selected claim handling categories of the six remaining claims in the sample.
- The Administrator improved the quality of management resources by adding a claims supervisor in 2003.
- The Consultant observed inconsistency in adjuster documentation of the periodic review of case reserves for reasonableness and the rationale for case reserve adjustments.
- The Consultant observed some inconsistency in the quality of the compensability validation. The compensability investigation could be enhanced by placing greater emphasis on the independent verification of the alleged circumstances of the accident using such tools as field investigations and recorded statements.
- The Administrator was observed to comply with statutory claims handling requirements.
- The Consultant noted Trust member delays in completing and returning the Employer's Statement of Wage Earnings (Form C-240) in a number of claims, which resulted in late filings with the WCB.
- Settlements were found to be reasonable in light of the facts of the claim.

INSURANCE

EXCESS INSURANCE

The Rules and Regulations require group trusts to maintain excess insurance, which reduces the exposure of the group for workers' compensation and employer's liability. Group self-insurers are required to file certificate(s) which evidence that the appropriate excess insurance has been obtained, from a carrier duly licensed to write such coverage in the state of New York, and must immediately notify the WCB of any changes in the excess coverage. With some limited exceptions, retention levels on the per occurrence protection obtained by the groups ranges anywhere from \$200,000 to \$500,000, with statutory upper limits, depending upon the group and the type of exposure involved. It is important to note that such insurance does not relieve the trust of its primary obligations to pay claims. If the excess carrier(s) does not meet its obligations under the excess policy, the group self-insurer is primarily responsible for making all payments required under the Workers' Compensation Law. One of the primary factors which may impact an excess carrier's ability to meet its obligations is its financial condition. Therefore, the ongoing financial integrity of the excess carrier(s) should be monitored very closely, as it directly impacts the group's exposure.

Procedure Performed: The Level II Review related to the excess insurance consisted of the following:

- The WCB verified that complete and accurate excess certificates have been appropriately filed with the WCB.
- The WCB verified that the retention levels which appear on the certificates appear reasonable.
- The WCB verified that excess carriers are duly authorized by the Insurance Department to write such excess policies in New York State.
- The WCB verified that the excess carrier's financial rating is adequate.
- The Consultant documented the payroll audit process performed by the excess carrier, and any significant results.

Results: Based upon the certificates of insurance filed with the WCB, the history of the Trust's per occurrence excess insurance coverage is as follows:

<u>Effective Date</u>	<u>Carrier</u>	<u>Retention Amount</u>	<u>Upper Limit</u>	<u>Carrier Rating</u>
12/27/00	General Security Insurance Company	\$300,000	Statutory	A-
03/01/02	United States Fidelity and Guaranty Co.	\$300,000	Statutory	A

As part of this review process, the Group was asked to provide a listing since inception of all excess carrier insurance held by the Trust. The WCB compared the list to excess certificates on file and found two policies for which no excess certificates have been filed with the WCB as follows:

06/09/02	Clarendon National Insurance Company	\$300,000	Statutory	A-
06/09/03	Clarendon National Insurance Company	\$425,000	Statutory	A-

INSURANCE (continued)

- It is recommended that the Group establish adequate internal controls to ensure timely notification of changes to excess policies to the WCB.
- As shown, the carriers utilized by this Group to protect against catastrophic loss on a per occurrence basis since the Group's inception in 2000 appear to be adequately positioned fiscally, with financial ratings ranging from A for United States Fidelity and Guaranty Co. to A- for General Security Insurance Company and Clarendon National Insurance Company.
- WCB records indicate that excess certificates had been filed timely until 6/9/02.
- The per occurrence retention levels have increased slightly, from \$300,000 to \$425,000.
- The per occurrence retention levels appear to be reasonable given the size and type of Group.
- The WCB verified that each of these carriers is duly licensed to provide this line of coverage in the state of New York.
- The Consultant documented that the excess insurance carrier notifies the Trust when it determines a payroll audit is warranted. The excess insurance carrier sends the Administrator a form to self-report the Trust's member payroll and premiums for the past year. Based on the Trust's member payroll and the premiums, the excess insurance carrier determines an earned premium and the credit to be given or additional payment required.
- The Consultant requested the payroll audit endorsement received by the excess insurance carrier and determined that the Trust's excess insurer (Clarendon National Insurance Company) has never performed a payroll audit of the Trust, and has relied on the information provided to them by the Trust.

OTHER INSURANCE

Part 317.11 of the Rules and Regulations require every group trust to obtain coverage for theft, disappearance or destruction of money, securities, or other property, and coverage which will protect the trust against dishonest acts of the group administrator or a trustee, employee, or agent of the group.

As part of this review process, the Group was asked to provide evidence of the existence of these types of coverage. The Group has not provided evidence that any such coverage exists. However, the WCB did note the following information was included in the notes to the audited financial statements:

- The Trust has obtained a directors and officers liability insurance policy from Executive Risk Specialty Insurance. The Policy term is August 8, 2002 – August 8, 2003. The coverage limits are as follows: \$1,000,000 each loss annual aggregate and \$25,000 retention each claim.
- The Trust has obtained *fidelity* insurance with National Union Fire Insurance Company of Pittsburgh, PA for protection against wrongful acts. The policy term is July 31, 2002 – July 31, 2003. The coverage limit is as follows: \$1,000,000 for wrongful acts with a \$10,000 deductible.

FINANCIAL STATEMENTS/REGULATORY FUNDING POSITION

GENERAL

As per Part 317.6 of the Rules and Regulations, group self-insurers are required to establish and maintain Trust Assets in an amount which exceeds Trust Liabilities. It is important to note, however, that only assets and liabilities as defined in Section 317.2 of the Rules and Regulations are considered when determining a group's regulatory funding position. As the definition of Trust Assets and Liabilities provided in the Rules and Regulations differs from that provided for in Generally Accepted Accounting Principles (GAAP), a group's regulatory funding position may differ, in some cases significantly, from the financial statements prepared in accordance with GAAP.

Permitted Trust Assets pursuant to Section 317.8 of the Worker's Compensation Rules and Regulations are cash and cash deposits in a bank or trust company insured under the provisions of the Federal Deposit Insurance Act. Assets shall not include fixed assets nor shall they include the security posted by the group self-insurer.

Investments of trust funds which are not necessary for the payment of short-term obligations are permitted in Section 317.8 of the Worker's Compensation Rules and Regulations as follows:

- Government Obligations
- Obligations of American Institutions
- Preferred Shares of American Institutions
- Equity Interests

Investments shall not exceed five percent of total Trust Assets in any one American Institution. Total investments in American Institutions shall not exceed twenty-five percent of total Trust Assets. In addition, any investments made in the obligations of American Institutions must maintain adequate ratings in order to be recognized as an acceptable asset.

Permitted Trust Liabilities, pursuant to Section 317.8 of the Worker's Compensation Rules and Regulations, are all claims, accrued WCB assessments, accrued expenses including administrative costs, costs of excess insurance policies and other fixed costs, accounts payable, loans, bonds and notes payable, unearned contributions, and all other Trust obligations.

At the current time, group self-insurers must submit the following reports on an annual basis, to the WCB: (1) audited financial statements prepared in accordance with GAAP and certified by an independent certified public accountant; (2) an actuarial report certified by an independent, qualified actuary; and (3) a payroll report filed by classification code for each group member and in aggregate for all members. In addition to the review performed on these reports by WCB personnel, on an annual basis, the WCB hires independent professionals to assist in any more in-depth reviews deemed necessary. The purpose of all such reviews performed, either entirely by WCB personnel or with the help of outside Consultants, is to ensure that the capitalization requirements set forth in the Rules and Regulations, and summarized above, have been met.

Group self-insurers who fail to comply with the capitalization standards outlined in the Rules and Regulations shall be deemed "under funded" and may be subject to any or all of the following

FINANCIAL STATEMENTS/REGULATORY FUNDING POSITION
(Continued)

sanctions: the group self-insurer (trustees and/or group administrator) may be required to meet with WCB representatives to discuss the financial condition of the trust fund and determine the appropriate action to correct the funding issues; the WCB may perform a more extensive review of the records of the group administrator, trustees, and/or members; the WCB may require the submission of additional financial and/or actuarial information; the WCB may require the submission of a written plan to restore the group's financial position in a timely manner; the group may be required to suspend the addition of new members, post additional security deposits, and/or levy an assessment upon its members. Finally, if no other course of action is agreed upon, the WCB may revoke the group's self-insurance privilege.

GAAP to REGULATORY ANALYSIS – FISCAL YEAR ENDING 12/31/02

The following table depicts the determination of the regulatory funding position of the Trust for the fiscal year ending December 31, 2002, and the adjustments that were deemed necessary to the GAAP financial data when making that determination:

	GAAP 12/31/02 Financials	Regulatory Adjustments	Regulatory Funding Position as of 12/31/02	Reference
ASSETS				
Cash and cash equivalents	\$2,521,206	\$0	\$2,521,206	
Member premiums rec.	12,979	(12,979)	0	WCB Adjustment 1
Prepaid expenses	30,785	(30,785)	0	WCB Adjustment 2
Deferred tax assets	17,125	(17,125)	0	WCB Adjustment 3
TOTAL ASSETS	\$2,582,095	\$(60,889)	\$2,521,206	
LIABILITIES				
Est unpaid claim & adj exp	\$2,300,000	\$93,775	\$2,393,775	WCB Adjustment 4
Accrued expenses	100,575	0	100,575	
Unearned premium rev	159,515	0	159,515	
TOTAL LIABILITIES	\$2,560,090	\$93,775	\$2,653,865	
SURPLUS(DEFICIT)	\$22,005		\$(132,659)	
TRUST EQUITY RATIO	100.86%		95.00%	

As shown above, as presented on the 12/31/02 GAAP financial statements, the Group had a 100.86% funding level (assets/liabilities), with \$2.58M in assets and \$2.56M in liabilities, for a surplus of \$22,005. The majority of the assets presented on the GAAP statements were in the form of cash and cash equivalents (\$2.52M). The bulk of the liabilities presented on the balance sheet consisted of the estimated unpaid claims and claim adjustment expenses (\$2.30M).

FINANCIAL STATEMENTS/REGULATORY FUNDING POSITION

(Continued)

Upon further review of financial information submitted to the WCB for the fiscal period ending December 31, 2002, as part of the regular annual reporting process, and the results of the independent review performed by the Consultant, the following adjustments were deemed necessary when determining the Trust's regulatory funding position:

- WCB Adjustment 1 – The Rules and Regulations do not recognize accounts receivable as acceptable assets. As a matter of policy, it has been the WCB's position to recognize accounts receivable collected within 90 days of the fiscal year end, provided that those collections relate directly to the receivable presented on the year-end financial statements. Per a Schedule of Regulatory Assets provided with the 12/31/03 financial statements, it is noted that "During the period subsequent to December 31, 2002, \$12,979 in payments has been applied to outstanding member premiums receivable." This wording seems to indicate that there may not be a direct correlation between the amounts that were collected and the amounts which appear as year-end receivables. In addition, the Consultant noted that the Administrator was unable to provide them with the amount of accounts receivable that were not collected within 90 days, and therefore, excluded all accounts receivable from acceptable Trust Assets.
- WCB Adjustment 2 – Prepaid Expenses do not meet the definition of Trust Assets as defined in Section 317.2 of the Rules and Regulations; therefore, this amount was excluded from Trust Assets.
- WCB Adjustment 3 – Deferred tax assets does not meet the definition of Trust Assets as defined in Section 317.2 of the Rules and Regulations; therefore, this amount was excluded from Trust Assets.
- WCB Adjustment 4 – In most actuary reports which are prepared related to workers' compensation exposure, an actuary will present a range of expected ultimate values, for both the case reserves (including known claims and IBNR), and a reserve for WCB assessments. The range of ultimate values is typically based upon any number of actuarial principles (depending upon the size and age of the group) and is presented net of payments that have already been made. Discount rates are then applied to the reserve amounts that have been projected. Discount rates can either be developed by the actuary or provided to the actuary by the Trust (or its Administrator). In any event, the discount rate applied should be based upon the make up of the group's assets, and its actual earning capacity. Typically, the actuary reports that are submitted on behalf of the group trusts contain a range, as follows:

Low Estimate – This is the most optimistic reserve development presented by the actuary. Usually, the low estimate is no more than 5% below the best estimate.

Best (Medium) Estimate – This represents the actuary's "best guess" of reserves, based upon all of the information available.

High Estimate – This is the most pessimistic reserve development presented by the actuary. Usually, the high estimate is no less than 10% above the best estimate.

FINANCIAL STATEMENTS/REGULATORY FUNDING POSITION

(Continued)

The best estimate represents the actuary's best guess and would be the reserve amount preferred by the WCB. However, on most accounts, a reserve "pick" that falls somewhere in the range described above is deemed adequate.

- The Trust's actuary presented a range of reasonable reserves as follows:

High Estimate	\$2,269,000
Best Estimate	\$2,063,242
Low Estimate	\$1,857,000

These estimates include case reserves and IBNR, but do not include WCB assessments. The actuarial report also presented these reserves on a discounted basis, assuming a 5.00% discount rate, as follows:

High Estimate	\$1,954,000
Best Estimate	\$1,776,415
Low Estimate	\$1,598,000

- WCB assessments are paid by the Trust as a function of the indemnity losses paid by the Trust as a whole. At the end of each Trust year, the Trust must submit the indemnity losses for the Trust for the past year based on the actuarial data. Based on the indemnity losses, the WCB sends the Trust an assessment notice noting the indemnity factor and payment required. The Trust's actuary presented a range of undiscounted reserves for WCB assessments as follows:

High Estimate	\$394,000
Best Estimate	\$357,457
Low Estimate	\$322,000

The actuarial report also presented these WCB assessments reserves on a discounted basis, assuming a 5.00% discount rate, as follows:

High Estimate	\$337,000
Best Estimate	\$307,764
Low Estimate	\$277,000

When the discounted projections for case reserves, IBNR, and WCB assessments are combined, the discounted range is as follows:

High Estimate	\$2,291,000
Best Estimate	\$2,084,179
Low Estimate	\$1,875,000

It should be noted the range presented by the Trust's actuary is broader than the typical range described above (best estimate, high estimate 10% above best estimate, and a low estimate 5% below). The low estimate presented (\$1,875,000) is 10% below the

FINANCIAL STATEMENTS/REGULATORY FUNDING POSITION

(Continued)

actuary's best estimate. The actuary's best estimate of total discounted reserves (case, IBNR, and assessments) is \$2,084,179. If a more typical range is applied, a low estimate would be calculated at \$1,979,970, or \$104,970 greater than that presented by the Trust's actuary.

The information presented on the GAAP financial statements as of 12/31/02 shows a total liability for estimated unpaid claims and claim adjustment expenses (case reserves, IBNR, and WCB assessments) of \$2,300,000. According to Note 3 to the financial statements, this is the Trust's actuary's high estimate of \$2,663,000, discounted at the rate of 5.00%, and consists of \$965,000 for case reserves (including assessments), and \$1,335,000 for additional reserve estimates by the actuary.

The WCB requested that the Consultant review the loss and loss expense reserves held by the Trust as of December 31, 2002. This reserve review included both a claims audit of selected set of claim files and a review of the claims management practices of Compensation Risk Managers, LLC as well as an actuarial estimation of required IBNR as of that date.

The Consultant's claim specialists examined the practices employed by Compensation Risk Managers, LLC (CRM) to manage the workers' compensation claim exposures of the Trust. The purpose of this review was to identify possible deviations in CRM's claim practices from leading industry practices. The Consultant's actuarial specialists obtained the actuarial report submitted to the WCB and recalculated the claims reserves, including IBNR and assessment reserves on unpaid indemnity claims. The Consultant reviewed the loss and loss expense reserves held by the Trust as of December 31, 2002, including both a claims audit of a selected set of claim files, and a review of the claims management practices of CRM, as well as an actuarial estimation of the required IBNR as of that date. A separate report has been issued detailing this review, and is attached as Exhibit B to this report. In summary, the Consultant relied upon adjusted industry benchmarks as a proxy for Transportation's expected future loss emergence as of 12/31/02. Selecting development factors that vary from industry factors would necessarily imply the acceptance that the handling of claims and the resulting establishment of adequate case reserves, adjustment of case reserves as facts emerge, and ultimate payout of losses is different than that implied by these industry factors. Other than the lighter 'tail factor' assumption that the Consultant has allowed, the Consultant found no strong evidence suggesting that Transportation's future emergence of loss and ALAE should vary significantly from industry expectations.

The Consultant concluded that a range of reasonable discounted reserves, including NYS assessments, using a 5% discount rate, was as follows:

High (Pessimistic) Estimate	\$2,771,740	(10% higher than Best Estimate)
Best (Medium) Estimate	\$2,519,764	
Low (Optimistic) Estimate	\$2,393,775	(5% lower than Best Estimate)

A comparison of the reserves held by this Trust as of December 31, 2002, to the range of estimates determined by the Consultant is as follows:

FINANCIAL STATEMENTS/REGULATORY FUNDING POSITION
(Continued)

	Reserves Held By Trust	Consultant's Range	Difference	Percent Difference
High	\$2,300,000	\$2,771,740	(\$471,740)	(17.0%)
Best	\$2,300,000	\$2,519,764	(\$219,764)	(8.7%)
Low	\$2,300,000	\$2,393,775	(\$ 93,775)	(3.9%)

As shown, the reserves held by the Trust (\$2.300M) are lower (by \$93,775 or 3.9%) than the low estimate calculated by the Consultant. If the best estimate of the Consultant was used, the Trust's reserves would need to be increased by 8.7% or \$219,764. If the high estimate of the Consultant were used, the Trust's reserves would need to be increased by 17.0% or \$471,740. The WCB would recommend that the Trust's reserves be at least the best estimate. However, at this time, an adjustment in the amount of \$93,775 to bring reserves up to the low estimate of the expected range calculated by the Consultant is considered necessary.

Based upon each of the adjustments described above, the Trust had a net decrease of \$60,889 in Trust Assets from \$2.58M to \$2.52M and a net increase of \$93,775 in liabilities from \$2.56M to \$2.65M. These adjustments resulted in a change in the Trust's equity from a surplus of \$22,005 presented on the GAAP statements to a regulatory deficit of \$132,659, or a 95.00% trust equity ratio. The Rules and Regulations which govern group trusts state that Trust Assets must exceed Trust Liabilities. As a result, by strict regulatory definition, this Group is marginally under funded, and those sanctions applicable to under funded groups may be considered. However, it is currently the policy of the WCB to only impose the sanctions applicable for under funded groups when the trust equity ratio falls below 90%. Based upon the summary of review described above, for the period ending December 31, 2002, the Trust has been deemed to have no significant funding issues.

OTHER

Other points of interest that were identified as part of this review include the following:

- Based upon the information presented by the Trust, we cannot determine the breakout of the reserve between claims reserve and WCB assessments as presented on the balance sheet. Per Note 3 of the audited financial statements, IBNR in the amount of \$1,335,000 is included in the reserve amount of \$2,300,000. No additional breakdown is shown.
- A regulatory deficit of \$132,659 represents 4% of the total contributions earned for the fiscal year ending 12/31/02.
- The Trust was established on 12/27/00; therefore, the fiscal year ending 12/31/02 represents the second full year of operations.

FINANCIAL STATEMENTS/REGULATORY FUNDING POSITION

(Continued)

- The Trust has used Urbach Kahn & Werlin, LLP as the accounting firm to prepare its independently, audited financial statements. The auditor's report has given an unqualified opinion of the financial position of the Trust. No material internal control weaknesses were noted in the statements supplied.
- The Trust has used SGRisk, Inc. as the actuary firm to provide the independent actuarial analysis of the Group's loss and loss adjustment expense reserves as of December 31, 2002.
- The Trust has a \$721,000 surety bond with Westchester Fire Insurance Company which is pledged to the Board. The Rules and Regulations state that the security posted with the WCB is excluded from acceptable assets when determining the regulatory funding position of the group. It is the policy of the WCB that any Trust Assets pledged as collateral related to that security deposit are also excluded from acceptable assets. The Board requires confirmation that no Trust Assets are pledged (either in the form of a footnote to the GAAP financials, or a separate letter from the bank or surety company outlining the collateral requirements). Westchester has provided the Board with written verification that it will notify the Board within 10 days if collateral is required. No such notice has been received; therefore, no adjustments are necessary to acceptable assets at this time.
- The Trust has entered into a management agreement with a third-party administrator. The Administrator provides various services including loss control claims, marketing, accounting, and general administration. The fees for these services are calculated at 15% of premiums before discounts. According to the Statement of Income and Changes in Member's Equity, the Management Fees for the fiscal year ending December 31, 2002, totaled \$895,148, or 26% of net premiums earned, and for the fiscal year ending December 31, 2001, totaled \$197,256, or 25% of net premiums earned.
- Since the inception of the Group, the professional and administrative fees as a percentage of total contributions can be summarized as follows:

	Admin & Prof Fees	Total Contributions	Fees/ Contributions
Fiscal Year Ending 12/31/02,	\$938,820	\$3,440,382	27%
Fiscal Year Ending 12/31/01	\$217,322	\$ 803,767	27%

- Since the inception of the Group, the operating expenses (excluding claims, claims reserve expense, and assessments) as a percentage of total contributions can be summarized as follows:

	Operating Expenses	Total Contributions	Expenses/ Contributions
Fiscal Year Ending 12/31/02	\$1,059,319	\$3,440,382	31%
Fiscal Year Ending 12/31/01	\$ 263,179	\$ 803,767	33%

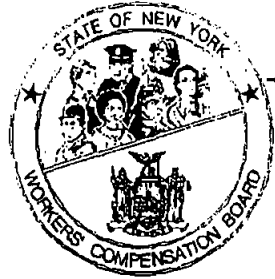
FINANCIAL STATEMENTS/REGULATORY FUNDING POSITION

(Continued)

2003 FUNDING STATUS

Based upon the Transportation Industry Workers' Compensation Trust audited financial for the fiscal year ending December 31, 2003, the Trust has \$6.95M in assets and \$6.92 in liabilities, for a net surplus of \$37,846. Slight adjustments to total assets (similar to those made for the fiscal year ending 2002) were necessary when determining the Trust's regulatory funding position as of December 31, 2003. The net result of all adjustments made results in Regulatory Assets of \$6.76M and Regulatory Liabilities of \$6.92M (no change from GAAP), for a total deficit of \$155,305. The Rules and Regulations which govern group trusts state that Trust Assets must exceed Trust Liabilities. As a result, by a strict regulatory definition, this Group is marginally under funded, and those sanctions applicable to under funded groups may be considered. However, it is currently the policy of the WCB to only impose the sanctions applicable for under funded groups when the trust equity ratio falls below 90%. Therefore, for the period ending December 31, 2003, the Trust has been deemed to have no funding issues, with a regulatory Trust equity ratio of 97.75%.

EXHIBIT 36



**State of New York
Workers' Compensation Board**

Office of Self-Insurance

**Transportation Industry Workers' Compensation
Trust**

Compensation Risk Managers, LLC

Level I Review – December 31, 2004

Issue date: August 23, 2005

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION

GENERAL

As per Part 317.6 of the Rules and Regulations, Group Self-Insurers are required to establish and maintain Trust Assets in an amount which exceeds Trust Liabilities. It is important to note, however, that only assets and liabilities as defined in Section 317.2 of the Rules and Regulations are considered when determining a Group's regulatory funding position. As the definition of Trust Assets and Liabilities provided in the Rules and Regulations differs from that provided for in Generally Accepted Accounting Principles (GAAP), a Group's regulatory funding position may differ, in some cases significantly, from the financial statements prepared in accordance with GAAP.

Permitted Trust Assets pursuant to Section 317.8 of the Worker's Compensation Rules and Regulations are cash and cash deposits in a bank or Trust company insured under the provisions of the Federal Deposit Insurance Act. Assets shall not include fixed assets nor shall they include the security posted by the Group Self-Insurer.

Investments of Trust funds which are not necessary for the payment of short-term obligations are permitted in Section 317.8 of the Worker's Compensation Rules and Regulations as follows:

- Government Obligations
- Obligations of American Institutions
- Preferred Shares of American Institutions
- Equity Interests

Investments shall not exceed five percent of total Trust Assets in any one American Institution. In addition, total investments in American Institutions shall not exceed twenty-five percent of total Trust Assets and those investments must maintain adequate ratings in order to be recognized as an acceptable asset.

Permitted Trust Liabilities, pursuant to Section 317.8 of the Worker's Compensation Rules and Regulations, are all claims, accrued Workers' Compensation Board assessments, accrued expenses including administrative costs, costs of excess insurance policies and other fixed costs, accounts payable, loans, bonds and notes payable, unearned contributions, and all other Trust obligations.

At the current time, Group Self-Insurers must submit the following reports on an annual basis, to the WCB: (1) audited financial statements prepared in accordance with GAAP and certified by an independent certified public accountant; (2) an actuarial report certified by an independent, qualified actuary; and (3) a payroll report filed by classification code for each Group member and in aggregate for all members. In addition to the review performed on these reports by WCB personnel, on an annual basis, the WCB hires independent professionals to assist in any more in-depth reviews deemed necessary. The purpose of all such reviews performed, either entirely by WCB personnel or with the help of outside Consultants, is to ensure that the capitalization requirements set forth in the Rules and Regulations, and summarized above, have been met.

Group Self-Insurers who fail to comply with the capitalization standards outlined in the Rules and Regulations shall be deemed "under funded" and may be subject to any or all of the following sanctions: the Group Self-Insurer (Trustees and/or Group Administrator) may be required to meet with WCB representatives to discuss the financial condition of the Trust fund and determine the appropriate action to correct the funding issues; the WCB may perform a more extensive review of the records of the Group Administrator, Trustees, and/or members; the WCB may require the submission of additional financial and/or actuarial information; the

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

WCB may require the submission of a written plan to restore the Group's financial position in a timely manner; the Group may be required to suspend the addition of new members, post additional security deposits, and/or levy an assessment upon its members. Finally, if no other course of action is agreed upon, the WCB may revoke the Group's Self-Insurance privilege.

GAAP to REGULATORY ANALYSIS – FISCAL YEAR ENDING 12/31/04

The following table depicts the determination of the regulatory funding position of the Trust for the fiscal year ending December 31, 2004, and the adjustments that were deemed necessary to the GAAP financial data when making that determination:

	GAAP 12/31/04 Financials	Regulatory Adjustments	Regulatory Funding Position as of 12/31/04	Reference
ASSETS				
Cash and cash equivalents	\$5,106,210	\$0	\$5,106,210	Comment 1
Investments	6,350,517	0	6,350,517	Comment 2
Member premiums receivable	105,015	(105,015)	0	WCB Adjustment 1
Prepaid expenses	2,798	(2,798)	0	WCB Adjustment 2
Deferred tax asset	10,904	(10,904)	0	WCB Adjustment 3
TOTAL ASSETS	\$11,575,444	(\$118,717)	\$11,456,727	
LIABILITIES				
Estimated unpaid claims and claim adjustment expenses	\$7,952,000	(\$757,000)	\$7,195,000	WCB Adjustment 4
Accrued expenses	2,342,056	0	2,342,056	
Dividends payable to members	175,000	0	175,000	
Taxes payable	72,866	0	72,866	
Unearned premium revenue	841,127	0	841,127	
TOTAL LIABILITIES	\$11,383,049	(\$757,000)	\$10,626,049	
SURPLUS(DEFICIT)	\$192,395		\$830,678	
TRUST EQUITY RATIO	101.69%		107.82%	

As shown above, as presented on the 12/31/04 GAAP financial statements, the Group had a 101.69% funding level (assets/liabilities), with \$11.58M in assets and \$11.38M in liabilities. The majority of the assets presented on the GAAP statements were in the form of investments (\$6.35M). The bulk of the liabilities presented on the balance sheet consisted of the liability for estimated unpaid claims & claim adjustment expenses (\$7.95M).

Upon further review of financial information submitted to the WCB for the fiscal period ending December 31, 2004, as part of the regular annual reporting process, the following adjustments were deemed necessary when determining the Trust's regulatory funding position:

- **WCB Adjustment 1** – Member premiums receivable, net does not meet the definition of Trust Assets as defined in Section 317.2 of the Rules and Regulations; therefore, this amount was excluded from Trust Assets. However, it is currently the policy of the WCB to consider premium receivable collected within 90 days of the fiscal year end, provided that those relate directly to the receivable presented on the year-end audited financial statements. Since the information was not presented in the audited financial statements regarding the receivables, the entire amount has been excluded from Trust Assets.

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

- WCB Adjustment 2 – Prepaid expenses do not meet the definition of Trust Assets as defined in Section 317.2 of the Rules and Regulations; therefore, this amount was excluded from Trust Assets.
- WCB Adjustment 3 – Deferred tax asset does not meet the definition of Trust Assets as defined in Section 317.2 of the Rules and Regulations; therefore, this amount was excluded from Trust Assets.
- WCB Adjustment 4 – In most actuary reports which are prepared related to Workers' Compensation exposure, an actuary will present a range of expected ultimate values, for both the Claims Reserves (including known claims and IBNR), and a Reserve for WCB Assessments. The range of ultimate values is typically based upon any number of actuarial principles (depending upon the size and age of the group), and is presented net of payments that have already been made. Discount rates are then applied to the reserve amounts that have been projected. Discount rates can either be developed by the actuary, or provided to the actuary by the trust (or its administrator). In any event, the discount rate applied should be based upon the make up of the group's assets, and its actual earning capacity. Typically, the actuary reports that are submitted on behalf of the group trusts contain a range, as follows:

High Estimate – This is the most pessimistic reserve requirement presented by the actuary. Usually, the high estimate is approximately 10% above the medium estimate.

Medium (Best) Estimate - This represents the actuary's "best estimate" of reserves, based upon all of the information available.

Low Estimate - This is the most optimistic reserve requirement presented by the actuary. Usually, the low estimate is no more than 5% below the best estimate.

The Medium Estimate represents the actuary's best estimate, and would be the reserve amount preferred by the WCB. However, on most accounts, a reserve "pick" that falls somewhere in the range described above is deemed adequate.

The Trust's actuary presented a range of undiscounted reserves as follows:

High (Pessimistic) Estimate	\$10,358,000
Medium (Best) Estimate	\$ 9,865,180
Low (Optimistic) Estimate	\$ 9,372,000 (5% lower than Best Estimate)

These estimates include Case Reserves, IBNR and WCB Assessments. The actuarial report also presented the reserves on a discounted basis, assuming a 5.00% discount rate, which results in a discounted best estimate of \$7,573,505 (Case reserves \$2,648,645, IBNR \$3,793,122 and WCB assessment \$1,131,738). The Trust's actuarial report did not provide a breakdown of the low or high ranges of expected discounted reserves; however, this estimate was used to develop the following range:

High (Pessimistic) Estimate	\$7,952,000
Medium (Best) Estimate	\$7,573,505
Low (Optimistic) Estimate	\$7,195,000 (5% lower than Best Estimate)

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

Workers' Compensation Board Assessments are paid by the Trust as a function of the indemnity losses paid by the Trust as a whole. At the end of each Trust year, the Trust must submit the indemnity losses for the Trust for the past year based on the actuarial data. Based on the indemnity losses, the WCB sends the Trust an assessment notice noting the indemnity factor and payment required.

The Trust's actuary applied an assessment rate of 35.14% to indemnity case and IBNR reserves to derive the undiscounted point assessment accrual estimate of \$1,474,192.

The information presented on the GAAP financial statements as of 12/31/04 shows a total liability for Case Reserves, IBNR and WCB Assessments of \$7,952,000. This is 5% above the Trust's actuary's best estimate, discounted at the rate of 5%. According to Note 4 to the audited financial statements, the reserves were discounted at the rate of 5.00% and based upon the undiscounted amount of approximately \$10,358,000. Although the WCB prefers the more conservative approach taken by the Trust, it considers an amount within the range to be reasonable. Since this Trust used 5% above the Best estimate, the WCB will allow up to 5% below the Best estimate. A 10% adjustment credit or \$757,000 will be given to recognize the Trust's conservative reserving.

- **Comment 1** – The Rules and Regulations state that the security posted with the WCB is excluded from Trust Assets when determining the regulatory funding position of the group. It is the policy of the WCB that any Trust Assets pledged as collateral related to that security deposit are also excluded from Trust Assets. WCB records indicate that the trust has a \$750,000 surety bond on deposit with the WCB, however, note 6 to the audited financial statements states the amount of the surety bond is \$721,300. The surety bond was increased in May 2005. In a letter from Westchester Fire Insurance Company, it is stated that Westchester will provide ten days notice to the State of New York WCB before collateral is required. No such notification has been received, therefore, the WCB therefore will not make a regulatory adjustment to Trust Assets at this time.
- **Comment 2** – Investments consist of U.S. Government backed equity funds in the amount of \$3,749,280 and common stocks in the amount of \$2,601,237, for a total of \$6,350,517. All trust investments appear to be within the limitations prescribed in Section 317.8 of the Rules and Regulations; therefore, no other regulatory adjustments are considered necessary at this time.

OTHER COMMENTS

- The Trust Agreement calls for the trustees to hold regular meetings. Based upon minutes submitted to the WCB, there were two Trustee meeting held during the fiscal year, in March and December 2004.

HISTORICAL ANALYSIS

- The trust began operations on December 27, 2000, with 8 charter members. As of June 29, 2005 there are currently 531 total members of which 363 are active and 168 are inactive.

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

- Claims incurred, including unpaid claims and related expenses** as presented in the GAAP financials can be summarized as follows for the past three years:

	<u>Claims Expense</u>	<u>Net Contributions</u>	<u>Claims Exp./ Contributions</u>
Fiscal Year Ended 12/31/04	\$6,264,649	\$14,448,132	43%
Fiscal Year Ended 12/31/03	\$4,671,716	\$ 9,743,843	48%
Fiscal Year Ended 12/31/02	\$2,355,288	\$ 4,318,135	55%

** Excludes NYS assessment expenses

- Reinsurance expense as presented in the GAAP financials can be summarized as follows for the past three years:

	<u>Reinsurance Expense</u>	<u>Net Contributions</u>	<u>Fee Exp./ Contributions</u>
Fiscal Year Ended 12/31/04	\$4,521,136	\$14,448,132	31%
Fiscal Year Ended 12/31/03	\$2,786,765	\$ 9,743,843	29%
Fiscal Year Ended 12/31/02	\$ 877,753	\$ 4,318,135	20%

- Management fees as presented in the GAAP financials can be summarized as follows for the past three years:

	<u>Management Fees</u>	<u>Net Contributions</u>	<u>Fee Exp./ Contributions</u>
Fiscal Year Ended 12/31/04	\$2,846,833	\$14,448,132	20%
Fiscal Year Ended 12/31/03	\$1,859,503	\$ 9,743,843	19%
Fiscal Year Ended 12/31/02	\$ 895,148	\$ 4,318,135	21%

- NYS assessment expenses as presented in the GAAP financials can be summarized as follows for the past three years:

	<u>Assessment Expense</u>	<u>Net Contributions</u>	<u>Assess Exp./ Contributions</u>
Fiscal Year Ended 12/31/04	\$514,777	\$14,448,132	4%
Fiscal Year Ended 12/31/03	\$101,492	\$ 9,743,843	1%
Fiscal Year Ended 12/31/02	\$ 36,794	\$ 4,318,135	1%

- An analysis of current to prior year is as follows:

	<u>12/31/03</u>	<u>12/31/04</u>	<u>% increase (decrease)</u>
Net Contributions Earned	\$9,743,843	\$14,448,132	48%
Claims Expense	\$4,671,716	\$ 6,264,649	34%
Reinsurance expense	\$2,786,765	\$ 4,521,136	62%
NYS assessment expenses	\$ 101,492	\$ 514,777	407%
Management Fees	\$1,859,503	\$ 2,846,833	53%

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

- Members' surplus/deficit and contributions as determined after regulatory adjustments can be summarized as follows for the past three years:

	<u>Member's Surplus</u> <u>(Deficit)</u>	<u>Net</u> <u>Contributions</u>	<u>Deficit/</u> <u>Contributions</u>
Fiscal Year Ended 12/31/04	\$830,678	\$14,448,132	6%
Fiscal Year Ended 12/31/03	(\$155,305)	\$ 9,743,843	2%
Fiscal Year Ended 12/31/02	(\$132,659)	\$ 4,318,135	3%

- The trust's regulatory surplus/deficit and trust equity ratio for the past three years can be summarized as follows:

	<u>Regulatory Surplus</u> <u>(Deficit)</u>	<u>Trust/Equity Ratio</u>
Fiscal Year Ended 12/31/04	\$830,678	95.00%
Fiscal Year Ended 12/31/03	(\$155,305)	97.75%
Fiscal Year Ended 12/31/02	(\$132,659)	107.82%

EXCESS INSURANCE

The Rules and Regulations require Group Trusts to maintain excess insurance, which reduces the exposure of the Group for Workers' Compensation and Employer's Liability. Group Self-Insurers are required to file certificate(s) which evidence that the appropriate excess insurance has been obtained from a carrier duly licensed to write such coverage in the State of New York, and must immediately notify the WCB of any changes in the excess coverage. With some limited exceptions, retention levels on the per occurrence protection obtained by the groups ranges anywhere from \$300,000 to \$500,000, with statutory upper limits, depending upon the group and the type of exposure involved. It is important to note that such insurance does not relieve the Trust of its primary obligations to pay claims. If the excess carrier(s) does not meet its obligations under the excess policy, the group self insurer is primarily responsible for making all payments required under the Workers' Compensation Law. One of the primary factors which may impact an excess carrier's ability to meet its obligations is its financial condition. Therefore, the ongoing financial integrity of the excess carrier(s) should be monitored very closely, as it directly impacts the group's exposure.

Based upon the certificates of insurance filed with the WCB, the history of the Trust's per occurrence excess insurance coverage is as follows:

<u>Effective</u> <u>Date</u>	<u>Carrier</u>	<u>Retention</u> <u>Amount</u>	<u>Upper</u> <u>Limit</u>	<u>Carrier</u> <u>Rating</u>
12/27/00	General Security Insurance Company	300,000	5,000,000	A-
03/01/02	United States Fidelity and Guaranty Co.	300,000	Statutory	A
05/01/02	Clarendon National Insurance Company	300,000	Statutory	A-
05/01/03	Clarendon National Insurance Company	425,000	Statutory	A-
01/01/04	New York Marine and General Insurance Company	500,000	1,000,000	A
01/01/04	Clarendon National Insurance Company	1,000,000	Statutory	A-

The following is noted as a result of this review of the Group's excess coverage:

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

- As shown above, the carriers utilized by this Group to protect against catastrophic loss on a per occurrence basis since the Group's inception in 2000 appear to be adequately positioned fiscally.
- Per Note 7 to the audited financial statements, reinsurance is purchased through an affiliate of the administrator. Note 7 further states that "the administrator is affiliated with a captive insurance entity which participates in reinsurance coverage for the Trust."

We recommend that the Trustees obtain more information regarding the procurement of the reinsurance coverage for this group. The Trustees need full disclosure of the relationship that exists between the Administrator and the reinsurer, to ensure the best possible terms were obtained related to the placement of that coverage.

DETERMINATION

Based upon each of the adjustments described above, the Trust had a net decrease of \$118,717 in Trust Assets from \$11.58M to \$11.46M and a net decrease of \$757,000 in Trust Liabilities from \$11.38M to \$10.63M. These adjustments resulted in an increase in the trust's equity from the \$192,395 surplus presented on the GAAP statements to a regulatory surplus of \$830,678, or a 107.82% trust equity ratio. The Rules and Regulations which govern group trusts state that Trust Assets must exceed Trust Liabilities. Therefore, for the period ending December 31, 2004, the Trust has been deemed to have no funding issues, with a regulatory trust equity ratio of 107.82%.

EXHIBIT 37



**State of New York
Workers' Compensation Board**

Office of Self-Insurance

**TRANSPORTATION INDUSTRY
WORKERS' COMPENSATION TRUST**

Compensation Risk Managers, LLC

Level I Review – December 31, 2005

LEVEL I REVIEW
OF THE
TRANSPORTATION INDUSTRY WORKERS' COMPENSATION TRUST

AS OF
DECEMBER 31, 2005

Prepared by:
The New York State Workers' Compensation Board
Office of Self Insurance
Date of Report: August 11, 2006

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION

GENERAL

As per Part 317.6 of the Rules and Regulations, Group Self-Insurers are required to establish and maintain Trust Assets in an amount which exceeds Trust Liabilities. It is important to note, however, that only assets and liabilities as defined in Section 317.2 of the Rules and Regulations are considered when determining a Group's regulatory funding position. As the definition of Trust Assets and Liabilities provided in the Rules and Regulations differs from that provided for in Generally Accepted Accounting Principles (GAAP), a Group's regulatory funding position may differ, in some cases significantly, from the financial statements prepared in accordance with GAAP.

Permitted Trust Assets pursuant to Section 317.8 of the Worker's Compensation Rules and Regulations are cash and cash deposits in a bank or Trust company insured under the provisions of the Federal Deposit Insurance Act. Assets shall not include fixed assets nor shall they include the security posted by the Group Self-Insurer.

Investments of Trust funds which are not necessary for the payment of short-term obligations are permitted in Section 317.8 of the Worker's Compensation Rules and Regulations as follows:

- Government Obligations
- Obligations of American Institutions
- Preferred Shares of American Institutions
- Equity Interests

Investments shall not exceed five percent of total Trust Assets in any one American Institution. In addition, total investments in American Institutions shall not exceed twenty-five percent of total Trust Assets and those investments must maintain adequate ratings in order to be recognized as an acceptable asset.

Permitted Trust Liabilities, pursuant to Section 317.8 of the Worker's Compensation Rules and Regulations, are all claims, accrued Workers' Compensation Board assessments, accrued expenses including administrative costs, costs of excess insurance policies and other fixed costs, accounts payable, loans, bonds and notes payable, unearned contributions, and all other Trust obligations.

At the current time, Group Self-Insurers must submit the following reports on an annual basis, to the WCB: (1) audited financial statements prepared in accordance with GAAP and certified by an independent certified public accountant; (2) an actuarial report certified by an independent, qualified actuary; and (3) a payroll report filed by classification code for each Group member and in aggregate for all members. In addition to the review performed on these reports by WCB personnel, on an annual basis, the WCB hires independent professionals to assist in any more in-depth reviews deemed necessary. The purpose of all such reviews performed, either entirely by WCB personnel or with the help of outside Consultants, is to ensure that the capitalization requirements set forth in the Rules and Regulations, and summarized above, have been met.

Group Self-Insurers who fail to comply with the capitalization standards outlined in the Rules and Regulations shall be deemed "under funded" and may be subject to any or all of the following sanctions: the Group Self-Insurer (Trustees and/or Group Administrator) may be required to meet with WCB representatives to discuss the financial condition of the Trust fund and determine the appropriate action to correct the funding issues; the WCB may perform a more extensive review of the records of the Group Administrator, Trustees, and/or members; the WCB may require the submission of additional financial and/or actuarial information; the

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

WCB may require the submission of a written plan to restore the Group's financial position in a timely manner; the Group may be required to suspend the addition of new members, post additional security deposits, and/or levy an assessment upon its members. Finally, if no other course of action is agreed upon, the WCB may revoke the Group's Self-Insurance privilege.

GAAP to REGULATORY ANALYSIS – FISCAL YEAR ENDING 12/31/05

The following table depicts the determination of the regulatory funding position of the Trust for the fiscal year ending December 31, 2005, and the adjustments that were deemed necessary to the GAAP financial data when making that determination:

	GAAP 12/31/05 Financials	Regulatory Adjustments	Regulatory Funding Position as of 12/31/05	Reference
ASSETS				
Cash and cash equivalents	\$1,579,644	\$0	\$1,579,644	Comment 1
Investments	10,075,600	(815,611)	9,259,989	WCB Adjustment 1
Member premiums receivable, net	243,996	(55,193)	188,803	WCB Adjustment 2
Income taxes refundable	143,480	(143,480)	0	WCB Adjustment 3
Prepaid expenses and other assets	178,163	(178,163)	0	WCB Adjustment 4
TOTAL ASSETS	\$12,220,883	(\$1,192,447)	\$11,028,436	
LIABILITIES				
Reserve for losses and loss adjustment expenses	\$10,818,000	\$251,000	\$11,069,000	WCB Adjustment 5
Unearned member premium contributions	792,858	0	792,858	
Accrued expenses	1,174,590	0	1,174,590	
Deferred income taxes	62,696	0	62,696	
TOTAL LIABILITIES	\$12,848,144	\$251,000	\$13,099,144	
SURPLUS(DEFICIT)	(\$627,261)		(\$2,070,708)	
TRUST EQUITY RATIO	95.12%		84.19%	

As shown above, as presented on the 12/31/05 GAAP financial statements, the Group had a 95.12% funding level (assets/liabilities), with \$12.22M in assets and \$12.85M in liabilities. The majority of the assets presented on the GAAP statements were in the form of investments (\$10.08M). The bulk of the liabilities presented on the balance sheet consisted of the liability for the reserve for losses and loss adjustment expenses (\$10.82M).

Upon further review of financial information submitted to the WCB for the fiscal period ending December 31, 2005, as part of the regular annual reporting process, the following adjustments were deemed necessary when determining the Trust's regulatory funding position:

- WCB Adjustment 1 – Investments consist of U.S. Government backed equity funds in the amount of \$6,502,880 and common stocks in the amount of \$3,572,720, for a total of \$10,075,600. WCB reviewed the investments for compliance with Section 317.8 of the Rules and Regulations. As a result of this review, it was determined that a portion of investments did not meet the standards outlined in Section 317.8, and must, therefore, be excluded from Trust Assets. The details of the investment to be excluded are as follows:

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

Section 317.8 of the Rules and Regulations states that no more than 25% of acceptable trust assets can be invested in American Institutions. The level of acceptable corporate obligations was determined as follows:

Cash and cash equivalents	\$1,579,644
Member premiums receivable (collected within 90 days)	188,803
U.S. Government agency obligations	<u>6,502,880</u>
Subtotal Acceptable Assets	<u>\$8,271,327</u>
Divide By 75% Total Acceptable Asset Base	<u>\$11,028,436</u>
25% Corporate Obligation Limit	<u>\$2,757,109</u>
5% Any One Corporate Obligation Limit	<u>\$ 551,422</u>

Based upon this calculation, no more than \$2,757,109 can be invested in obligations of American Institutions, and no more than \$551,422 can be invested in any one American Institution. Therefore, the \$10,075,600 in Investments as of 12/31/05 can be broken out between acceptable and disallowed, as follows:

Total Investments	\$10,075,600
Less: U.S. Treasury securities plus cash equivalents	<u>6,502,880</u>
Subtotal Corporate Investments	\$ 3,572,720
Less: Maximum amount of corporate investments allowed	<u>2,757,109</u>
Total corporate investment disallowed	<u>\$ 815,611</u>

It has been determined that there is no investment in excess of the 5% limitation. Therefore, \$815,611 will be excluded from Trust Assets, the remaining investments (\$9,259,989) will be included in Trust Assets.

- **WCB Adjustment 2** – Member premiums receivable, net does not meet the definition of Trust Assets as defined in Section 317.2 of the Rules and Regulations; therefore, this amount was excluded from Trust Assets. However, it is currently the policy of the WCB to consider premium receivable collected within 90 days of the fiscal year end, provided that those relate directly to the receivable presented on the year-end audited financial statements. The trust's independent accountant has verified that \$188,803 has been collected within 90 days of fiscal year end; therefore, the remaining \$55,193 was excluded from Trust Assets.
- **WCB Adjustment 3** – Income taxes refundable do not meet the definition of Trust Assets as defined in Section 317.2 of the Rules and Regulations; therefore, this amount was excluded from Trust Assets.
- **WCB Adjustment 4** – Prepaid expenses and other assets do not meet the definition of Trust Assets as defined in Section 317.2 of the Rules and Regulations; therefore, this amount was excluded from Trust Assets.

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

- **WCB Adjustment 5** – In most actuary reports which are prepared related to Workers' Compensation exposure, an actuary will present a range of expected ultimate values, for both the Claims Reserves (including known claims and IBNR), and a Reserve for WCB Assessments. The range of ultimate values is typically based upon any number of actuarial principles (depending upon the size and age of the group), and is presented net of payments that have already been made. Discount rates are then applied to the reserve amounts that have been projected. Discount rates can either be developed by the actuary, or provided to the actuary by the trust (or its administrator). In any event, the discount rate applied should be based upon the make up of the group's assets, and its actual earning capacity. Typically, the actuary reports that are submitted on behalf of the group trusts contain a range, as follows:

High Estimate – This is the most pessimistic reserve requirement presented by the actuary. Usually, the high estimate is approximately 10% above the medium estimate.

Medium (Best) Estimate - This represents the actuary's "best estimate" of reserves, based upon all of the information available.

Low Estimate - This is the most optimistic reserve requirement presented by the actuary. Usually, the low estimate is no more than 5% below the best estimate.

The Medium Estimate represents the actuary's best estimate, and would be the reserve amount preferred by the WCB. However, on most accounts, a reserve "pick" that falls somewhere in the range described above is deemed adequate.

The Trust's actuary presented a range of undiscounted reserves as follows:

High (Pessimistic) Estimate	\$15,932,000
Medium (Best) Estimate	\$15,173,749
Low (Optimistic) Estimate	\$14,415,000 (5% lower than Best Estimate)

These estimates include Case Reserves, IBNR and WCB Assessments. The actuarial report also presented the reserves on a discounted basis, assuming a 5.00% discount rate, which results in a discounted best estimate of \$11,656,163 (Case reserves \$3,417,136, IBNR \$6,497,202 and WCB assessment \$1,741,825). The Trust's actuarial report did not provide a breakdown of the low or high ranges of expected discounted reserves; however, this estimate was used to develop the following range:

High (Pessimistic) Estimate	\$12,234,000
Medium (Best) Estimate	\$11,656,163
Low (Optimistic) Estimate	\$11,069,000 (5% lower than Best Estimate)

Workers' Compensation Board Assessments are paid by the Trust as a function of the indemnity losses paid by the Trust as a whole. At the end of each Trust year, the Trust must submit the indemnity losses for the Trust for the past year based on the actuarial data. Based on the indemnity losses, the WCB sends the Trust an assessment notice noting the indemnity factor and payment required.

The Trust's actuary applied an assessment rate of 35.14% to indemnity case and IBNR reserves to derive the undiscounted point assessment accrual estimate of \$2,267,472. **It is noted that this rate may be too low since the current assessment rate is approximately 41%.**

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION

(continued)

The information presented on the GAAP financial statements as of 12/31/05 shows a total liability for Case Reserves, IBNR and WCB Assessments of \$10,818,000. This amount is 7.2% below the Trust's actuary's best estimate, discounted at the rate of 5%. According to Note 4 to the audited financial statements, the reserves were discounted at the rate of 5.00% and based upon the undiscounted amount of approximately \$14,089,000. Although the WCB prefers the more conservative approach taken by the Trust, it considers an amount within the range to be reasonable. Since this Trust used 7.2% below the Best estimate, the WCB will make a regulatory adjustment to allow up to 5% below the Best estimate. Therefore, a 2.2% adjustment or \$251,000 will be added to the Trust's reserves.

- Comment 1 – The Rules and Regulations state that the security posted with the WCB is excluded from Trust Assets when determining the regulatory funding position of the group. It is the policy of the WCB that any Trust Assets pledged as collateral related to that security deposit are also excluded from Trust Assets. The trust has a \$750,000 surety bond on deposit with the WCB. In a letter from Westchester Fire Insurance Company, it is stated that Westchester will provide ten days notice to the State of New York WCB before collateral is required. No such notification has been received; therefore, the WCB therefore will not make a regulatory adjustment to Trust Assets at this time.

OTHER COMMENTS

- The Trust Agreement calls for the trustees to hold regular meetings. Based upon minutes submitted to the WCB, there were two Trustee meetings held during the fiscal year, in April and October 2005.

HISTORICAL ANALYSIS

- The trust began operations on December 27, 2000, with 8 charter members. As of July 17, 2006 there are currently 648 total members of which 414 are active and 234 are inactive.
- Claims incurred, including unpaid claims and related expenses** as presented in the GAAP financials can be summarized as follows for the past three years:

	<u>Claims Expense</u>	<u>Net Contributions</u>	<u>Claims Exp./ Contributions</u>
Fiscal Year Ended 12/31/05	\$8,523,503	\$15,223,460	56%
Fiscal Year Ended 12/31/04	\$6,264,649	\$14,448,132	43%
Fiscal Year Ended 12/31/03	\$4,671,716	\$ 9,743,843	48%

** Excludes NYS assessment expenses

- Reinsurance expense as presented in the GAAP financials can be summarized as follows for the past three years:

	<u>Reinsurance Expense</u>	<u>Net Contributions</u>	<u>Fee Exp./ Contributions</u>
Fiscal Year Ended 12/31/05	\$3,928,817	\$15,223,460	26%
Fiscal Year Ended 12/31/04	\$4,521,136	\$14,448,132	31%

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

Fiscal Year Ended 12/31/03	\$2,786,765	\$ 9,743,843	29%
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- Management fees as presented in the GAAP financials can be summarized as follows for the past three years:

	<u>Management Fees</u>	<u>Net Contributions</u>	<u>Fee Exp./ Contributions</u>
Fiscal Year Ended 12/31/05	\$2,834,385	\$15,223,460	19%
Fiscal Year Ended 12/31/04	\$2,846,833	\$14,448,132	20%
Fiscal Year Ended 12/31/03	\$1,859,503	\$ 9,743,843	19%

- NYS assessment expenses as presented in the GAAP financials can be summarized as follows for the past three years:

	<u>Assessment Expense</u>	<u>Net Contributions</u>	<u>Assess Exp./ Contributions</u>
Fiscal Year Ended 12/31/05	\$902,308	\$15,223,460	6%
Fiscal Year Ended 12/31/04	\$514,777	\$14,448,132	4%
Fiscal Year Ended 12/31/03	\$101,492	\$ 9,743,843	1%

- An analysis of current to prior year is as follows:

	<u>12/31/04</u>	<u>12/31/05</u>	<u>% increase (decrease)</u>
Net Contributions Earned	\$14,448,132	\$15,223,460	5 %
Claims Expense	\$ 6,264,649	\$ 8,523,503	36 %
Reinsurance expense	\$ 4,521,136	\$ 3,928,817	(13)%
NYS assessment expenses	\$ 514,777	\$ 902,308	75 %
Management Fees	\$ 2,846,833	\$ 2,834,385	0 %

- Members' surplus/deficit and contributions as determined after regulatory adjustments can be summarized as follows for the past three years:

	<u>Member's Surplus (Deficit)</u>	<u>Net Contributions</u>	<u>Surplus(Deficit)/ Contributions</u>
Fiscal Year Ended 12/31/05	(\$2,070,708)	\$15,223,460	(14)%
Fiscal Year Ended 12/31/04	\$830,678	\$14,448,132	6 %
Fiscal Year Ended 12/31/03	(\$155,305)	\$ 9,743,843	(2)%

- The trust's regulatory surplus/deficit and trust equity ratio for the past three years can be summarized as follows:

	<u>Regulatory Surplus (Deficit)</u>	<u>Trust/Equity Ratio</u>
Fiscal Year Ended 12/31/05	(\$2,070,708)	84.19%
Fiscal Year Ended 12/31/04	\$830,678	107.82%
Fiscal Year Ended 12/31/03	(\$155,305)	97.75%

EXCESS INSURANCE

The Rules and Regulations require Group Trusts to maintain excess insurance, which reduces the exposure of the Group for Workers' Compensation and Employer's Liability. Group Self-

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

Insurers are required to file certificate(s) which evidence that the appropriate excess insurance has been obtained from a carrier duly licensed to write such coverage in the State of New York, and must immediately notify the WCB of any changes in the excess coverage. With some limited exceptions, retention levels on the per occurrence protection obtained by the groups ranges anywhere from \$300,000 to \$500,000, with statutory upper limits, depending upon the group and the type of exposure involved. It is important to note that such insurance does not relieve the Trust of its primary obligations to pay claims. If the excess carrier(s) does not meet its obligations under the excess policy, the group self insurer is primarily responsible for making all payments required under the Workers' Compensation Law. One of the primary factors which may impact an excess carrier's ability to meet its obligations is its financial condition. Therefore, the ongoing financial integrity of the excess carrier(s) should be monitored very closely, as it directly impacts the group's exposure.

Based upon the certificates of insurance filed with the WCB, the history of the Trust's per occurrence excess insurance coverage is as follows:

Effective Date	Carrier	Retention Amount	Upper Limit	Carrier Rating
12/27/00	General Security Insurance Company	300,000	5,000,000	A-
03/01/02	United States Fidelity and Guaranty Co.	300,000	Statutory	A
06/09/02	Clarendon National Insurance Company	300,000	Statutory	A-
06/09/03	Clarendon National Insurance Company	425,000	Statutory	A-
06/09/04	New York Marine and General Insurance Company	500,000	1,000,000	A
06/09/04	Clarendon National Insurance Company	1,000,000	Statutory	A-
06/09/05	New York Marine and General Insurance Company	500,000	1,000,000	A
06/09/05	Clarendon National Insurance Company	1,000,000	Statutory	A-

The following is noted as a result of this review of the Group's excess coverage:

- As shown above, the carriers utilized by this Group to protect against catastrophic loss on a per occurrence basis since the Group's inception in 2000 appear to be adequately positioned fiscally.
- Per Note 7 to the audited financial statements, reinsurance is purchased through an affiliate of the administrator. Note 7 further states that "the administrator is affiliated with a captive insurance entity which participates in reinsurance coverage for the Trust."

We recommend that the Trustees obtain more information regarding the procurement of the reinsurance coverage for this group. The Trustees need full disclosure of the relationship that exists between the Administrator and the reinsurer, to ensure the best possible terms were obtained related to the placement of that coverage.

GROUP IN PERSPECTIVE

Certain factors and historical points must be brought to attention in order to gain a full understanding of the financial picture of this Trust. This review is of the completed 5TH operating year for the Transportation Industry Trust. From inception to current, the Trust used the accounting firm of Urbach Hacker Young International to prepare its certified financial statements and SGRisk to prepare the actuarial report.

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

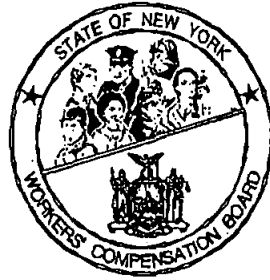
A review of the year end GAAP financial statements for the history of this Trust indicates that the Trust has operated at a loss for the 1 of the 5 years since inception. The Trust has selected a balance sheet reserve amount at their actuary's low estimate. The WCB has not made a regulatory adjustment to the amount since it is within the acceptable range. The accumulated regulatory deficit for this Trust is approximately \$2,071,000 as of December 31, 2005. This represents a decline in the Trust's financial position. **Based on the current year loss, it appears the contribution rates are approximately 7% short to cover the fixed and variable expenses of this Trust.**

A major component of a group's financial position is the accurate projection of the reserves left to be paid. Depending upon the actuarial assumptions and development factors used to project those reserves, the actual reserve value may be quite different than the reserves as originally valued. For this reason, using the GAAP results for any given year as a measure of profitability may be misleading, and given the long term nature of workers' compensation obligations, it is often years before the profitability (or losses) of any give year can be accurately measured. It is important to regularly take a retrospective look at each specific claim year, as the claims incurred in that year continue to develop, to ensure that the financial results are accurately measured. Therefore, it is important to note that in each year, this Trust has expensed over 100% of the contributions earned leaving no reserves for the development of future claims. As recent claim years develop it is likely that deficit amounts will continue to increase and additional assessments are likely.

DETERMINATION

Based upon each of the adjustments described above, the Trust had a net decrease of \$1,192,447 in Trust Assets from \$12.22M to \$11.03M and a net increase of \$251,000 in Trust Liabilities from \$12.85M to \$13.10M. These adjustments resulted in an increase in the trust's equity from the \$627,261 deficit presented on the GAAP statements to a regulatory deficit of \$2,070,708, or a 84.19% trust equity ratio. The Rules and Regulations which govern group trusts state that Trust Assets must exceed Trust Liabilities. Therefore, for the period ending December 31, 2005, the Trust has been deemed to be under funded; any and all of the sanctions described above should be considered.

EXHIBIT 38



**State of New York
Workers' Compensation Board**

Office of Self-Insurance

**TRANSPORTATION INDUSTRY
WORKERS' COMPENSATION TRUST**

Compensation Risk Managers, LLC

Level I Review – December 31, 2006

LEVEL I REVIEW
OF THE
TRANSPORTATION INDUSTRY WORKERS' COMPENSATION TRUST

AS OF
DECEMBER 31, 2006

Prepared by:
The New York State Workers' Compensation Board
Office of Self Insurance
Date of Report: July 19, 2007

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION

GENERAL

As per Part 317.6 of the Rules and Regulations, Group Self-Insurers are required to establish and maintain Trust Assets in an amount which exceeds Trust Liabilities. It is important to note, however, that only assets and liabilities as defined in Section 317.2 of the Rules and Regulations are considered when determining a Group's regulatory funding position. As the definition of Trust Assets and Liabilities provided in the Rules and Regulations differs from that provided for in Generally Accepted Accounting Principles (GAAP), a Group's regulatory funding position may differ, in some cases significantly, from the financial statements prepared in accordance with GAAP.

Permitted Trust Assets pursuant to Section 317.8 of the Worker's Compensation Rules and Regulations are cash and cash deposits in a bank or Trust company insured under the provisions of the Federal Deposit Insurance Act. Assets shall not include fixed assets nor shall they include the security posted by the Group Self-Insurer.

Investments of Trust funds which are not necessary for the payment of short-term obligations are permitted in Section 317.8 of the Worker's Compensation Rules and Regulations as follows:

- Government Obligations
- Obligations of American Institutions
- Preferred Shares of American Institutions
- Equity Interests

Investments shall not exceed five percent of total Trust Assets in any one American Institution. In addition, total investments in American Institutions shall not exceed twenty-five percent of total Trust Assets and those investments must maintain adequate ratings in order to be recognized as an acceptable asset.

Permitted Trust Liabilities, pursuant to Section 317.8 of the Worker's Compensation Rules and Regulations, are all claims, accrued Workers' Compensation Board assessments, accrued expenses including administrative costs, costs of excess insurance policies and other fixed costs, accounts payable, loans, bonds and notes payable, unearned contributions, and all other Trust obligations.

At the current time, Group Self-Insurers must submit the following reports on an annual basis, to the WCB: (1) audited financial statements prepared in accordance with GAAP and certified by an independent certified public accountant; (2) an actuarial report certified by an independent, qualified actuary; and (3) a payroll report filed by classification code for each Group member and in aggregate for all members. In addition to the review performed on these reports by WCB personnel, on an annual basis, the WCB hires independent professionals to assist in any more in-depth reviews deemed necessary. The purpose of all such reviews performed, either entirely by WCB personnel or with the help of outside Consultants, is to ensure that the capitalization requirements set forth in the Rules and Regulations, and summarized above, have been met.

Group Self-Insurers who fail to comply with the capitalization standards outlined in the Rules and Regulations shall be deemed "under funded" and may be subject to any or all of the following sanctions: the Group Self-Insurer (Trustees and/or Group Administrator) may be required to meet with WCB representatives to discuss the financial condition of the Trust fund and determine the appropriate action to correct the funding issues; the WCB may perform a more extensive review of the records of the Group Administrator, Trustees, and/or members; the WCB may require the submission of additional financial and/or actuarial information; the

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

WCB may require the submission of a written plan to restore the Group's financial position in a timely manner; the Group may be required to suspend the addition of new members, post additional security deposits, and/or levy an assessment upon its members. Finally, if no other course of action is agreed upon, the WCB may revoke the Group's Self-Insurance privilege.

GAAP to REGULATORY ANALYSIS – FISCAL YEAR ENDING 12/31/06

The following table depicts the determination of the regulatory funding position of the Trust for the fiscal year ending December 31, 2006, and the adjustments that were deemed necessary to the GAAP financial data when making that determination:

	GAAP 12/31/06 Financials	Regulatory Adjustments	Regulatory Funding Position as of 12/31/06	Reference
ASSETS				
Cash and cash equivalents	\$4,153,185	\$0	\$4,153,185	Comment 1
Investments	10,140,718	0	10,140,718	Comment 2
Member premiums receivable, net	1,609,333	(290,348)	1,318,985	WCB Adjustment 1
Income taxes refundable	71,000	(71,000)	0	WCB Adjustment 2
Reinsurance recoverable	70,545	1,637,113	1,707,658	WCB Adjustment 3
Prepaid expenses and other assets	15,198	(15,198)	0	WCB Adjustment 4
TOTAL ASSETS	\$16,059,979	\$1,260,567	\$17,320,546	
LIABILITIES				
Case reserves	\$7,035,545			
Claims incurred but not reported	8,225,000			
State assessment reserve	3,181,000			
Reserve for losses and loss adjustment expenses	\$18,441,545	\$1,657,113	\$20,098,658	WCB Adjustment 5
Unearned member premium contributions	235,821	0	235,821	
Accrued expenses	3,063,610	0	3,063,610	
Deferred income taxes	54,697	0	54,697	
TOTAL LIABILITIES	\$21,795,673	\$1,657,113	\$23,452,786	
SURPLUS(DEFICIT)	(\$5,735,694)		(\$6,132,240)	
TRUST EQUITY RATIO	73.68%		73.85%	

As shown above, as presented on the 12/31/06 GAAP financial statements, the Group had a 73.68% funding level (assets/liabilities), with \$16.06M in assets and \$21.80M in liabilities. The majority of the assets presented on the GAAP statements were in the form of investments (\$10.14M). The bulk of the liabilities presented on the balance sheet consisted of the liability for the reserve for losses and loss adjustment expenses (\$18.44M).

Upon further review of financial information submitted to the WCB for the fiscal period ending December 31, 2006, as part of the regular annual reporting process, the following adjustments were deemed necessary when determining the Trust's regulatory funding position:

- **WCB Adjustment 1** – Member premiums receivable, net does not meet the definition of Trust Assets as defined in Section 317.2 of the Rules and Regulations; therefore, this amount was excluded from Trust Assets. However, it is currently the policy of the WCB to consider premium receivable collected within 90 days of the fiscal year end, provided that those relate directly to the receivable presented on the year-end audited financial statements. The trust's independent accountant has verified that \$1,318,985 has been

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

collected within 90 days of fiscal year end; therefore, the remaining \$290,348 was excluded from Trust Assets.

- WCB Adjustment 2 – Income taxes refundable do not meet the definition of Trust Assets as defined in Section 317.2 of the Rules and Regulations; therefore, this amount was excluded from Trust Assets.
- WCB Adjustment 3 – Reinsurance recoverable does not meet the definition of Trust Assets as defined in Section 317.2 of the Rules and Regulations; therefore, this amount should be excluded from Trust Assets. Reinsurance recoverable consists of amounts recoverable from excess carriers for claims in excess of the Trust's retention. It is currently the policy of the WCB to consider excess receivables provided that the excess carrier or carriers are adequately positioned fiscally. The carriers utilized appear to be adequately positioned fiscally. Note 7 of the audited financial statements states no reinsurance proceeds have been received. The WCB will use the amount of reinsurance recoverable from the Appendix of the actuary's report. The revised recoverable is shown on the table below:

Reinsurance Recoverable per Actuary	\$ 1,707,658
Amount per Balance Sheet	70,545
WCB Adjustment	<u>\$ 1,637,113</u>

Therefore, a regulatory adjustment of \$1,637,113 to adjust the recoverable to the actuary's amount is considered necessary at this time.

- WCB Adjustment 4 – Prepaid expenses and other assets do not meet the definition of Trust Assets as defined in Section 317.2 of the Rules and Regulations; therefore, this amount was excluded from Trust Assets.
- WCB Adjustment 5 – In most actuary reports which are prepared related to Workers' Compensation exposure, an actuary will present a range of expected ultimate values, for both the Claims Reserves (including known claims and IBNR), and a Reserve for WCB Assessments. The range of ultimate values is typically based upon any number of actuarial principles (depending upon the size and age of the group), and is presented net of payments that have already been made. Discount rates are then applied to the reserve amounts that have been projected. Discount rates can either be developed by the actuary, or provided to the actuary by the trust (or its administrator). In any event, the discount rate applied should be based upon the make up of the group's assets, and its actual earning capacity. Typically, the actuary reports that are submitted on behalf of the group trusts contain a range, as follows:

High Estimate – This is the most pessimistic reserve requirement presented by the actuary. Usually, the high estimate is approximately 10% above the medium estimate.

Medium (Best) Estimate - This represents the actuary's "best estimate" of reserves, based upon all of the information available.

Low Estimate - This is the most optimistic reserve requirement presented by the actuary. Usually, the low estimate is no more than 5% below the best estimate.

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

The Medium Estimate represents the actuary's best estimate, and would be the reserve amount preferred by the WCB. However, on most accounts, a reserve "pick" that falls somewhere in the range described above is deemed adequate.

The Trust's actuary presented a range of undiscounted reserves as follows:

High (Pessimistic) Estimate	\$24,194,000	
Medium (Best) Estimate	\$21,994,356	
Low (Optimistic) Estimate	\$20,895,000	(5% lower than Best Estimate)

These estimates include Case Reserves, IBNR and WCB Assessments. The actuarial report also presented the reserves on a discounted basis, assuming a 5.00% discount rate, which results in a discounted best estimate of \$19,359,173 (Case reserves \$7,331,939, IBNR \$8,679,547 and WCB assessment \$3,347,687). The Trust's actuary presented a range of discounted reserves as follows:

High (Pessimistic) Estimate	\$21,295,000	
Medium (Best) Estimate	\$19,359,173	
Low (Optimistic) Estimate	\$18,391,000	(5% lower than Best Estimate)

Workers' Compensation Board Assessments are paid by the Trust as a function of the indemnity losses paid by the Trust as a whole. At the end of each Trust year, the Trust must submit the indemnity losses for the Trust for the past year based on the actuarial data. Based on the indemnity losses, the WCB sends the Trust an assessment notice noting the indemnity factor and payment required.

The Trust's actuary applied an assessment rate of 38.07% to indemnity case and IBNR reserves to derive the undiscounted point assessment accrual estimate of \$3,347,687.

The Trust's actuary has reported reserves net of expected recoveries. The table below shows the actuary's discounted estimates and adds the reinsurance receivable. The estimates are compared to the balance sheet trust reserve liability, which is presented gross of excess recovery which is in accordance with FASB Statement No. 113.

The range of reserves presented by the Trust's actuary (best estimate, 5% lower and 10% higher) is acceptable for regulatory purposes. The table below shows the Trust's carried reserves versus the actuary's best estimate with low and high points:

Range Estimate	% of Best Estimate	Actuarial Discounted Reserve @ 5%	Reinsurance Recoverable	Gross Actuarial Reserve (a) + (b)	Balance Sheet Reserve (Gross)	Actuary Report vs. Balance Sheet (c) - (d)
		(a)	(b)	(c)	(d)	
High Estimate	110%	21,295,000	1,707,658	23,002,658	18,441,545	4,561,113
Best Estimate	100%	19,359,173	1,707,658	21,066,831	18,441,545	2,625,286
Low Estimate	95%	18,391,000	1,707,658	20,098,658	18,441,545	1,657,113
Regulatory Allowance of Actuarial Best	95%	18,391,000	1,707,658	20,098,658	18,441,545	1,657,113

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION **(continued)**

The WCB cautions that the use of a 5% factor is optimistic given the funding level of this Trust. A discount factor allows the Trust to collect a lesser amount since the premise is these monies will be deposited for future use and earn interest until needed to pay claims. However, with an under funded Trust, the contributions collected are not able to earn interest since they are needed to pay claims associated with prior year under funding. For example, in order for a 74% funded Trust to achieve the savings from a 5% discount factor the Trust would need to earn on average 6.8% annually in interest earnings. If the undiscounted reserve were recorded, total reserves would increase by \$2,504,000. Also, the regulatory trust equity ratio would decrease to 67%.

The information presented on the GAAP financial statements as of 12/31/06 shows a total liability for Case Reserves, IBNR and WCB Assessments of \$18,441,545. This amount is below (\$1,657,113) 95% of the Trust's actuary's best estimate (\$20,098,658) discounted at 5%. According to Note 4 to the audited financial statements, the reserves were discounted at the rate of 5.00% and based upon the undiscounted amount of approximately \$20,871,000. Although the WCB prefers the more conservative approach taken by the Trust, it considers an amount within the range to be reasonable. The WCB will allow up to 5% below the Best estimate. Therefore, a regulatory adjustment of \$1,657,113 to adjust the reserve liability to 95% of the Trust's actuary's best estimate gross is considered necessary at this time.

- **Comment 1** – The Rules and Regulations state that the security posted with the WCB is excluded from Trust Assets when determining the regulatory funding position of the group. It is the policy of the WCB that any Trust Assets pledged as collateral related to that security deposit are also excluded from Trust Assets. The trust has a \$750,000 surety bond on deposit with the WCB. In a letter from Westchester Fire Insurance Company, it is stated that Westchester will provide ten days notice to the State of New York WCB before collateral is required. No such notification has been received; therefore, the WCB therefore will not make a regulatory adjustment to Trust Assets at this time.

Comment 2 – Investments consist of U.S. Government backed equity funds in the amount of \$6,894,997 and common stocks in the amount of \$3,245,721, for a total of \$10,140,718. All trust investments appear to be within the limitations prescribed in Section 317.8 of the Rules and Regulations; therefore, no regulatory adjustments are considered necessary at this time.

OTHER COMMENTS

- The Trust Agreement calls for the trustees to hold regular meetings. Based upon minutes submitted to the WCB, there were two Trustee meetings held during the fiscal year, in May and November 2006.

HISTORICAL ANALYSIS

- The trust began operations on December 27, 2000, with 8 charter members. As of June 27, 2007 there are currently 811 total members of which 498 are active and 313 are inactive.

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

- Reinsurance expense as presented in the GAAP financials can be summarized as follows for the past three years:

	<u>Reinsurance Expense</u>	<u>Net Contributions</u>	<u>Reinsurance Exp./ Contributions</u>	<u>Retention Limit</u>
Fiscal Year Ended 12/31/06	\$ 4,870,118	\$ 20,490,155	24%	\$500,000
Fiscal Year Ended 12/31/05	\$ 3,928,817	\$ 15,223,460	26%	\$500,000
Fiscal Year Ended 12/31/04	\$ 4,521,136	\$ 14,448,132	31%	\$500,000

- Management fees as presented in the GAAP financials can be summarized as follows for the past three years:

	<u>Management Fee Expense</u>	<u>Net Contributions</u>	<u>Fee Exp./ Contributions</u>
Fiscal Year Ended 12/31/06	\$ 3,964,316	\$ 20,490,155	19%
Fiscal Year Ended 12/31/05	\$ 2,834,385	\$ 15,223,460	19%
Fiscal Year Ended 12/31/04	\$ 2,846,833	\$ 14,448,132	20%

- NYS assessment expenses as presented in the GAAP financials can be summarized as follows for the past three years:

	<u>Assessment Expense</u>	<u>Net Contributions</u>	<u>Assess. Exp./ Contributions</u>
Fiscal Year Ended 12/31/06	\$ 2,133,778	\$ 20,490,155	10%
Fiscal Year Ended 12/31/05	\$ 902,308	\$ 15,223,460	6%
Fiscal Year Ended 12/31/04	\$ 514,777	\$ 14,448,132	4%

- An analysis of current to prior year is as follows:

	<u>12/31/05</u>	<u>12/31/06</u>	<u>% Increase (Decrease)</u>
Net Contributions Earned	\$ 15,223,460	\$ 20,490,155	35%
Claims Expense	\$ 8,523,503	\$ 16,455,054	93%
Reinsurance Expense	\$ 3,928,817	\$ 4,870,118	24%
NYS Assessment Expense	\$ 902,308	\$ 2,133,778	136%
Management Fees	\$ 2,834,385	\$ 3,964,316	40%
Payroll Dollars	\$ 314,771,185	\$ 347,277,712	10%
Active Members	380	515	36%

- Members' surplus/deficit and contributions as determined after regulatory adjustments can be summarized as follows for the past three years:

	<u>Members' Surplus(Deficit)</u>	<u>Net Contributions</u>	<u>Deficit/ Contributions</u>
Fiscal Year Ended 12/31/06	\$ (6,132,240)	\$ 20,490,155	(30%)
Fiscal Year Ended 12/31/05	\$ (2,070,708)	\$ 15,223,460	(14%)
Fiscal Year Ended 12/31/04	\$ 841,582	\$ 14,448,132	6%

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

- The trust's regulatory surplus/deficit and trust equity ratio for the past three years can be summarized as follows:

	Members' <u>Surplus(Deficit)</u>	Trust/ Equity <u>Ratio</u>
Fiscal Year Ended 12/31/06	\$ (6,132,240)	73.85%
Fiscal Year Ended 12/31/05	\$ (2,070,708)	84.19%
Fiscal Year Ended 12/31/04	\$ 841,582	107.92%

EXCESS INSURANCE

The Rules and Regulations require Group Trusts to maintain excess insurance, which reduces the exposure of the Group for Workers' Compensation and Employer's Liability. Group Self-Insurers are required to file certificate(s) which evidence that the appropriate excess insurance has been obtained from a carrier duly licensed to write such coverage in the State of New York, and must immediately notify the WCB of any changes in the excess coverage. With some limited exceptions, retention levels on the per occurrence protection obtained by the groups ranges anywhere from \$300,000 to \$750,000, with statutory upper limits, depending upon the group and the type of exposure involved. It is important to note that such insurance does not relieve the Trust of its primary obligations to pay claims. If the excess carrier(s) does not meet its obligations under the excess policy, the group self insurer is primarily responsible for making all payments required under the Workers' Compensation Law. One of the primary factors which may impact an excess carrier's ability to meet its obligations is its financial condition. Therefore, the ongoing financial integrity of the excess carrier(s) should be monitored very closely, as it directly impacts the group's exposure.

Based upon the certificates of insurance filed with the WCB, the history of the Trust's per occurrence excess insurance coverage is as follows:

Effective Date	Carrier	Retention Amount	Upper Limit	Carrier Rating
12/27/00	General Security Insurance Company	300,000	5,000,000	A-
03/01/02	United States Fidelity and Guaranty Co.	300,000	Statutory	A
06/09/02	Clarendon National Insurance Company	300,000	Statutory	A-
06/09/03	Clarendon National Insurance Company	425,000	Statutory	A-
06/09/04	New York Marine and General Insurance Company	500,000	1,000,000	A
06/09/04	Clarendon National Insurance Company	1,000,000	Statutory	A-
06/09/05	New York Marine and General Insurance Company	500,000	1,000,000	A
06/09/05	Clarendon National Insurance Company	1,000,000	Statutory	A-
06/09/06	New York Marine and General Insurance Company	500,000	Statutory	A

The following is noted as a result of this review of the Group's excess coverage:

- As shown above, the carriers utilized by this Group to protect against catastrophic loss on a per occurrence basis since the Group's inception in 2000 appear to be adequately positioned fiscally.
- Per Note 7 to the audited financial statements, reinsurance is purchased through an affiliate of the administrator. Note 7 further states that "the administrator is affiliated with a captive insurance entity which participates in reinsurance coverage for the Trust."

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

We recommend that the Trustees obtain more information regarding the procurement of the reinsurance coverage for this group. The Trustees need full disclosure of the relationship that exists between the Administrator and the reinsurer, to ensure the best possible terms were obtained related to the placement of that coverage.

2006 PROFITABILITY PREDICTOR

A major component of a group's financial position is the accurate projection of the reserves left to be paid. Depending upon the actuarial assumptions and development factors used to project those reserves, the actual reserve value may be quite different than the reserves as originally valued. For this reason, using the GAAP results for any given year as a measure of profitability may be misleading, and given the long term nature of workers' compensation obligations, it is often years before the profitability (or losses) of any give year can be accurately measured. It is important to regularly take a retrospective look at each specific claim year, as the claims incurred in that year continue to develop, to ensure that the financial results are accurately measured. This analysis is provided to give a general idea of the projected overage or shortage assumed for the year under review. It is important to note that this analysis is contribution year specific and in the event of a shortage, joint and several liabilities will apply to members based on the contribution years they are members. Accrual revenue and expenses are taken from the audited year end financial statement. The actuarial reserve estimate is the actuary's undiscounted ultimate best estimate for the specific year. This reserve estimate may not be what was recorded in the GAAP financial statements.

2006 Contributions	20,490,155
Less: Reinsurance Expense*	(4,870,118)
Less: Assessment Expense*	<u>(2,133,778)</u>
Subtotal	13,486,259
Less: Operating Expenses*	<u>(4,477,091)</u>
Cash Available to pay claims	9,009,168
2006 Actuarial estimate of ultimate losses (undiscounted)	<u>9,941,868</u>
Current projected overage (shortage) - before investment income	<u><u>(932,700)</u></u>

* from 12/31/06 audited financial statements

As indicated above, the trust is forecasting a shortage of \$932,700 for this contribution year. Not only does this Trust not have a cushion in the event that actuarial estimates develop adversely but it has significantly under estimated the required funds necessary for the 2006 operating year. Future assessments appear likely in order to resolve this shortfall.

It is noted that the shortage shown in the table above is before investment income and before the effect of income taxes.

GROUP IN PERSPECTIVE

Certain factors and historical points must be brought to attention in order to gain a full understanding of the financial picture of this Trust. This review is of the completed 6TH operating year for the Transportation Industry Trust. From inception to current, the Trust used the

FINANCIAL STATEMENTS/ REGULATORY FUNDING POSITION
(continued)

accounting firm of Urbach Hacker Young International to prepare its certified financial statements and SGRisk to prepare the actuarial report.

A review of the year end GAAP financial statements for the history of this Trust indicates that the Trust has operated at a loss for 2 of the 6 years since inception. The Trust has selected a balance sheet reserve amount at their actuary's low estimate. The accumulated regulatory deficit for this Trust is approximately \$6,132,000 as of December 31, 2006. This represents a decline in the Trust's financial position. **However, the Trust is currently undergoing a Level II Tier II actuarial review by an independent consultant. It is expected that the reserve for losses will be examined and adjusted if deemed necessary. Therefore, the accumulated regulatory deficit may change upon conclusion of the review.**

DETERMINATION

Based upon each of the adjustments described above, the Trust had a net increase of \$1,260,567 in Trust Assets from \$16.06M to \$17.32M and a net increase of \$1,657,113 in Trust Liabilities from \$21.80M to \$23.45M. These adjustments resulted in an increase in the trust's equity from the \$5,735,694 deficit presented on the GAAP statements to a regulatory deficit of \$6,132,240, or a 73.85% trust equity ratio. The Rules and Regulations which govern group trusts state that Trust Assets must exceed Trust Liabilities. Therefore, for the period ending December 31, 2006, the Trust has been deemed to be under funded.

EXHIBIT 39

The Transportation Industry Trust of New York

Analysis of Trust's Actuarial Report

PRICEWATERHOUSECOOPERS 

Boston
June 2007

Printed on 6/13/2007

Introduction

Purpose

PricewaterhouseCoopers LLP (PwC) has been asked by the New York State Workers' Compensation Board (NYSWCB) to perform a review of the loss and loss adjustment expense reserves for certain group self-insurance Trusts. In an effort to develop an efficient review process, the NYWCB has requested that the review be conducted in three tiers. The first tier was an initial screening of the Trust's reserves by examining the actuarial reports prepared during the past three years and comparing the results to the Trust's financial statements.

Tier one procedures included the following:

- Review the methods, procedures and key assumptions used in prior actuarial reports.
- Perform runoff-analysis of prior reserve estimates and recorded reserves.
- Evaluate the Trust's expected losses from prior indications and review the relationship of the selected ultimate losses to this expectation.
- Develop the most recent paid and reported losses using industry benchmark loss development factors to get a preview of current indications.
- Calculate other diagnostic statistics deemed necessary.

Based on the results of this initial screening process, the NYWCB would determine whether additional work would be required as described in our proposed scope of services for the second and third tier analyses. The second tier of the analysis was designed to prepare an independent estimate based on prescribed methods. These methods are standard actuarial techniques that are commonly used to evaluate the loss and loss adjustment expenses for workers compensation. The results from the second tier were to be discussed with the Trust's actuary in an attempt to reconcile the differences in the estimates and determine which estimates were the most appropriate to use for recording liabilities.

It was recognized that the prescribed actuarial techniques used in the second tier of the review may not be the best alternative for estimating the unpaid workers compensation losses for these Trusts. Therefore, the NYWCB may determine that the third tier of the actuarial analysis would be necessary. For the third tier of the actuarial analysis, PwC would incorporate any changes in exposure or claim handling procedures into the reserve estimation process in order to determine the PwC best estimate of the indicated reserve levels. Details of the work plan for the second and third tier of the review are shown in Exhibit A - Scope of Services.

Distribution and Use

This report is being prepared in conjunction with the New York State Workers' Compensation Board (NYSWCB) examination of the financial statements for the group self-insurance Trust. This report shall be distributed to the group self-insurance Trust and the New York State Workers' Compensation Board. This report shall not be discussed with, or otherwise disclosed to any third party without PricewaterhouseCoopers' prior written consent.

Reliance Upon Provided Data

PwC review was based exclusively on information provided in the actuarial reports prepared by SGRisk and any data directly provided by the Trust administrator. While we have compared the data in the various reports for consistency, we have made no attempt to verify the data contained therein. We have not reviewed any supplemental information contained in the actuarial work papers or other calculations that may have been performed by Trust's actuarial firm that is not disclosed within this report. Often, an actuary's work papers will contain supplemental calculations to support his assumptions or assertions that are not contained in the actuarial report. Since this additional information may influence the actuary's judgments and selections, it

may be necessary for PwC to review additional information before concluding on the recommendations contained in this report.

Limitations

The evaluation of workers compensation loss and loss adjustment expense reserves requires the estimation of loss development over an extended period of time. During this period, numerous factors will affect the ultimate settlement value of claims. Such factors may include, but are not limited to, inflationary trends, benefit levels, compensation awards and claim settlement practices. These factors may change in the future in ways that are not expected or not sufficiently represented in the historical data. In general, actuarial projections do not contemplate the unforeseen changes in these factors. As such, the use of generally accepted actuarial practices and standards will not guarantee that the actual losses will not vary materially from the actuarial estimates, due to the uncertainty inherent in loss projections.

Data

Reports Reviewed for Tier One

The following is a list of the reports reviewed for our analysis:

1. SGRisk Actuarial Report Titled: The Transportation Industry Trust of New York Actuarial Analysis of Workers Compensation Loss and ALAE Reserves at December 31, 2005, prepared by Charles Gruber, dated April 17, 2006.
2. SGRisk Actuarial Report Titled: The Transportation Industry Trust of New York Actuarial Analysis of Workers Compensation Loss and ALAE Reserves at December 31, 2004, prepared by Charles Gruber, dated March 2, 2005.
3. SGRisk Actuarial Report Titled: The Transportation Industry Trust of New York Actuarial Analysis of Workers Compensation Loss and ALAE Reserves at December 31, 2003, prepared by Charles Gruber, dated March 22, 2004.
4. SGRisk Actuarial Report Titled: The Transportation Industry Trust of New York Actuarial Analysis of Workers Compensation Loss and ALAE Reserves at December 31, 2002, prepared by Charles Gruber, dated April 7, 2003.
5. Audited Financial Statements for The Transportation Industry Trust of New York for years ending December 31, 2005 and 2004 dated April 4, 2006.
6. NCCI Statistical Bulletin 2006 Edition, which contained the New York Compensation Insurance Rating Board (NYCIRB) loss development factors.

Findings - The Transportation Industry Trust

Summary of Findings

The actuary provides a net analysis. The Trust has increased its retention from \$300,000 in 2003 to the current level of \$500,000. The appendix contains large loss information for claims greater than \$100,000 to evaluate the excess losses. Based on our review, it does not seem as though the Trust is accounting for the excess recoveries appropriately (by grossing up the net reserves and establishing a receivable for the anticipated recoveries).

The actuary uses four standard actuarial techniques to forecast the ultimate loss and determine the indicated reserve: RLDM by parts, RLDM total, RBFM and an expected loss method (ELM). Adjustments were made to the industry loss development factors for the RLDM no support was provided for the expected loss ratio used for the ELM. For the RBFM, the actuary applied the reserve ratio to the incurred loss when the incurred loss was already larger than the optimistic expected loss. The actuary does not use paid loss development or show the historical loss development experience.

An expected loss ratio of 60% was used to determine the expected losses. The expected loss ratio of 60% seems appropriate based on the Trust's historical results. However, it is not actuarially supported in the report. Furthermore, the increase in the rates and reduction in the premium discounts offered to the members have a significant impact on the expected loss ratio for each year and no adjustment is made to reflect this key parameter.

The loss development factors were derived from 2003 NCCI New York State's factors. The industry factors were adjusted to the appropriate retention level using increased limit factors and applied to limited losses. While it is appropriate to adjust the loss development factors to reflect the lower retention, the method used by the actuary may produce optimistic estimates of the ultimate loss and potentially understate the indicated reserve.

The discount factors were calculated using a 5.0% interest rate assumption and an industry derived payout pattern (without an adjustment for retention). Since the actuary does not produce a paid loss development indication using these patterns it is uncertain whether he believes the payment pattern is sufficiently stable to allow discounting under US GAAP accounting standards. No data was included in the actuarial report to validate that this Trust is eligible for discounting. Even if it can be shown that this trust is eligible for discounting, the payment patterns used by the actuary to determine the discount rate are not appropriate as they do not reflect the payment patterns inherent in the reserve estimate. Exhibit 5 shows that the payment patterns used to discount would suggest an indicated reserve of \$33.0 million compared to the \$12.9 million selected by the actuary.

To determine a provision for the loss based assessments, a 35.14% assessment rate and a 50% indemnity/medical split was used. The assessment rate was based on the average of the assessments in 2001-2004. The average assessment rate calculation was not updated in the 12/2005 review, and is 2.0-3.0 points below the most recent assessment and the assessment rate used for other trusts reviewed by SGRisk. The selected indemnity/medical split ratio was based on paid loss experience.

The methods relied on by the actuary were relatively consistent. Prior to 2005, the actuary relied on the development method except for the most recent year where the ultimate loss was based on a selected loss ratio. In the 12/31/2005 review, a loss ratio was also selected for the policy year that was 24 months old, reducing the indicated reserves by \$700,000 and development methods were used for the 12 month period.

There was significant adverse runoff in the most recent year. The two-year and three-year runoff was also unfavorable, suggesting that the key parameters or selections used by the actuary are optimistic.

The recorded reserves for 2005 were significantly below the actuarial indications.

Recommendation

- The actuarial review was complete, but the documentation for certain actuarial judgments could be enhanced in the following areas:
 - 1) Expected loss
 - 2) Include actual loss development histories.
 - 3) Appropriateness of discounting and payment pattern used for discounting.
 - 4) Updated assessment rate (in 2005).
- The unfavorable runoff of the actuarial estimates seems to be primarily due to loss emergence greater than anticipated by the selected parameters. Testing of the appropriateness of the factors and changes in settlement rate and average case reserving is recommended. Based on the actuarial selections in 2005, we believe there will be adverse runoff in the 2006 review.
- Some of the key parameters were not supported based on our review of the Trust's experience:
 - 1) The expected 60% loss ratio seemed reasonable for most years but should be supported in the actuary's report, with the rate changes considered.
 - 2) The loss development factors seemed to produce optimistic results and should be updated. The procedure used by the actuary to adjust the development factors for the retention limits may cause the indicated reserves to be optimistic.
 - 3) The assessment percentage should be updated.
 - 4) The appropriateness of discounting and the payment pattern used for discounting needs to be reviewed.
 - 5) Justification for selecting an average ultimate loss ratio for the 2004 year in lieu of relying on indications based on the development methods.
- The NYSWCB should question the significant difference between the actuarial indicated loss reserve and the recorded reserve and the accounting for anticipated excess reserve recoveries.
- A Tier Two review is recommended for this trust. We recommend evaluating the paid loss indications. We would want to obtain historical claim count data to calculate additional diagnostics and include the data in the benchmarking analysis. We also recommend further work to address the discounting issue and quantify the potential deficiency in the assessment provision.

Methods and Procedures

Review Procedures

The first tier of the loss and loss adjustment expense reserve review was intended to be a screening process to identify the trusts where additional actuarial analysis was recommended to assess the reasonableness of the recorded loss and loss adjustment expense reserves. The recommendation to perform additional work was made under any of the following circumstances:

- The actuarial report supporting the recorded reserves was not considered complete and/or the actuarial judgments made were not well documented or supported.
- The runoff of the prior ultimate loss selections suggested that the methods and parameters were not performing as expected.
- Key parameters used in the actuarial forecasts were not consistent with the Trust experience or inconsistent with other benchmark statistics.

To assess the above issues, we reviewed the actuarial reports submitted to NYSWCB in the prior three years. The methods, assumptions and key parameters used by the actuary were evaluated for consistency and responsiveness to the data. The judgment made in selecting which method to use and the weights assigned to the various methods were reviewed for consistency and reasonableness (based on the strengths and weakness of the methods applied). Additional work was recommended when the actuary made judgments that were not well documented, not supported by the Trusts actual experience or inconsistent with the strengths and weakness of the method. The resulting recommendation for incomplete documentation may have been to simply review the supporting information that was not presented or to perform independent testing to validate the actuarial judgment made by the Trust's actuary. A tier two analysis was recommended when the methods relied on by the Trust actuary may not be the best alternative available.

We evaluated the runoff of the actuary's prior selections (Exhibit 4) of the ultimate losses. An actuary's estimate of the ultimate losses may change over time for a number of reasons. Sometimes the actual experience emerges different than anticipated in the actuarial forecast and sometimes the key parameters used in the actuarial forecasting model are revised or updated in subsequent reviews. When the runoff analysis showed there was significant adverse development in the prior ultimate losses, we assessed whether this was due to loss emergence, a change in the model parameters or both. When the methods and parameters used by the actuary remained consistent and losses emerge significantly higher than originally anticipated, we recommended proceeding to the second tier review. If there was adverse runoff, and it was the result of adverse loss emergence and a change in the key parameters that was responsive to the emergence, a tier two review may not have been recommended. We also considered Trusts with favorable runoff for a tier two review if the favorable runoff was caused by a change in the key actuarial parameters with no supporting change in loss emergence.

The key parameters used in the actuarial review were evaluated for consistency and compared to benchmark statistics. We evaluated the exposure for changes in retention and the expected loss ratio used by the Trust's actuary was compared to the experience loss ratios shown in the report (Exhibit 2). We evaluated the selected loss development factors for consistency (Exhibit 3). The loss development factors were also compared to the NYCIRB development factors, using the PwC retention adjustment procedure. We evaluated the discount rate and the payment patterns used for discounting. We compared the payment pattern used for discounting with the payment patterns inherent in the ultimate loss selections and the NYCIRB payment patterns (considering the retention adjustment used by the Trust's actuary). To evaluate the reasonableness of the provision for loss based assessments, we compared the assessment percentage used in the calculation to that used for other Trusts and evaluated the indemnity/medical split ratio using the forecasted ultimate loss components and the benchmark split ratio used by other trusts.

We calculated certain diagnostic statistics to assess potential changes in the claim reserving and settlement practices and to test the appropriateness of the selected reserve. When the data was available in the actuarial reports, we calculated reported frequency, ultimate severity, ultimate loss ratio, paid-to-incurred ratio, IBNR to Case Reserve ratio, average case reserve per reported claim, average case reserve per open claim, and settlement rate.

Comparison to the Recorded Reserve

We compared the indicated reserve produced by the Trust's actuary to the recorded reserve. Since actuarial loss reserve estimates are in fact estimates, there is a range around the actuarial estimate that should be considered reasonable. However, under GAAP accounting, the Trust needs to record its best estimate. There should be valid reasons that a Trust is recording a reserve that differs from the actuary's best estimate. That reason should also be tested for reasonableness. Some Trusts have been recording reserves that are a fixed percentage below their own actuary's best estimate with no supporting reason. The Trust and their auditor should be contacted to validate the appropriateness of the recorded accrual. The reasonableness of this procedure is certainly questionable when the actuary's best estimate has had unfavorable runoff in prior years.

Ultimate Losses Using 2005 Development Factors

To evaluate the ultimate loss selections we also compared the indicated ultimate losses produced by the Trust's actuary to the indicated ultimate losses produced by developing the Trust's paid and reported losses using the 2005 loss development factors and weighting the results 25% and 75%, respectively. Loss development factors will differ by type of risk, retention level and claim handling philosophy. Therefore, loss development factors based on the Trust's own experience will usually produce better indications than development methods using industry experience. We adjusted the 2005 NYCIRB loss development factors to the Trust's retention level using a PwC internal procedure to make the comparison more appropriate. While this test does provide insight about the potential risk inherent in the estimate, it should not be used by itself to draw conclusions about the adequacy of the indicated reserves produced in the actuarial reports. The results are shown in Exhibit 6. The ultimate losses using the industry benchmark loss development factors produce nominal reserves that are \$7.4 million above the actuarial indicated reserves with \$2.5 million of the difference from the most recent policy year.

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Abbreviations

ALAE	Allocated loss adjustment expenses
BF	Bornhuetter-Ferguson method for projecting ultimate amounts
GAAP	Generally Accepted Accounting Principles
IBNR	Incurred but not reported
LAE	Loss adjustment expenses
LDF	Loss development factor
NCCI	National Council on Compensation Insurance, Inc.
NYCIRB	New York Compensation Insurance Rating Board
NYSWCB	New York State Workers' Compensation Board
PLDM	Paid Loss Development Method
PBFM	Paid Bornhuetter-Ferguson Method
PwC	PricewaterhouseCoopers LLP
RLDM	Reported Loss Development Method
RBFM	Reported Bornhuetter-Ferguson Method
TPA	Third party administrator
ULAE	Unallocated loss adjustment expenses

Trust Info

Name	Transportation Industry Trust
Latest Valuation Date	12/31/2005
TPA	Compensation Risk Managers
Established	1/1/2001

Exposure

Comments: 2001 to 6/30/03 - \$300,000; 6/30/03 to 6/9/04 - \$425,000; 6/9/04 to Present \$500,000

Gross vs Net

Only performs Net analysis and applies adjusted RLDF to incurred net of anticipated recoveries

Methods Used

Methods RLDM, RLDM by Parts, Expeded Loss. RBFM

Comments:

Expected Loss (exhibit 2)

Method: Unsupported expected loss ratio of 60% - Obtained from Trust Administrator

Comments: 60% as a percent of gross premium seems appropriate
60% may be conservative based on rate increase

Loss Development Factors

Method: 2006 2003 NCCI Factors, adjusted for retention using ILF
 2005 2003 NCCI Factors, adjusted for retention using ILF
 2004 2003 NCCI Factors, adjusted for retention using ILF

Retention Adjustment Factors	2005	2004	2003
60	1.211		
48	1.211	1.211	
36	1.192	1.211	1.211
24	1.174	1.192	1.211
12	1.102	1.174	1.192

Discounting

Discount Factors	Net Loss	Assessment	Pattern used
2005	76.8%	76.8%	11%, 26%, 38%, 48%, 56%, 62%, 70%, 73%, 76%, 79%, 82%, 85%, ...
2004	76.8%	76.7%	11%, 26%, 38%, 48%, 56%, 62%, 70%, 73%, 76%, 79%, 82%, 85%, ...
2003	76.8%	76.7%	11%, 26%, 38%, 48%, 56%, 62%, 70%, 73%, 76%, 79%, 82%, 85%, ...

Comments: Used PLDF's that are not representative for the Trust. Payout pattern from NY Compensation Rating Board.
 All years based on 5.0% discount rate.

Claim Adjustment Expense

Comments: Not Included in analysis

Assessments

	2005	2004	2003
Assessment Percentage	35.14%	35.14%	33.45%
Indemnity/Medical Split	50.00%	50.00%	50.00%
Discount	5%	5%	5%

Comments: Assessment percent an average or maximum of prior rates, not the most recent 39%
 Indemnity % not reflective of indications.

Judgments and Ultimate Loss Selections

Methods Relied On:

Net

2005 01-03 Ave separate and combined RLDF, 2004 Average Loss Ratio, 2005 Ave separate and combined RLDF
2004 01-02 separate RLDF, 03-04 Average Loss Ratio
2003 01-02 separate RLDF, 2003 Average Loss Ratio

Comments:

AY 2004 \$700,000 lower than indications.
Selection for 2005 may be 300,000-500,000 too low, need to test with appropriate ELR

Diagnostics

Comments:

Runoff shows that adjusted loss development factors and method for selection producing indications that are too low
Payment pattern for discounting suggest higher reserves

Comparison To Recorded

	2005		2004	
Indicated Net Loss Reserve	12,907,000		5,578,000	
Discounted Net Loss Reserve	9,909,000		4,283,000	
Indicated Assessment	2,267,000		933,000	
Discounted Assessment	1,742,000		716,000	
Total Loss Reserve and Assessment	15,174,000		6,511,000	
Discounted Loss Reserve and Assessment	11,651,000		4,999,000	
Recorded Gross	10,818,000		7,952,000	
Reins Recoverable	-		-	
Recorded Net	10,818,000	(833,000)	7,952,000	2,953,000
		93%		159%

Comments:

Recorded below indication for 2006.

Findings

Comments:

Adjusted 2003 loss development factors combined with selection process may producing optimistic results
Discounting does not reflect Trust experience or results underlying the actuarial estimates
Discount Factors not appropriate
Accounting for recoveries may not be appropriate
Expected loss ratio may be conservative due to recent rate increase
Updated loss development factors with the PwC retention adjustment produces higher indicated reserves
Further analysis recommended

Exhibit 2

**Transportation Industry Trust
Exposure Analysis**

Policy Year	Retention	Gross Premium Contribution	On-Level Contribution	Selected Ultimate Loss	Ultimate Loss Ratio	On-Level Ultimate Loss Ratio	Expected Loss ratio
1/1/01-12/31/01	300,000	944,247	1,540,067	438,530	46%	28%	60%
1/1/02-12/31/02	300,000	4,318,135	6,036,753	2,830,681	66%	47%	60%
1/1/03-12/31/03	300/425	9,743,843	12,170,060	4,771,099	49%	39%	60%
1/1/04-12/31/04	425/500	14,616,000	17,349,192	8,038,800	55%	46%	60%
1/1/05-12/31/05	500,000	15,233,460	17,914,549	8,312,938	55%	45%	60%
Average 2001-2003					54%	38%	

Exhibit 3

**Transportation Industry Trust
Exposure Analysis**

	Net Medical RLDF			Net Indemnity RLDF			Combined
	2005	2004	2003	2005	2004	2003	2005
Tail							
60	1.021			1.038			1.029
48	1.043	1.043		1.077	1.077		1.058
36	1.138	1.120	1.120	1.245	1.225	1.225	1.209
24	1.307	1.247	1.228	1.698	1.621	1.595	1.542
12	1.848	1.734	1.708	3.024	2.838	2.795	2.525

**Transportation Industry Trust
Runoff Analysis**

Exhibit 4

Total Net Ultimate Loss

	2005	2004	2003	2002	One Year Change	Two Year Change	Three Year Change
1/1/01-12/31/01	438,530	394,934	414,698	582,473	43,596	23,832	(143,943)
1/1/02-12/31/02	2,830,681	2,484,016	2,562,152	2,062,861	346,665	268,529	767,820
1/1/03-12/31/03	4,771,099	4,389,265	4,821,832		381,834	(50,733)	
1/1/04-12/31/04	8,038,800	7,015,680			1,023,120		
1/1/05-12/31/05	8,312,938						
Total	24,392,048	14,283,895	7,798,682	2,645,334	1,795,215	241,628	623,877

**Transportation Industry Trust
Diagnostics**

Exhibit 5

Policy Year	Paid Loss	Payment % Discount	PLDM	Indicated Reserve	Selected Reserve	Paid to Incurred	IBNR to Case
1/1/01-12/31/01	346,995	0.56	1.79	272,639	91,535	0.82	0.17
1/1/02-12/31/02	2,056,231	0.48	2.08	2,227,584	774,450	0.77	0.23
1/1/03-12/31/03	3,453,547	0.38	2.63	5,634,735	1,317,552	0.88	1.69
1/1/04-12/31/04	3,942,751	0.26	3.85	11,221,676	4,096,049	0.71	1.52
1/1/05-12/31/05	1,686,247	0.11	9.09	13,643,271	6,626,691	0.51	3.09
				32,999,904	12,906,277		
			Ratio of Indicated to Selected Reserve:	2.56			

Indicated reserves using the discounted payment pattern produces indicated reserves that are 156% higher than selected

**Transportation Industry Trust
Analysis Using Industry Factors
As of 12/31/2005**

Policy Year	Retention	Paid Loss	Incurred Loss	Paid LDF*	Incurred LDF*	Paid Ultimate	Incurred Ultimate	Average Ultimate**	Selected Ultimate	Difference
2002	300,000	346,995	425,078	1.587	1.194	550,721	507,741	518,486	438,530	(79,956)
2003	300,000	2,056,231	2,684,407	1.817	1.260	3,736,152	3,382,692	3,471,057	2,830,681	(640,376)
2004	400,000	3,453,547	3,943,677	2.299	1.410	7,941,341	5,560,514	6,155,721	4,771,099	(1,384,622)
2005	450,000	3,942,751	5,569,520	3.526	1.768	13,903,608	9,849,379	10,862,937	8,038,800	(2,824,137)
2006	500,000	1,686,247	3,307,369	9.275	2.778	15,639,660	9,188,678	10,801,424	8,312,938	(2,488,486)
		11,485,771	15,930,051			41,771,482	28,489,004	31,809,624	24,392,048	(7,417,576)

Retention level for policy years with multiple retentions approximated.

* 2005 AM Best 2-Year Average New York State loss development factors adjusted for appropriate retention..

** 25% Paid and 75% Incurred

EXHIBIT 40

January 8, 2008

Ms. Trisha Gannon
Supervising Accountant
New York State Workers' Compensation Board
20 Park Street
Albany, NY 12207

RE: The Transportation Industry Trust of New York

Dear Ms. Gannon

Attached is our report of the unpaid claims and loss adjustment expenses (LAE) for the Transportation Industry Trust of New York. Our analysis includes a central estimate of the unpaid claims and loss adjustment expenses as of December 31, 2006 that will allow the New York State Workers Compensation Board (NYSWCB) to assess the reasonableness of the recorded reserves in the Trust's December 2006 financial statements. We have used paid losses and case basis claim reserves valued as of September 30, 2007 to determine our estimate of the ultimate losses for each accident period and have subtracted the payments made as of December 31, 2006 to determine our estimate of the unpaid claims and LAE incurred as of that date.

The scope of our analysis was to develop estimates that would allow the NYWCB to assess the net recorded reserves. However, we have also provided an estimate of the indicated recoverable losses for claims that exceed the Trust retention and an estimate for other anticipated recoveries. These estimates have been provided to allow the NYWCB to assess the recoverability of unpaid claims that the Trust is not expected to retain. As noted in the report, the procedure used to estimate the IBNR for the recoverable losses may be improved if a more accurate estimate is required.

We have provided an estimate of the discount, based on a 5.0% interest rate and the estimated payment patterns inherent in our net reserve estimates. An estimate of the unpaid New York assessment has been provided based on the procedures in the SGRisk actuarial report, our estimate of the net unpaid claims and the calculated discount rate. We have also provided an estimate of the unpaid claim servicing fees.

Our estimate of the unpaid claims and LAE assumes that the Trust will continue as a going concern and that CRM, the third party claim administrator, will continue to aggressively manage the open cases and continue to seek to seek efficient settlement opportunities. CRM represented that they have recently been seeking section 32 settlements and our estimates contemplate that they will continue with this effort. Our estimates do not include a provision for additional claims that may arise, or re-open, if the Trust were to dissolve. Our experience suggests that insurance companies that go into runoff experience a surge in claims from injured workers seeking to protect their interest.



While we believe that the exhibits in this report adequately document our assumptions, judgments and selections, we recognize that our estimates may have been influenced by other calculations, diagnostics or information contained in our work papers. PwC is available to answer any questions that the NYSWCB may have regarding the estimates contained in this report.

We appreciate the opportunity to work with you on this assignment,

A handwritten signature in black ink that reads "Alan Hines".

Alan Hines, FCAS, MAAA
Managing Director

The Transportation Industry Trust of New York

Analysis of Trust's Loss and Loss Adjustment Reserves
Tier Two

PRICEWATERHOUSECOOPERS 

Boston
November 2007

Introduction

Purpose

PricewaterhouseCoopers LLP (PwC) has been asked by the New York State Workers' Compensation Board (NYSWCB) to perform a review of the loss and loss adjustment expense reserves for certain group self-insurance Trusts. In an effort to develop an efficient review process, the NYWCB has requested that the review be conducted in three tiers. The first tier was an initial screening of the Trust's reserves by examining the actuarial reports prepared during the past three years and comparing the results to the Trust's financial statements.

The Tier One procedures included the following:

- Reviewed the methods, procedures and key assumptions used in prior actuarial reports.
- Performed runoff-analysis of prior reserve estimates and recorded reserves.
- Evaluated the Trust's expected losses from prior year indications and reviewed the relationship of the selected ultimate losses in the actuarial report to this expectation.
- Developed the most recent paid and reported losses using industry benchmark loss development factors to get a preview of current indications.
- Calculated other diagnostic statistics deemed necessary.

Based on the results of this initial screening process, the NYWCB determined that additional work was required to determine if the recorded reserves were reasonable. The second tier analysis was to perform standard actuarial loss reserving estimates using agreed upon procedures to determine independent estimates of the required reserves. If additional issues arose during the second tier analysis, a third tier analysis would be requested to perform detailed testing procedures and determine PwC's best estimate of the indicated reserve.

The second tier of the analysis was designed to prepare an independent estimate based on prescribed methods. These methods are standard actuarial techniques that are commonly used to evaluate the loss and loss adjustment expenses for workers compensation. The results from the second tier were compared to updated actuarial reports prepared by Trust's actuary, SGRisk, in an attempt to reconcile the differences in the estimates and determine which estimates were the most appropriate to use for recording liabilities. In lieu of preparing independent estimates, CRM, the Trust's administrator, requested that PwC review an alternative independent actuarial report that was being prepared by EMB America, LLC. PwC requested and received permission for a revised work plan and developed templates to perform testing procedures based on the information we believed we would be provided in the updated actuarial reports.

PwC was later informed that CRM would not share the EMB actuarial reports with PwC, as promised, and the NYWCB requested that we revert to the original work plan. Furthermore, since it was recognized that the prescribed actuarial techniques used in the second tier of the review may not be the best alternative for estimating the unpaid workers compensation losses for these Trusts, the NYWCB recommended that we include some of the third tier actuarial analysis that was being prepared to supplement the EMB actuarial reports. Therefore, this report includes a hybrid approach to our original work plan.

Distribution and Use

This report is being prepared in conjunction with the New York State Workers' Compensation Board (NYSWCB) examination of the financial statements for the group self-insurance Trust. This report shall be distributed to the New York State Workers' Compensation Board and may be shared with the group self-insurance Trust. Other use of this report is not authorized without prior written permission of PwC. The Actuarial Insurance and Management Solutions (AIMS) staff of PwC is available to explain or elaborate upon the findings presented in this report, and it is assumed that users of this report will seek out such explanation. This report shall not be discussed with, or otherwise disclosed to any third party.

without PricewaterhouseCoopers' prior written consent. Further distribution of this report will not result in the creation of any duty or liability by PwC to a third party.

Reliance Upon Provided Data

PwC review was based exclusively on information provided in the actuarial reports prepared by SGRisk and any data directly provided by the Trust administrator. PwC assumes no responsibility and makes no representations with respect to the accuracy or completeness of the information provided. While our work may involve analysis of accounting records and other financial information, our actuarial engagement does not include an audit in accordance with generally accepted auditing standards. To the extent that any changes in the data are made that could potentially have a material impact on our analysis, it is the responsibility of CRM or the Trust to notify us of these changes so that they may be properly reflected. PwC's actuaries reviewed the data for reasonableness and consistency and reconciled the data to the various actuarial reports for consistency and reasonableness.

We found a number of data discrepancies that were subsequently corrected but required us to re-perform our analysis. We have also identified issues with the final data that have not been resolved at the time this report was issued. These include closed claim counts that exceed the number of reported claim counts and the lack of historical development data for large claims. The lack of correct reliable claim count data and incomplete historical data on the large claims, limited the effectiveness of our analysis. Many of the models that were created and tested were not included in our reports due to the lack of credible data.

We also noted that CRM recently started establishing anticipated recoverable reserves. These anticipated recoveries were not present in the historical reported development data and significantly reduced the most recent value of the case basis reserves. A special reserving procedure was required to evaluate the impact from these newly recorded recoveries.

We have not reviewed any supplemental information contained in the actuarial work papers or other calculations that may have been performed by Trust's claim administrator other than that disclosed in this report. Often, an actuary's work papers will contain supplemental calculations to support his assumptions or assertions that are not contained in the actuarial report. This additional information may influence the actuarial judgments and selections about the expected future development of claims. It is the responsibility of CRM and the Trust to provide any supplemental information that should be considered in our analysis.

Limitations

The evaluation of workers compensation loss and loss adjustment expense reserves requires the estimation of loss development over an extended period of time. During this period, numerous factors will affect the ultimate settlement value of claims. Such factors may include, but are not limited to, inflationary trends, benefit levels, compensation awards and claim settlement practices. These factors may change in the future in ways that are not expected or not sufficiently represented in the historical data. In general, actuarial projections do not contemplate the unforeseen changes in these factors. As such, the use of generally accepted actuarial practices and standards will not guarantee that the actual losses will not vary materially from the actuarial estimates, due to the uncertainty inherent in loss projections.

The results of our analysis are further limited by CRM's inability to produce credible claim data in response to our request. The requested data included only the basic actuarial data elements that are essential for actuarial projections and diagnostics. A copy of our data request is attached as Attachment A and the listing of data used in our analysis follows.

Data

Reports Reviewed for Tier Two

The following is a list of the reports reviewed for our analysis:

1. Comprehensive loss run report of all claims valued as of June 30, 2007 and as of September 30 of each year for policy years 1999 through 2006 provided by the Trust administrator.
2. Claim data in electronic format containing historical evaluation of losses and recoveries split by coverage (expense, indemnity, liability, medical, and rehab) provided by the Trust administrator. While multiple versions of this data were provided, the data file sent on November 8, 2007 was used in this analysis.
3. SGRisk Actuarial Report Titled: The Transportation Industry Trust of New York Actuarial Analysis of Workers Compensation Loss and ALAE Reserves at December 31, 2006, prepared by Charles Gruber, dated May 22, 2007.
4. SGRisk Actuarial Report Titled: The Transportation Industry Trust of New York Actuarial Analysis of Workers Compensation Loss and ALAE Reserves at December 31, 2005, prepared by Charles Gruber, dated April 17, 2006.
5. SGRisk Actuarial Report Titled: The Transportation Industry Trust of New York Actuarial Analysis of Workers Compensation Loss and ALAE Reserves at December 31, 2004, prepared by Charles Gruber, dated March 2, 2005.
6. SGRisk Actuarial Report Titled: The Transportation Industry Trust of New York Actuarial Analysis of Workers Compensation Loss and ALAE Reserves at December 31, 2003, prepared by Charles Gruber, dated March 22, 2004.
7. SGRisk Actuarial Report Titled: The Transportation Industry Trust of New York Actuarial Analysis of Workers Compensation Loss and ALAE Reserves at December 31, 2002, prepared by Charles Gruber, dated April 7, 2003.
8. Audited Financial Statements for The Transportation Industry Trust of New York for years ending December 31, 2006 and 2005 dated May 22, 2007.
9. Audited Financial Statements for The Transportation Industry Trust of New York for years ending December 31, 2005 and 2004 dated April 4, 2006.
10. NCCI Statistical Bulletin 2007 Edition, which contained the New York Compensation Insurance Rating Board (NYCIRB) loss development factors.

Findings - Transportation Industry Trust

Summary of Findings

PwC's selected ultimate losses are generally higher than ultimate losses forecasted by SGRisk in their Report for December 31, 2006. One reason for this relates to the handling of the recoverable case basis reserves. At the end of 2006, CRM established significant case basis recoverable loss reserves that SGRisk included to reduce the case basis reserves and the incurred losses. With this reduction, loss development factors for the recent year were reduced and applied to lower incurred losses. The second reason for the difference relates to our use of data valued as of September 2007 in lieu of using data valued as of December 2006.

This seems to have been the first year that CRM has established a recoverable case basis reserve. These amounts do not seem to be completely related to excess losses in excess of the Trust retention. Since these recoverable reserves were not included in the historical development patterns, we had to determine how to handle this anomaly. We have assumed that these anticipated recoveries are valid amounts the Trust expects to collect. However, by including these amounts in the incurred loss development experience, the indicated IBNR for development on know claims would also be significantly distorted. Therefore, we utilized reported development triangle gross of recoveries and determined the ultimate recoveries by analyzing the paid-recoveries-to-paid-losses and selecting an ultimate recovery ratio. With little or no historical experience to evaluate the collectibility of these case basis recoverable reserves, or to determine the expected adequacy of these estimates, we made the judgment that the recoverable reserves established in older years were appropriate. For more recent periods, we used a selected ultimate recovery ratio developed from earlier years to estimate the ultimate recoveries.

In addition, we noticed that the incurred losses have significantly increased in the most recent calendar year. Ideally, we would have used claim diagnostics to adjust for the apparent case reserve strengthening, beyond that anticipated by our development patterns, but the claim count data provided lacked credibility to apply these techniques. The divergence in the paid and reported development techniques suggests that there have been changes in the claim handling, but without credible claim count data and historical development data for the large claims, it is difficult to determine if this is the result of change in settlement rates, case reserve strengthening or large loss activity.

Exhibit 2 compares the PwC selected ultimate losses to those selected by SGRisk. We noted a significant difference in the 2005 and 2006 policy years. We developed a reasonable expectation of losses for these years using on-level loss ratios and historical loss rates (Exhibit 4, Sheet 6). We noticed a significant increase in payroll during 2004 and an apparent decrease in the expected loss rate. Understanding the underwriting changes that took place in this year is important to determine the correct estimate for 2005 and 2006. Our data request included the historical payroll by class code to allow us to assess changes in exposure. We used the payroll data in Exhibit 4, Sheet 7 along with the associated loss costs to evaluate whether the average loss rate had changed during the years. We also considered the average loss costs in our BF approach. However, we did not have more recent loss cost data, so we did not rely on these expected losses. We also noted that there seems to be an inconsistency with the premium and payroll figures for 2006. The payroll increased 17% and according to the SGRisk report, rates were increased 14.8% on 10/1/2005 while the average discount was also reduced, creating an 8.9% increase. However, the collected premium for 2006 remained flat.

In total the PwC ultimate losses are \$7.27 million greater than those selected by SGRisk. The largest differences are for the 2006 and 2005 policy years where our selections are \$3.6 million and \$2.5 million greater, respectively.

PwC calculated a discount ratio of approximately 89.6% to determine the present value of loss and LAE reserves. This ratio was determined using a 5.0% rate of return, the Trust-specific payment patterns and outstanding liabilities as of September 2007. We have applied this ratio to the liabilities as of December

2006. The difference between the PwC and the SGRisk discount rate (89.6% vs. 88.0%) represents an additional \$0.43 million in required reserves.

We noted that the December 2006 SGRisk report revised its position on claim servicing expense. In prior reports, no reserve was established for claim servicing expense as the claim administration fees were assumed to cover claim handling expense incurred over the entire life of the claim. The December 2006 SGRisk report suggests that the claim servicing fees are paid on a "length of contract basis". This implies that the Trust has not pre-paid its claim servicing expenses for claims that may remain open beyond a specified of years. The SGRisk December 2006 report suggests that there is only a liability if CRM stops servicing the Trust. We believe that a liability is required unless the Trust has pre-paid the cost to service all incurred claims. CRM has informed us that the Trust has not pre-paid the claim servicing expense. Therefore, the required ULAE reserve was determined using a standard paid-to-paid methodology. A paid-ULAE-to-paid-loss ratio of 13.5% was judgmentally selected and we assumed that 80% of the IBNR reserve related to development on known claims. This produced a preliminary estimate of \$1.95 million. A better estimate of the ULAE reserve may be determined with a detailed inspection of the claim servicing agreements and valid claim count data.

Due to the uncertainty in the estimates for future assessments we have made no adjustments to the method used by SGRisk to determine the assessment reserves. However, we applied the 55% indemnity and a 38.07% assessment rate assumption to our indicated reserve and used the 89.6% discount rate to determine a required assessment reserve of \$4.77 million. Our estimate is \$1.423 million greater than the SGRisk estimate.

Based on our Tier Two testing, the required net discounted reserves for the Transportation Trust are \$29.30 million compared to \$18.4 million estimate produced by SGRisk. The difference between our estimate and the SGRisk estimate is \$7.27 million from the ultimate loss selections, \$0.43 million from discounting, \$1.93 million from claim adjustment reserves, and \$1.42 million from assessments.

Discussion of Key Parameters

Loss development factors (LDFs) were mostly determined by historical claim experience. Three curves (Inverse Power, Exponential, and Weibull) were fit to the LDFs to assist in the selection of appropriate tail factors. New York industry factors from the NCCI Statistical Bulletin 2007 Edition were also considered. The tail factors that were selected are lower than the comparable industry factors.

The selected paid and incurred analysis ultimate losses do not converge within a reasonable range. Further analysis on the settlement rates, change in average case reserves, the historical development of large claims and underwriting changes that occurred in 2004 may be needed to refine the estimates. The Bornhuetter-Ferguson Method (BFM) was used to forecast the ultimate losses for the 2005, 2006 and 2007 policy years. However, the expected loss rate used for this method was based on historical results. Contribution and payroll data for policy year 2007 was estimated.

We determined that final recoveries represent approximately 4.5% of gross loss ultimate losses, on average. The ultimate recoveries for the recent policy years were calculated using this ratio, while more mature policy years were calculated by evaluating the recoveries-to-paid-loss ratios and considering the case basis recoverable amounts. If the case basis recoverable reserves are not actually collected, or if they prove not to be a fair estimate of the ultimate recoveries, our indicated reduction in the required reserves for recoveries would be misstated.

This Trust incurs a number of large losses. The estimated reserve for these large losses is a material portion of the reserve estimate. Beginning in 2005, the retention was increased from \$300,000 to \$500,000. The table below shows the large loss results as of December 2006:

Year	Total Projected Claims*	Number of claims over \$100,000	Number of claims over \$250,000
2002	151	9	3
2003	396	12	1
2004	777	16	3
2005	813	17	0
2006	797	3	1

* Based on SGRisk projections, the claim count data provided PwC is not credible.

We believe that the number of claims greater than \$100,000 will significantly grow for 2006 and the number of claims in excess of \$250,000 will increase for 2005 and 2006. As noted previously, there are credibility concerns with the claim count data as reported to us.

We based our estimates on data that was 9 months more mature than SGRisk used in their December 2006 analysis. The estimates ultimate losses for the 2006 policy year may have increased since SGRisk performed their analysis since it appears that the claim experience has deteriorated in the last 9 months.

Methods and Procedures

Review Procedures

The first tier of the loss and loss adjustment expense reserve review was intended to be a screening process to identify the trusts where additional actuarial analysis was needed to assess the reasonableness of the recorded loss and loss adjustment expense reserves. The recommendation to perform additional work was made under any of the following circumstances:

- The actuarial report supporting the recorded reserves was not considered complete and/or the actuarial judgments made were not well documented or supported.
- The runoff of the prior ultimate loss selections suggested that the methods and parameters were not performing as expected.
- Key parameters used in the actuarial forecasts were not consistent with the Trust experience or inconsistent with other benchmark statistics.

The second tier of the loss and loss adjustment expense reserve review is intended to determine the indicated loss and loss adjustment expense reserves using standard actuarial methods, and to identify potential changes in claim settlement practices based on diagnostics of the claim data.

During our review, we identified a number of data issues that changed the approach we ultimately used. The claim count statistics provided on a coverage basis (medical, indemnity and expense) were not credible. The closed claim counts exceeded the reported claim counts in many instances. Therefore, all settlement rate statistics, average case reserves, frequency and severity-based approaches were suspect. Since CRM informed us that the total claim count statistics should be correct, we relied more heavily on the indications based on combined data rather than a review by parts. While the indications by parts, the claim diagnostics using claim counts and other tests were performed and reviewed within our work papers, they are not included as exhibits for this report.

We reviewed the loss and ALAE expense on a combined basis. Furthermore, our analysis is performed on a policy year basis to accurately reflect the loss limits for each period.

We noted that the recent valuation includes a case reserve for anticipated recoverables, thereby reducing the case basis claim reserves and the incurred losses. We noted that these recoverables are not just related to excess claims. In many cases the anticipated recoverable reserves were greater than the reimbursements received in the past. Since the historical data can not be used to validate the reasonableness of these amounts we decided to handle these amounts separately. Ultimate losses were therefore projected using losses gross of recoveries and recoverables. We separated the recoverables into the amount anticipated for claims exceeding the retention and the other recoverables. We accepted the amounts exceeding the retention as being reasonable (albeit we did not test the collectibility of these recoveries). Total future "other" recoverables were determined by analyzing the paid-recoveries-to-paid-loss development, considering the case basis recoverable reserves and selecting ultimate recovery ratios. The net ultimate was determined by netting the gross ultimate losses by the recoverable ultimate losses. We compared the amount of anticipated recoveries based on prior collections to the amounts CRM recorded on a case basis. The NYSWCB can investigate whether CRM maintains sufficient supporting evidence for the larger anticipated offsets.

Since we were not provided the data we requested to develop net loss development patterns we used a hybrid approach to determine our best estimate of the net ultimate loss. We reviewed the gross development data to select a loss development pattern that would be appropriate for the Trust's retention. Large increases in the development factors were given less weight under the assumption that these may relate to large losses. The tail factor selections were also more in line with the PwC limited tail factor benchmarks. After developing the gross losses in this manner, the excess losses and expected recoverable losses were then subtracted to produce an estimate of the net loss.

In developing the gross loss and ALAE reserve estimates, PwC first projected gross paid and incurred loss and ALAE to estimated ultimate values using several actuarial methods. We selected an ultimate value by reviewing the various ultimate estimates and applying actuarial judgment to achieve a reasonable point estimate for the ultimate liability. The selected reserves were then determined as the difference between the selected ultimate loss and the paid loss. The difference between the selected ultimate loss and the incurred loss is PwC's estimate of the reserve for losses which were incurred but not reported (IBNR). Thus IBNR includes a provision for both development on known cases as well as a provision for late reported claims. The following actuarial methods were used in projecting net ultimate losses:

- Paid Loss Development;
- Incurred Loss Development;
- Bornhuetter-Ferguson Using Payroll and Paid Loss;
- Bornhuetter-Ferguson Using Payroll and Incurred Loss; and
- Expected Loss.

Frequency and severity methods, development methods by coverage, and other diagnostics were evaluated but not included in this report.

Paid Loss Development

Using paid loss development method (LDM), ultimate losses are estimated by calculating past paid loss development factors and applying them to exposure periods with further expected paid loss development.

The paid loss development method assumes that losses are paid at a consistent rate. It provides an objective test of incurred loss projections because paid losses contain no reserve estimates, nor are they as greatly influenced by changes in claims reserving policies and procedures as are incurred losses.

In some circumstances, paid losses for recent periods may be too immature or erratic for accurate predictions. For many lines of insurance, claim payments are made very slowly and it may take years for claims to be fully reported and settled. Payments may be erratic because of shifts in settlement patterns or large settlements in the early stages of development. Choosing an appropriate "tail factor" to determine the amount of payments from the latest development period to ultimate may also require considerable judgment, especially for coverages which have long payment patterns. In these cases, alternate methods are relied upon in selecting ultimate losses.

Incurred (Reported) Loss Development

Using the incurred loss development technique, ultimate losses are estimated by calculating historical loss development factors based on reported losses and applying them to exposure periods with further expected incurred loss development.

Since incurred losses include payments and case loss reserves, changes in both of these amounts are incorporated in this method, providing a larger volume of data than just payments to estimate ultimate losses. Thus incurred loss patterns may be less erratic than paid loss patterns, especially for coverages which have a long payout pattern but for which claims are reported relatively early and case loss reserve estimates are established.

This method assumes that those who have been setting reserves have been following consistent practices over the historical period that is reviewed. Changes in claims handling procedures, large claims, or significant numbers of claims of an unusual nature may cause results to be erratic. Also, choosing an appropriate "tail factor" to determine the change in incurred loss from the latest development period to ultimate may require considerable judgment, especially for coverages which have long reporting patterns.

Bornhuetter-Ferguson Method

The Bornhuetter-Ferguson Method (BFM) is a combination of the loss development method and Expected Loss Method. The amount of losses yet to be paid is based on expected loss and the loss development patterns derived from the Loss Development Method. The BFM can be applied to paid losses or reported losses. The formula used to estimate reserves for unreported claims and for any additional payments on reported claims are estimated as the product of expected losses (payroll x the loss rates) and $[1 - (1/CLDF)]$, where CLDF is the appropriate cumulative paid loss development factor. These reserves are added to cumulative paid losses to produce the ultimate loss estimates.

This method avoids some of the distortion which could result from the loss development methods when a large development factor is applied to either a small base of paid losses or a year with an unusual amount of large losses. This method will react very slowly if actual loss ratios develop differently due to major changes in rate levels, retentions or deductibles, the forms and conditions of reinsurance coverage, the types of risks covered or a variety of other changes.

The Bornhuetter-Ferguson approach is particularly useful for the most recent years because of its relative stability compared with that of development techniques. Paid loss development factors, in particular, can be very large for the most recent years; a relatively small change in the reporting or payment pattern could significantly distort the calculated result.

Expected Loss Method

The expected loss method is typically used for incomplete policy years or for making projections for new lines of business. The expected ultimate loss is determined by taking an average of historical results, adjusting for large losses, change in benefits, underwriting changes, and loss trends. The expected loss can be determined by developing an expected loss rate using audited payroll as a base or by developing an expected loss ratio using audited premium as the base.

Diagnostics

We calculated certain diagnostic statistics to assess potential changes in the claim reserving and settlement practices and to test the appropriateness of the selected reserve. These included reported frequency, ultimate severity, ultimate loss rates, paid-to-incurred ratio, IBNR-to-case reserve ratio, average case reserve per reported claim, average case reserve per open claim, recovery-to-paid ratio, and settlement rate. The claim count data included with the loss development data appears to be incorrect. The data shows closed claim counts exceeding reported claim counts in many instances, suggesting that there are a negative number of open claims for segments where the Trust has case-basis reserves. Our reliance on the diagnostics was limited due to the lack of credibility in the data.

Claim diagnostics are an essential component to evaluating the changes in claim handling procedures. If claims are paid faster than historical development patterns suggest, the indicated reserves that are based on paid loss development methods would be overstated. However, if these payments result in the closing of claims and a reduction in future exposure to loss, the true value of the unpaid liabilities should be reduced. Similarly, if claim file reviews significantly increase the case basis claim reserves, loss development methods using incurred losses may suggest that there is more development to occur in the future. However, if the average case basis reserve is significantly larger than the reserves historically established, the true value of the required IBNR should be reduced to reflect the increase in case basis reserves. Claim diagnostics allow the actuary to evaluate and quantify the changes that have been made in settlement rates and the average case basis claim reserves.

Despite our repeated request for corrected data, CRM did not provide PwC with credible open claim count data. Their inability to provide this basic claim statistic limited our analysis and required us to apply more judgment when selecting our assumptions.

Gross-up for Anticipated Recoverables

We also determine the gross-up for the anticipated recoverable losses. The ultimate losses and reserve for losses exceeding the retention were determined by analyzing the large losses. The hybrid approach used to determine our loss development factors may under-state the anticipated gross-up. Therefore, if the collectibility of reinsurance is an issue, these estimates should be revisited. The other anticipated recoverables were based on the case basis reserve estimates and our estimate of the ultimate recovery ratio.

Assessment Reserves

Due to the uncertainty in how future assessments will be made, we have not revised the method used by SGRisk to determine the indicated assessment reserve. We have revised the discount rate based on the rate used in our analysis and applied the other SGRisk factors to our indicated reserve. SGRisk applies the assessment rate to the net reserves. However, we believe that the assessment applies to all indemnity payments, even those above the Trust's retention. Therefore, we have calculated the additional assessment that would result from applying the assessment rate to the gross indemnity reserves, but have not included this amount in Exhibit 1. The indicated assessment reserve would be \$0.48 million higher based on the gross unpaid losses.

Abbreviations

ALAE	Allocated loss adjustment expenses
BF	Bornhuetter-Ferguson method for projecting ultimate amounts
EMB	EMB America, LLC - Independent Actuarial Firm
GAAP	Generally Accepted Accounting Principles
IBNR	Incurred but not reported
LAE	Loss adjustment expenses
LDF	Loss development factor
NCCI	National Council on Compensation Insurance, Inc.
NYCIRB	New York Compensation Insurance Rating Board
NYSWCB	New York State Workers' Compensation Board
PLDM	Paid Loss Development Method
PBFM	Paid Bornhuetter-Ferguson Method
PwC	PricewaterhouseCoopers LLP
RLDM	Reported Loss Development Method
RBFM	Reported Bornhuetter-Ferguson Method
TPA	Third party administrator
ULAE	Unallocated loss adjustment expenses

Transportation Trust Trust

Loss and LAE Reserve Analysis As of 9/30/07

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Transportation Trust Trust

Workers' Compensation
As of 9/30/07

Summary of Net Loss & ALAE Reserves
Net of All Recoverables and Reinsurance

Policy Year	(1) Cumulative Paid Loss	(2) Case Loss Reserves	(3) Cumulative Incurred Loss	(4) Indicated IBNR	(5) Selected Ultimate Loss	(6) Total Outstanding (2) + (4)
1/1/01-1/1/02	467,558	107,580	575,138	413	575,552	107,993
1/1/02-1/1/03	2,855,928	415,985	3,271,914	52,270	3,324,184	468,256
1/1/03-1/1/04	4,594,537	1,132,325	5,726,862	302,763	6,029,624	1,435,087
1/1/04-1/1/05	6,416,081	2,107,198	8,523,280	808,556	9,331,836	2,915,754
1/1/05-1/1/06	7,009,161	4,147,676	11,156,837	1,688,150	12,844,988	5,835,827
1/1/06-1/1/07	5,123,264	3,231,149	8,354,413	5,204,334	13,558,747	8,435,483
1/1/07-9/30/07	1,153,664	1,332,627	2,486,291	7,031,167	9,517,459	8,363,795
Total	27,724,842	12,474,541	40,199,383	15,087,654	55,287,037	27,562,195

(7): Total Net Ultimate Losses at 12/31/2006 45,664,930
 (8): Total Net Paid Losses at 12/31/2006 20,224,611
 (9): Total Net Loss Reserve at 12/31/2006 25,440,319

(10): Total ULAE Reserve at 12/31/2006 1,948,450

(11): Discount Rate 0.896

(12): Total Discounted Net Loss and LAE Reserve at 12/31/2006 24,531,690

(13): Discounted Assessment 4,771,150

(14): Total Discounted Indicated Reserve at 12/31/2006 29,302,840

(15): Recorded Loss and LAE Reserves as of 12/31/2006: 18,371,000

Difference: (10,931,840)

(16a): Gross-up for excess recoverables 613,207

(16b): Gross-up for other recoverables 790,598

(16c): Gross-up for other IBNR recoverables 1,144,293

Notes:

- (1) Exhibit 1, Sheet 3, Col (1) - Exhibit 1, Sheet 2, Col (1) - Exhibit 1, Sheet 2, Col (5)
- (2) Col (3) - Col (1)
- (3) Exhibit 1, Sheet 3, Col (3) - Exhibit 1, Sheet 2, Col (3) - Exhibit 1, Sheet 2, Col (7)
- (4) Col (5) - Col (3)
- (5) Exhibit 1, Sheet 3, Col (5) - Exhibit 1, Sheet 2, Col (4) - Exhibit 1, Sheet 2, Col (8) (ie this is net of anticipated recoverables)
- (6) Col (2) + Col (4)
- (7) Col (5): policy years 1/1/01-1/1/02 through 1/1/06-1/1/07
- (8) Provided by client.
- (9) Row (7) - Row (8)
- (10) Based on 13.5% paid-to-paid ratio, and 80% of IBNR is development on known claims
- (11) Based on the payment patterns and indicated reserves as of 9/2007
- (12) [Row (9) + Row (10)] * Row 11
- (13) Provided by SGRisk
- (14) Row (12) + Row (13)
- (15) Provided by client. (It should be noted that this trust has recorded 70,545 reinsurance recoverable

Transportation Trust Trust
Workers' Compensation
As of 9/30/07
Summary of Excess Loss & ALAE and Recoveries

Policy Year	Excess and Aggregate Recoveries				Other Recoveries			
	(1) Cumulative Excess Paid Loss	(2) Excess Case Loss Reserves	(3) Cumulative Excess Incurred Loss	(4) Ultimate Excess	(5) Cumulative Paid Recoveries	(6) Recoverables	(7) Cumulative Incurred Recoveries	(8) Ultimate Recoveries
	-	-	-	-	-	-	-	-
1/1/01-1/1/02	-	-	-	-	4,784	19,991	24,775	24,775
1/1/02-1/1/03	120,390	154,143	274,533	278,225	522,186	92,702	614,888	614,888
1/1/03-1/1/04	-	7,913	7,913	8,293	283,745	299,268	583,013	583,013
1/1/04-1/1/05	-	-	-	-	342,107	221,839	563,946	563,946
1/1/05-1/1/06	-	189,791	189,791	224,453	44,086	13,107	57,192	417,104
1/1/06-1/1/07	-	261,360	261,360	435,344	17,195	-	17,195	385,732
1/1/07-9/30/07	-	-	-	-	-	1,000	1,000	448,467
Total	120,390	613,207	733,597	946,315	1,214,103	647,906	1,862,009	3,037,924
			Recovery Data as of 12/31/2006:		654,566	790,598	1,445,165	2,589,457

Notes:

- (1) and (3) Provided by client.
- (2) Col (3) - Col (1)
- (4) Judgmentally Selected
- (5) and (7) Provided by client.
- (6) Col (7) - Col (5)
- (8) From Exhibit 5 - Col (4).

Transportation Trust Trust

Workers' Compensation
As of 9/30/07

Summary of Gross Loss & ALAE Reserves

Gross of All Recoverables and Reinsurance

Policy Year	(1) Cumulative Paid Loss	(2) Case Loss Reserves	(3) Cumulative Incurred Loss	(4) Indicated IBNR	(5) Selected Ultimate Loss	(6) Total Outstanding (2) + (4)
1/1/01-1/1/02	472,342	127,572	599,914	413	600,327	127,985
1/1/02-1/1/03	3,498,505	662,830	4,161,335	55,962	4,217,297	718,792
1/1/03-1/1/04	4,878,282	1,439,506	6,317,788	303,142	6,620,930	1,742,648
1/1/04-1/1/05	6,758,189	2,329,037	9,087,226	808,556	9,895,782	3,137,593
1/1/05-1/1/06	7,053,247	4,350,574	11,403,821	2,082,724	13,486,545	6,433,298
1/1/06-1/1/07	5,140,459	3,492,509	8,632,968	5,746,855	14,379,823	9,239,364
1/1/07-9/30/07	1,153,654	1,333,627	2,487,291	7,478,634	9,965,925	8,812,261
Total	29,059,336	13,735,654	42,794,990	16,476,286	59,271,276	30,211,940

Notes:

- (1) and (2) Provided by client.
- (3) Col (3) - Col (1)
- (4) Col (5) - Col (3)
- (5) From Exhibit 4, Sheet 1. Latest year pro-rated.
- (6) Col (2) + Col (4)

Transportation Trust Trust
Workers' Compensation
Net Ultimate Loss and ALAE Runoff
As of 9/30/07
Summary of Results
Net of All Recoverables and Reinsurance

Policy Year	PwC Selected Ultimate Loss as of 9/30/07 (1)	EMB Selected Ultimate Loss as of 9/30/07 (2)	SGRisk Ultimate Loss 2006 (3)	SGRisk Ultimate Loss 2005 (4)	SGRisk Ultimate Loss 2004 (5)	SGRisk Ultimate Loss 2003 (6)	One Year Change	Two Year Change	Three Year Change
1/1/01-1/1/02	\$575,552		602,229	438,530	394,934	414,698	163,699	207,295	187,531
1/1/02-1/1/03	\$3,324,184		3,301,049	2,830,681	2,484,016	2,562,152	470,368	817,033	738,897
1/1/03-1/1/04	\$6,029,624		5,382,335	4,771,999	4,389,265	4,821,832	611,236	993,070	560,503
1/1/04-1/1/05	\$9,331,836		8,772,155	8,038,800	7,015,680		733,355	1,756,475	
1/1/05-1/1/06	\$12,844,988		10,391,245	8,312,938			2,078,307		
1/1/06-1/1/07	\$13,558,747		9,941,968						
1/1/07-9/30/07	\$9,517,459								
Total (ex latest)	45,664,930	-	38,390,881	24,392,048	14,283,895	7,798,682	4,056,965	3,773,873	1,486,931
Total	55,182,389	-							
Difference with PwC			(7,274,049)	(7,714,136)	(4,977,301)				

**Transportation Trust Trust
PwC Analysis
As of 9/30/07**

Exhibit 3

Policy Year	Net Paid Loss	Net Incurred Loss	Gross Contribution	Paid LDFs	Incurred LDFs	Adjusted Incurred LDFs	PwC Expected Loss Ratio	On-Level Factor	Payroll	PwC Expected Loss Rate
1/1/01-1/1/02	467,558	575,138	944,247	1.061	1.001		1.060	1.631	345,405	3.713
1/1/02-1/1/03	2,855,928	3,271,914	4,318,135	1.089	1.013		0.909	1.398	503,196	3.788
1/1/03-1/1/04	4,594,537	5,726,862	9,743,843	1.184	1.048		0.812	1.249	1,181,842	3.864
1/1/04-1/1/05	6,416,081	8,523,280	14,448,132	1.358	1.168		0.772	1.187	2,862,951	3.941
1/1/05-1/1/06	7,009,161	11,156,837	15,233,460	1.726	1.366		0.764	1.176	2,798,697	4.020
1/1/06-1/1/07	5,123,264	8,354,413	15,383,861	2.804	1.899		0.650	1.000	3,272,798	4.100
1/1/07-9/30/07	1,153,664	2,486,291	12,114,791	12.157	4.795		0.650	1.000	2,577,328	4.020
	27,620,195	40,094,735	72,186,469						13,542,217	

Policy Year	Paid Dev. Ultimate	Incurred Dev. Ultimate	Adjusted Incurred Dev. Ultimate	Paid B-F Ultimate	Incurred B-F Ultimate	Adjusted Incurred B-F Ultimate	PwC Selected Ultimate Loss	Loss Ratio	On-Level Loss Ratio	Loss Rate
1/1/01-1/1/02	495,946	575,534	0			0	575,552	0.610	0.374	1.666
1/1/02-1/1/03	3,110,354	3,315,915	0	3,176,901	3,323,983	0	3,324,184	0.770	0.551	6.606
1/1/03-1/1/04	5,438,780	6,001,650	0	5,822,462	6,089,049	0	6,029,624	0.619	0.495	5.102
1/1/04-1/1/05	8,712,799	9,955,487	0	9,354,581	10,126,965	0	9,331,836	0.646	0.544	3.260
1/1/05-1/1/06	12,097,696	15,234,918	0	11,907,054	14,273,824	0	12,844,988	0.843	0.717	4.590
1/1/06-1/1/07	14,363,882	15,868,186	0	11,556,180	13,089,298	0	13,558,747	0.881	0.881	4.143
1/1/07-9/30/07	10,518,970	8,941,585	0	8,380,544	8,718,698	0	9,517,459	0.786	0.786	3.693
	54,738,427	59,893,276	0	50,197,723	55,621,817	0	55,182,389	0.764	0.683	4.075

Policy Year	PwC Selected Ultimate Loss	SGRisk Selected Ultimate Loss	Difference (SGR - PwC)	Indicated IBNR	Case Reserve	Percent of IBNR for Unreported Claims	Paid-to-Paid Ratio	Indicated ULAE	Total Reserve
1/1/01-1/1/02	575,552	602,229	26,677	413	107,580	0.200	0.135	7,295	115,288
1/1/02-1/1/03	3,324,184	3,301,049	(23,135)	52,270	415,985	0.200	0.135	32,313	500,569
1/1/03-1/1/04	6,029,624	5,382,335	(647,289)	302,763	1,132,325	0.200	0.135	100,956	1,536,043
1/1/04-1/1/05	9,331,836	8,772,155	(559,681)	808,556	2,107,198	0.200	0.135	207,729	3,123,483
1/1/05-1/1/06	12,844,988	10,391,245	(2,453,743)	1,688,150	4,147,676	0.200	0.135	416,708	6,252,535
1/1/06-1/1/07	13,558,747	9,941,868	(3,616,879)	5,204,334	3,231,149	0.200	0.135	639,654	9,075,136
1/1/07-9/30/07	9,517,459			7,031,167	1,332,627	0.200	0.135	659,477	9,023,271
	55,182,389	38,390,881	(7,274,049)	15,087,654	12,474,541			2,064,131	29,626,326

1/1/07-9/30/07 Pro-rated by 0.75

**Transportation Trust
Workers Compensation - Loss - Gross of All Recoveries
Summary of Estimated Ultimates as of 9/2007**

Estimate of Ultimates				
Method ->	3-Yr Ave Paid Analysis	3-Yr Ave Reported Analysis	Selected Paid Analysis	Selected Reported Analysis
1999	0	0	0	0
2000	109,579	104,648	109,579	104,648
2001	501,020	600,327	501,020	600,327
2002	3,882,456	4,706,803	3,810,176	4,217,297
2003	5,999,242	7,668,040	5,774,662	6,620,930
2004	10,660,033	12,428,675	9,177,368	10,614,196
2005	14,087,523	18,807,893	11,979,435	14,993,654
2006	16,647,306	21,023,691	13,772,873	14,986,772
2007	16,163,062	14,870,737	13,468,387	13,107,414
Total	68,050,222	80,210,814	58,593,500	65,245,238

Selected Estimated Ultimates			
Policy Yr	Weighted Average	Selected Estimate of Ultimates	Calculated Estimate of Ultimates
1999	0		0
2000	104,648		104,648
2001	600,327		600,327
2002	4,217,297		4,217,297
2003	6,620,930		6,620,930
2004	9,895,782		9,895,782
2005	13,486,545		13,486,545
2006	14,379,823		14,379,823
2007	13,287,900	9,965,925	9,965,925
Total	62,593,251		59,271,276

Estimated Ultimates Reconciliation						
Policy Yr	Paid Loss	Reported Loss	Case Reserves	IBNR	Estimate of Total Reserve	Loss Estimate of Ultimate
1999	0	0	0	0	0	0
2000	104,648	104,648	0	0	0	104,648
2001	472,342	599,914	127,572	413	127,985	600,327
2002	3,498,505	4,161,335	662,830	55,962	718,792	4,217,297
2003	4,878,282	6,317,788	1,439,506	303,142	1,742,648	6,620,930
2004	6,758,189	9,087,226	2,329,037	808,556	3,137,593	9,895,782
2005	7,053,247	11,403,821	4,350,574	2,082,724	6,433,298	13,486,545
2006	5,140,459	8,632,968	3,492,509	5,746,855	9,239,364	14,379,823
2007	1,153,664	2,487,291	1,333,627	7,478,634	8,812,261	9,965,925
Total	29,059,336	42,794,990	13,735,654	16,476,286	30,211,940	59,271,276

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**Transportation Trust
Workers Compensation - Loss
Loss Development as of 9/2007
Paid Analysis**

Exhibit 4
Sheet 2

Estimated Ultimate									
Policy Yr	Paid Amounts	Factor to Ultimate	Estimate of Ultimate	Payroll	Estimated Ratio	Expected Loss Rate	BFM Estimate of Ultimate	Selected Estimate of Ultimate	Paid Loss Ultimate
1999	0	1.045	0	0	0.000	0.000	0		0
2000	104,648	1.047	109,579	0	0.000	0.000	104,648		109,579
2001	472,342	1.061	501,020	345,405	1.451	3.713	545,761		501,020
2002	3,498,505	1.089	3,810,176	503,196	7.572	3.788	3,654,414		3,810,176
2003	4,878,282	1.184	5,774,662	1,181,842	4.886	3.864	5,587,057		5,774,662
2004	6,758,189	1.358	9,177,368	2,862,951	3.206	3.941	9,732,232		9,177,368
2005	7,053,247	1.726	12,173,787	2,798,697	4.350	4.020	11,785,083	11,979,435	11,979,435
2006	5,140,459	2.804	14,412,091	3,272,798	4.404	4.100	13,772,873	13,772,873	13,772,873
2007	1,153,664	12.157	14,025,294	3,272,798	4.285	4.100	13,468,387	13,468,387	13,468,387
Total	29,059,336		59,983,978	14,237,687	4.213		58,650,454		58,593,500

Estimated Ultimate Reconciliation						
Policy Yr	Paid Amounts	Reported Amounts	Case Reserves	IBNR	Estimate of Total Reserve	Estimate of Ultimate
1999	0	0	0	0	0	0
2000	104,648	104,648	0	4,932	4,932	109,579
2001	472,342	599,914	127,572	-98,893	28,678	501,020
2002	3,498,505	4,161,335	662,830	-351,159	311,670	3,810,176
2003	4,878,282	6,317,788	1,439,506	-543,126	896,380	5,774,662
2004	6,758,189	9,087,226	2,329,037	90,142	2,419,179	9,177,368
2005	7,053,247	11,403,821	4,350,574	575,614	4,926,188	11,979,435
2006	5,140,459	8,632,968	3,492,509	5,139,905	8,632,414	13,772,873
2007	1,153,664	2,487,291	1,333,627	10,981,095	12,314,722	13,468,387
Total	29,059,336	42,794,990	13,735,654	15,798,510	29,534,164	58,593,500

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**Transportation Trust
Workers Compensation - Loss
Loss Development as of 9/2007
Reported Analysis**

Exhibit 4
Sheet 4

Estimated Ultimate									
Policy Yr	Reported Amounts	Factor to Ultimate	Estimate of Ultimate	Payroll	Estimated Ratio	Expected Loss Rate	BFM Estimate of Ultimate	Selected Estimate of Ultimate	Reported Loss Ultimate
1999	0	1.000	0	0	0.000	0.000	0		0
2000	104,648	1.000	104,648	0	0.000	0.000	104,648		104,648
2001	599,914	1.001	600,327	345,405	1.738	3.713	600,796		600,327
2002	4,161,335	1.013	4,217,297	503,196	8.381	3.788	4,186,627		4,217,297
2003	6,317,788	1.048	6,620,930	1,181,842	5.602	3.864	6,526,847		6,620,930
2004	9,087,226	1.168	10,614,196	2,862,951	3.707	3.941	10,710,309		10,614,196
2005	11,403,821	1.366	15,572,180	2,798,697	5.564	4.020	14,415,129	14,993,654	14,993,654
2006	8,632,968	1.899	16,397,267	3,272,798	5.010	4.100	14,986,772	14,986,772	14,986,772
2007	2,487,291	4.795	11,926,908	3,272,798	3.644	4.100	13,107,414	13,107,414	13,107,414
Total	42,794,990		66,053,752	14,237,687	4.639		64,638,543		65,245,238

Estimated Ultimate Reconciliation						
Policy Yr	Reported Amounts	Paid Amounts	Case Reserves	IBNR	Estimate of Total Reserve	Estimate of Ultimate
1999	0	0	0	0	0	0
2000	104,648	104,648	0	0	0	104,648
2001	599,914	472,342	127,572	413	127,985	600,327
2002	4,161,335	3,498,505	662,830	55,962	718,792	4,217,297
2003	6,317,788	4,878,282	1,439,506	303,142	1,742,648	6,620,930
2004	9,087,226	6,758,189	2,329,037	1,526,970	3,856,007	10,614,196
2005	11,403,821	7,053,247	4,350,574	4,168,359	8,518,932	14,993,654
2006	8,632,968	5,140,459	3,492,509	7,764,300	11,256,808	14,986,772
2007	2,487,291	1,153,664	1,333,627	9,439,617	10,773,244	13,107,414
Total	42,794,990	29,059,336	13,735,654	23,258,763	36,994,417	65,245,238

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**Transportation Trust
Workers Compensation - Loss
Loss Development as of 9/2007
Reported Analysis**

Exhibit 4
Sheet 5

Policy Yr	Reported Amounts																																						
	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66	69	72	75	78	81	84	87	90	93	96							
1999	0	0	0	0	18,600	49,463	49,681	74,402	80,188	106,814	108,814	101,926	101,926	101,926	102,168	102,168	102,168	103,971	103,971	103,971	104,271	104,271	104,561	104,576	104,576	104,576	104,576	104,648	104,648	104,648	104,648	0	0	0	0				
2000	78,249	75,588	89,818	111,705	216,712	231,060	244,555	375,870	378,399	379,265	369,816	368,014	370,872	371,543	374,942	374,953	393,337	401,819	453,903	458,743	447,213	467,832	475,317	478,038	595,954	593,750	599,914	0	0	0	0	0	0	0	0				
2002	49,696	296,938	414,188	1,539,847	2,305,931	2,488,332	2,632,111	2,853,887	3,005,613	3,083,887	3,165,298	3,171,205	3,282,428	3,363,310	3,705,503	3,841,206	3,839,510	3,803,288	3,564,931	3,946,173	4,123,634	4,129,707	4,161,335	0	0	0	0	0	0	0	0	0	0	0	0	0			
2003	265,607	518,565	1,112,285	1,989,647	2,518,076	2,864,996	3,249,853	3,488,584	3,827,665	3,849,523	4,177,124	4,474,137	4,896,258	5,137,809	5,203,004	5,629,972	5,912,944	6,168,047	6,311,786	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
2004	1,108,447	2,106,754	2,851,614	4,017,109	4,797,038	5,067,612	5,439,317	5,935,916	6,237,578	6,759,562	7,578,009	8,234,818	8,915,735	9,006,839	9,087,226	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
2005	531,117	1,770,269	2,602,037	3,463,615	4,303,666	5,055,008	6,449,237	6,937,914	9,842,328	10,737,061	11,403,821	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2006	436,019	1,368,562	2,948,722	4,141,051	6,119,441	7,274,015	8,632,968	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2007	369,676	1,306,081	2,467,281	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Policy Yr	Age-to-Age Factors																																						
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75	75-78	78-81	81-84	84-87	87-90	90-93	93-96	To LR							
1999	0.966	1.168	1.244	1.540	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958		
2000	0.966	1.168	1.244	1.540	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	
2002	0.966	1.168	1.244	1.540	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	
2003	0.966	1.168	1.244	1.540	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958
2004	0.966	1.168	1.244	1.540	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958
2005	0.966	1.168	1.244	1.540	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958
2006	0.966	1.168	1.244	1.540	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958
2007	0.966	1.168	1.244	1.540	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958

	Averages																																							
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75	75-78	78-81	81-84	84-87	87-90	90-93	93-96	To LR								
Simple Avg	3.214	1.807	1.705	1.432	1.121	1.144	1.197	1.110	1.030	1.034	1.031	1.051	1.023	1.014	1.028	1.014	1.023	1.040	1.007	1.017	1.008	1.003	1.123	0.998	1.005	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
Latest 5	3.352	1.806	1.400	1.305	1.140	1.179	1.137	1.129	1.057	1.069	1.053	1.082	1.037	1.020	1.040	1.032	1.019	1.030	1.040	1.007	1.017	1.008	1.003	1.123	0.998	1.005	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Metal Avg	3.003	1.836	1.496	1.364	1.120	1.132	1.156	1.103	1.024	1.037	1.024	1.052	1.021	1.010	1.018	1.033	1.011	1.012	1.010	1.000	1.023	1.008	1.003	1.123	0.998	1.005	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Latest 5x1	3.308	1.901	1.404	1.243	1.187	1.187	1.091	1.087	1.082	1.085	1.071	1.083	1.049	1.013	1.037	1.049	1.022	1.024	1.010	1.000	1.002	1.009	1.003	1.123	0.998	1.005	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Volume Wtd	2.919	1.878	1.525	1.326	1.137	1.168	1.138	1.132	1.058	1.074	1.062	1.081	1.029	1.018	1.060	1.029	1.023	0.987	1.004	1.037	1.008	1.008	1.005	1.202	0.997	1.009	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Yrs	2.666	1.683	1.525	1.325	1.137	1.168	1.138	1.132	1.058	1.074	1.062	1.081	1.029	1.018	1.060	1.029	1.023	0.987	1.004	1.037	1.008	1.008	1.005	1.202	0.997	1.009	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Latest 5	3.340	1.771	1.401	1.310	1.143	1.180	1.153	1.146	1.068	1.084	1.064	1.083	1.029	1.010	1.061	1.029	1.023	0.996	1.004	1.037	1.008	1.008	1.005	1.202	0.997	1.009	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

	Development Factor Selection																																								
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75	75-78	78-81	81-84	84-87	87-90	90-93	93-96	To LR									
Industry	2.808	1.751	1.488	1.167	1.116	1.099	1.072	1.058	1.044	1.039	1.037	1.034	1.031	1.029	1.019	1.018	1.016	1.016	1.014	1.014	1.014	1.014	1.013	1.008	1.008	1.007	1.007	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006			
Inverse Power Curve	6.622	2.281	1.528	1.283	1.175	1.116	1.085	1.063	1.049	1.039	1.032	1.026	1.022	1.019	1.016	1.014	1.012	1.011	1.010	1.009	1.008	1.007	1.007	1.006	1.006	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005	
Exponential Curve	1.933	1.547	1.432	1.342	1.270	1.213	1.169	1.133	1.105	1.083	1.066	1.052	1.041	1.032	1.026	1.020	1.016	1.013	1.010	1.008	1.006	1.005	1.004	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	
Merit Curve	2.736	1.836	1.511	1.345	1.246	1.181	1.137	1.105	1.082	1.064	1.051	1.041	1.033	1.026	1.021	1.017	1.014	1.012	1.010	1.008	1.006	1.005	1.004	1.004	1.003	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002
Default	3.340	1.771	1.401	1.310	1.143	1.180	1.153	1.146	1.068	1.084	1.064	1.083	1.029																												

**Transportation Trust Trust
PwC Bornheutter-Ferguson Analysis
As of 12/31/2006**

Exhibit 4
Sheet 6

Policy Year	Gross Contribution	On-Level Factor	PwC Expected Ultimate Loss	On-Level Loss Ratio	Selected Seed	Incurred Loss	PwC BS Incurred LDFs	B-F Ultimate Using Loss Ratio	B-F Ultimate Using Loss Rate	Selected B-F Ultimate
1/1/01-1/1/02	944,247	1.631	457,161	0.297	1.060	441,907	1.010	452,081	454,944	452,081
1/1/02-1/1/03	4,318,135	1.398	3,349,078	0.555	0.909	3,141,547	1.034	3,271,018	3,204,436	3,237,727
1/1/03-1/1/04	9,743,843	1.249	5,869,275	0.482	0.812	5,078,358	1.119	5,920,566	5,564,492	5,742,529
1/1/04-1/1/05	14,448,132	1.187	9,573,148	0.558	0.772	7,780,046	1.206	9,687,239	9,710,309	9,698,774
1/1/05-1/1/06	15,233,460	1.176	11,248,624	0.628	0.764	7,959,994	1.243	10,237,930	10,160,699	10,199,315
1/1/06-1/1/07	15,383,861	1.000	13,179,778	0.857	0.650	4,135,066	2.115	9,407,114	11,209,696	10,308,405
	60,071,678		43,677,063			28,536,918		38,975,949	40,304,575	39,638,831

Policy Year	Payroll (00's)	2% Trend Factor	PwC Expected Ultimate Loss	On-Level Loss Rate	Selected Seed with Detrend @ 2%	Incurred Loss	PwC BS Incurred LDFs	B-F Ultimate Using Loss Rate	Expeded Loss Extend Exposure Ex 4 Sheet 7
1/1/01-1/1/02	345,405	1.104	457,161	1.461	3.713	441,907	1.010	454,944	1,718,027
1/1/02-1/1/03	503,196	1.082	3,349,078	7.204	3.788	3,141,547	1.034	3,204,436	2,613,280
1/1/03-1/1/04	1,181,842	1.061	5,869,275	5.270	3.864	5,078,358	1.119	5,564,492	6,266,750
1/1/04-1/1/05	2,862,951	1.040	9,573,148	3.479	3.941	7,780,046	1.206	9,710,309	13,601,075
1/1/05-1/1/06	2,798,697	1.020	11,248,624	4.100	4.020	7,959,994	1.243	10,160,699	13,204,824
1/1/06-1/1/07	3,272,798	1.000	13,179,778	4.027	4.100	4,135,066	2.115	11,209,696	15,809,671
	10,964,889		43,677,063			28,536,918		40,304,575	53,213,627

Transportation Payroll Totals by Year

Exhibit 4
Sheet 7

Class	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2005 Loss Cost
42				\$ 64,000	\$ 67,200	\$ 38,364	5.2668
3400			\$ 55,000	\$ 18,810			5.6385
3724	\$ 813,000	\$ 737,000	\$ 715,250	\$ 1,186,375	\$ 677,701	\$ 740,000	5.9787
4000	\$ 254,000	\$ 279,400	\$ 181,071	\$ 181,071	\$ 304,250	\$ 315,001	4.1517
5190			\$ 49,500	\$ -			4.2147
5193	\$ 1,550,800	\$ 1,633,000	\$ 1,864,260	\$ 202,019	\$ 297,115	\$ 377,960	8.5302
5221			\$ 22,000	\$ 13,000	\$ 70,675	\$ 80,660	7.0938
5403			\$ 30,000	\$ 22,050	\$ 22,050	\$ 22,050	7.8057
5429	\$ 1,635,000	\$ 1,355,000	\$ 1,423,000	\$ 2,717,703	\$ 2,742,700	\$ 3,306,475	3.9627
5506				\$ 60,000	\$ 63,000	\$ 119,033	9.3177
5536			\$ 218,432	\$ 2,364,090	\$ 2,569,667	\$ 2,284,167	4.8951
5606			\$ 30,000	\$ 20,000	\$ 14,700	\$ 21,500	3.3012
5610			\$ 100,000	\$ 45,000	\$ 120,709	\$ 120,709	3.7674
5709			\$ 33,800	\$ -	\$ -	\$ 21,209	0
6217			\$ 189,741	\$ 595,500	\$ 313,441	\$ 346,111	5.2731
6229				\$ 16,000	\$ 16,800	\$ 9,924	3.9879
7197	\$ 125,000	\$ 125,000	\$ 317,000	\$ 134,942	\$ 134,942	\$ 205,113	7.9632
7219	\$ 7,838,014	\$ 16,966,357	\$ 25,867,143	\$ 32,849,460	\$ 44,037,472	\$ 61,613,694	7.7175
7231	\$ 80,000	\$ -	\$ 1,845,800	\$ 1,978,000	\$ 2,468,367	\$ 1,552,613	5.7645
7368			\$ 150,000	\$ 3,433,562	\$ 3,555,670	\$ 4,437,468	7.2828
7377			\$ 72,200	\$ 4,176,692	\$ 5,398,228	\$ 6,428,568	4.0131
7380	\$ 1,025,820	\$ 1,148,061	\$ 2,445,824	\$ 2,098,070	\$ 3,268,093	\$ 2,756,622	6.741
7580					\$ 580,000	\$ 580,000	2.7279
7590	\$ 426,666	\$ 729,866	\$ 6,676,621	\$ 8,915,648	\$ 7,102,236	\$ 10,213,334	6.7347
8018			\$ 200,000	\$ 200,000	\$ 255,600	\$ 287,925	3.339
8034					\$ 896,771		8.9586
8232	\$ 174,974	\$ 175,000	\$ 125,000	\$ 443,099	\$ 1,119,187	\$ 1,021,730	5.9661
8263			\$ 1,500,500	\$ 1,810,885	\$ 2,800,266	\$ 1,295,778	6.7032
8264			\$ 1,289,500	\$ 1,625,000	\$ 4,509,974	\$ 5,231,375	7.1064
8292	\$ 846,744	\$ 1,038,744	\$ 959,084	\$ 1,124,673	\$ 1,348,271	\$ 1,661,678	4.9581
8293	\$ 890,600	\$ 555,600	\$ 2,178,513	\$ 1,751,860	\$ 1,856,130	\$ 2,419,501	9.891
8350	\$ 1,450,800	\$ 1,528,000	\$ 1,563,770	\$ 2,119,319	\$ 2,324,409	\$ 2,593,223	5.2605
8385	\$ -	\$ 160,000	\$ 440,000	\$ 3,525,437	\$ 4,259,970	\$ 4,906,723	6.4449
8391	\$ 628,668	\$ 977,254	\$ 1,315,305	\$ 2,597,513	\$ 3,408,473	\$ 3,857,043	3.6162
8394	\$ 77,000	\$ 1,922,906	\$ 14,159,920	\$ 112,193,896	\$ 71,484,808	\$ 88,182,548	5.0022
8500	\$ 389,000	\$ 491,578	\$ 201,341	\$ 996,438	\$ -		7.1064
8742	\$ 2,943,578	\$ 2,652,531	\$ 5,734,975	\$ 9,170,286	\$ 12,912,168	\$ 11,637,115	0.3591
8751	\$ 10,000	\$ -	\$ -	\$ -	\$ -		4.5108
8809	\$ 2,246,909	\$ 3,912,797	\$ 8,520,204	\$ 12,763,833	\$ 13,800,998	\$ 16,409,744	0.2898
8810	\$ 6,970,768	\$ 9,153,063	\$ 20,975,690	\$ 49,803,841	\$ 56,970,387	\$ 62,758,579	0.2268
8829	\$ -	\$ -	\$ -	\$ -	\$ -		4.2084
9026					\$ 2,500	\$ 18,531	3.6477
9029	\$ 5,600	\$ 20,000	\$ 50,000	\$ 70,000	\$ 54,900	\$ 97,620	4.8573
9030	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ 5,900	4.3974
9402	\$ -	\$ -	\$ -	\$ 470,000	\$ 1,268,873	\$ 1,379,387	4.0635
9403	\$ 4,157,560	\$ 4,738,482	\$ 16,683,726	\$ 24,536,982	\$ 26,770,988	\$ 27,924,834	10.5777
Totals	\$ 34,540,501	\$ 50,319,639	\$ 118,184,170	\$ 286,295,054	\$ 279,869,689	\$ 327,279,809	
Expected Loss Average	1,718,027	2,613,280	6,266,750	13,601,075	13,204,824	15,809,671	
Loss rate	4.97	5.19	5.30	4.75	4.72	4.83	

**Transportation Trust
Workers Compensation
Recoverable Development as of 9/2007
Recoverable to Paid Loss Analysis**

Policy Yr	Recoveries to Paid Loss Ratios																															
	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66	69	72	75	78	81	84	87	90	93	96
1999	0.000																															
2000	0.000																															
2001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2003	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2004	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2005	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2006	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2007	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Policy Yr	Age-to-Age Factors																														
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75	75-78	78-81	81-84	84-87	87-90	90-93	93-96
1999	0.946																														
2000	0.989																														
2001	0.990																														
2002	0.990																														
2003	0.990																														
2004	0.990																														
2005	0.990																														
2006	0.990																														
2007	0.990																														

Policy Yr	Averages																														
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75	75-78	78-81	81-84	84-87	87-90	90-93	93-96
Simple Avg	0.973																														
All Yrs	0.973																														
Latest 2	0.973																														
Latest 3	0.973																														
Latest 4	0.973																														
Medial Avg	0.973																														
Latest 4y 1	0.973																														

Policy Yr	Development Factor Selection																														
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75	75-78	78-81	81-84	84-87	87-90	90-93	93-96
Industry	1.216																														
Default	1.216																														
Default Weight	1.216																														
User Selected	1.216																														
Selected Result	1.216																														
Factor UR	1.216																														
Percent of UR	1.216																														

Policy Yr	Estimated Ultimate						
	Recoveries to Paid Loss Ratio	Factor to Ultimate	Estimated Ultimate Ratio	Selected Ultimate Ratio	Selected Ultimate Loss	Estimated Ultimate Recovers	Reported Recovers
1999	0.000	1.000	0.000	0.000	0	0	0
2000	0.000	1.000	0.000	0.000	104,648	0	0
2001	0.910	1.000	0.910	0.910	600,327	6,080	24,775
2002	0.184	0.915	0.168	0.168	4,217,297	706,103	895,421
2003	0.054	0.858	0.050	0.050	6,820,830	330,406	506,026
2004	0.051	0.821	0.042	0.042	9,895,782	411,133	563,946
2005	0.006	1.497	0.009	0.045	13,486,545	696,895	246,963
2006	0.003	6.063	0.000	0.045	14,378,823	647,868	278,905
2007	0.000	12.975	0.000	0.045	9,965,925	448,467	1,000
Total					59,271,276	3,159,259	2,565,667

Policy Yr	Estimated Ultimate Reconciliation						
	Paid Recovers	Reported Recovers	Recoverables	Recoveries	Estimate of Total Recovers in Reserve	Reported Recovers in Reserve	Estimated Ultimate Recovers
1999	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0
2001	4,784	24,775	19,991	0	19,991	4,784	24,775
2002	642,577	889,421	246,844	0	246,844	337,616	570,510
2003	263,745	590,926	307,161	0	307,161	164,010	467,517
2004	342,107	563,946	221,839	0	221,839	127,400	349,239
2005	44,986	246,963	202,898	358,911	562,809	20,072	33,179
2006	17,195	278,905	261,360	368,537	629,897	385	365
2007	0	1,000	0	448,467	448,467	0	448,467
Total	1,334,483	2,595,607	1,261,113	1,125,915	2,437,028	654,566	1,445,165

Transportation Trust Workers Compensation Loss Development as of 9/2007 Reported Analysis

Estimated Ultimate					
Policy Yr	Reported Claim Counts	Factor to Ultimate	Estimate of Ultimate	Ultimate Loss	Severity
1999	0	1.000	0	0	0.0
2000	5	1.000	5	104,648	20,929.5
2001	38	1.000	38	600,327	15,798.1
2002	152	1.024	156	4,217,297	27,100.1
2003	396	1.029	408	6,620,930	16,246.5
2004	776	1.034	803	9,895,782	12,328.0
2005	801	1.039	832	13,486,545	16,207.8
2006	781	1.048	818	14,379,823	17,570.8
2007	476	1.488	531	9,965,925	18,762.2
Total	3,425		3,591	59,271,276	

Estimated Ultimate Reconciliation						
Policy Yr	Reported Claim Counts	Closed Claim Counts	Open Claim Counts	IBNR	Estimate of Unpaid Counts	Estimate of Ultimate
1999	0	0	0	0	0	0
2000	5	5	0	0	0	5
2001	38	38	0	0	0	38
2002	152	152	0	4	4	156
2003	396	396	0	12	12	408
2004	776	777	-1	27	26	803
2005	801	801	0	31	31	832
2006	781	785	-4	37	33	818
2007	476	489	-13	55	42	531
Total	3,425	3,443	-18	166	148	3,591

Affinity

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**Transportation Trust
Workers Compensation
Loss Development as of 9/2007
Reported Analysis**

Reported Counts

Policy Yr	3	5	6	8	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75	75-78	78-81	81-84	84-87	87-90	90-93	93-96	To UN																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
1899	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
2002	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
2003	41	37	37	37	44	52	59	64	68	74	76	78	80	82	84	86	88	90	91	92	93	95	97	99	101	103	105	107	109	111	113	115	117	119	121	123	125	127	129																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
2004	11	84	157	342	374	384	386	390	390	392	392	393	394	394	394	394	394	394	394	394	394	394	394	394	394	394	394	394	394	394	394	394	394	394	394	394	394	394	394																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
2005	182	361	554	730	785	796	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799	799																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
2006	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
2007	154	304	475	777	1061	1461	1983	2688	3534	4582	5882	7482	9482	11982	15082	18982	23982	29982	37482	46982	58982	73982	91982	112982	137982	166982	199982	237982	280982	330982	387982	454982	532982	622982	727982	848982	987982	1147982	1337982	1557982	1817982	2117982	2457982	2837982	3267982	3747982	4277982	4857982	5487982	6167982	6897982	7677982	8517982	9417982	1037982	1137982	1247982	1367982	1497982	1637982	1787982	1947982	2117982	2297982	2487982	2687982	2897982	3117982	3347982	3587982	3837982	4087982	4347982	4617982	4897982	5177982	5467982	5757982	6057982	6357982	6657982	6957982	7257982	7557982	7857982	8157982	8457982	8757982	9057982	9357982	9657982	9957982	10257982	10557982	10857982	11157982	11457982	11757982	12057982	12357982	12657982	12957982	13257982	13557982	13857982	14157982	14457982	14757982	15057982	15357982	15657982	15957982	16257982	16557982	16857982	17157982	17457982	17757982	18057982	18357982	18657982	18957982	19257982	19557982	19857982	20157982	20457982	20757982	21057982	21357982	21657982	21957982	22257982	22557982	22857982	23157982	23457982	23757982	24057982	24357982	24657982	24957982	25257982	25557982	25857982	26157982	26457982	26757982	27057982	27357982	27657982	27957982	28257982	28557982	28857982	29157982	29457982	29757982	30057982	30357982	30657982	30957982	31257982	31557982	31857982	32157982	32457982	32757982	33057982	33357982	33657982	33957982	34257982	34557982	34857982	35157982	35457982	35757982	36057982	36357982	36657982	36957982	37257982	37557982	37857982	38157982	38457982	38757982	39057982	39357982	39657982	39957982	40257982	40557982	40857982	41157982	41457982	41757982	42057982	42357982	42657982	42957982	43257982	43557982	43857982	44157982	44457982	44757982	45057982	45357982	45657982	45957982	46257982	46557982	46857982	47157982	47457982	47757982	48057982	48357982	48657982	48957982	49257982	49557982	49857982	50157982	50457982	50757982	51057982	51357982	51657982	51957982	52257982	52557982	52857982	53157982	53457982	53757982	54057982	54357982	54657982	54957982	55257982	55557982	55857982	56157982	56457982	56757982	57057982	57357982	57657982	57957982	58257982	58557982	58857982	59157982	59457982	59757982	60057982	60357982	60657982	60957982	61257982	61557982	61857982	62157982	62457982	62757982	63057982	63357982	63657982	63957982	64257982	64557982	64857982	65157982	65457982	65757982	66057982	66357982	66657982	66957982	67257982	67557982	67857982	68157982	68457982	68757982	69057982	69357982	69657982	69957982	70257982	70557982	70857982	71157982	71457982	71757982	72057982	72357982	72657982	72957982	73257982	73557982	73857982	74157982	74457982	74757982	75057982	75357982	75657982	75957982	76257982	76557982	76857982	77157982	77457982	77757982	78057982	78357982	78657982	78957982	79257982	79557982	79857982	80157982	80457982	80757982	81057982	81357982	81657982	81957982	82257982	82557982	82857982	83157982	83457982	83757982	84057982	84357982	84657982	84957982	85257982	85557982	85857982	86157982	86457982	86757982	87057982	87357982	87657982	87957982	88257982	88557982	88857982	89157982	89457982	89757982	90057982	90357982	90657982	90957982	91257982	91557982	91857982	92157982	92457982	92757982	93057982	93357982	93657982	93957982	94257982	94557982	94857982	95157982	95457982	95757982	96057982	96357982	96657982	96957982	97257982	97557982	97857982	98157982	98457982	98757982	99057982	99357982	99657982	99957982	100257982	100557982	100857982	101157982	101457982	101757982	102057982	102357982	102657982	102957982	103257982	103557982	103857982	104157982	104457982	104757982	105057982	105357982	105657982	105957982	106257982	106557982	106857982	107157982	107457982	107757982	108057982	108357982	108657982	108957982	109257982	109557982	109857982	110157982	110457982	110757982	111057982	111357982	111657982	111957982	112257982	112557982	112857982	113157982	113457982	113757982	114057982	114357982	114657982	114957982	115257982	115557982	115857982	116157982	116457982	116757982	117057982	117357982	117657982	117957982	118257982	118557982	118857982	119157982	119457982	119757982	120057982	120357982	120657982	120957982	121257982	121557982	121857982	122157982	122457982	122757982	123057982	123357982	123657982	123957982	124257982	124557982	124857982	125157982	125457982	125757982	126057982	126357982	126657982	126957982	127257982	127557982	127857982	128157982	128457982	128757982	129057982	129357982	129657982	129957982	130257982	130557982	130857982	131157982	131457982	131757982	132057982	132357982	132657982	132957982	133257982	133557982	133857982	134157982	134457982	134757982	135057982	135357982	135657982	135957982	136257982	136557982	136857982	137157982	137457982	137757982	138057982	138357982	138657982	138957982	139257982	139557982	139857982	140157982	140457982	140757982	141057982	141357982	141657982	141957982	142257982	142557982	142857982	143157982	143457982	143757982	144057982	144357982	144657982	144957982	145257982	145557982	145857982	146157982	146457982	146757982	147057982	147357982	147657982	147957982	148257982	148557982	148857982	149157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**Transportation Trust
Workers Compensation
Triangle Diagnostics
Claim Count Settlement Rates**

Exhibit 7
Sheet 1

		Closed Counts Triangle																																			
Policy Yr		3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66	69	72	75	78	81	84	87	90	93	96				
1999		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
2000		0	0	0	0	1	2	2	2	3	3	4	4	4	4	4	4	4	4	4	4	4	4	4	4	5	5	5	5	5	5	5	5	5	5		
2001		1	2	5	8	10	15	16	23	24	28	30	31	32	32	32	33	33	33	33	33	33	34	34	35	36	36	36	38								
2002		1	5	9	30	49	63	78	89	98	105	107	111	114	116	118	127	132	136	139	141	145	147	152													
2003		5	19	43	101	160	216	243	263	277	297	309	328	336	344	352	365	371	383	396																	
2004		32	97	174	293	398	474	530	591	621	645	667	701	720	751	777																					
2005		42	121	216	371	483	548	595	650	699	756	801																									
2006		34	117	225	393	527	670	785																													
2007		69	197	489																																	

		Settlement Rates																																			
Policy Yr		3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66	69	72	75	78	81	84	87	90	93	96				
1999																																					
2000		0.000	0.000	0.000	0.000	0.200	0.400	0.400	0.400	0.600	0.600	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800		
2001		0.026	0.053	0.132	0.211	0.283	0.385	0.421	0.605	0.632	0.737	0.798	0.816	0.842	0.842	0.842	0.868	0.868	0.868	0.868	0.868	0.868	0.868	0.868	0.868	0.868	0.868	0.868	0.868	0.868	0.868	0.868	0.868	0.868	0.868		
2002		0.006	0.032	0.058	0.193	0.315	0.405	0.501	0.572	0.630	0.675	0.688	0.713	0.733	0.745	0.758	0.816	0.848	0.874	0.893	0.906	0.932	0.945	0.977													
2003		0.012	0.047	0.106	0.248	0.442	0.530	0.596	0.645	0.680	0.729	0.758	0.805	0.824	0.844	0.854	0.896	0.910	0.940	0.972																	
2004		0.040	0.121	0.217	0.353	0.486	0.591	0.660	0.736	0.774	0.804	0.831	0.873	0.887	0.936	0.958																					
2005		0.050	0.145	0.250	0.446	0.556	0.659	0.715	0.781	0.840	0.909	0.963																									
2006		0.042	0.143	0.275	0.480	0.644	0.819	0.959																													
2007		0.130	0.371	0.921																																	

**Transportation Trust
Workers Compensation
Triangle Diagnostics
Average Case Reserve**

Exhibit 7
Sheet 2

Case Basis Reserves																																
Policy Yr	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66	69	72	75	78	81	84	87	90	93	96
1999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2000	0	0	0	16,640	6,762	4,071	28,465	25,933	13,421	12,624	1,309	1,309	1,309	1,309	1,309	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2001	66,401	47,251	48,787	52,033	80,863	73,312	64,407	185,861	159,639	101,773	80,285	71,374	67,613	64,016	62,262	52,981	63,171	57,869	102,232	95,759	32,475	47,278	42,913	20,712	133,374	126,368	127,572	0	0	0	0	
2002	40,525	208,593	294,301	1,158,066	1,627,073	1,653,063	1,813,794	1,711,350	1,703,492	1,579,660	1,552,876	1,473,441	1,616,340	1,684,626	1,722,864	1,735,248	1,487,030	1,180,770	370,600	627,598	735,799	693,064	662,830	0	0	0	0	0	0	0	0	
2003	224,085	341,755	735,480	1,226,563	1,282,742	1,272,385	1,248,061	1,104,940	1,101,209	823,509	931,362	970,386	1,146,492	1,087,118	954,103	1,216,714	1,342,377	1,427,929	1,439,506	0	0	0	0	0	0	0	0	0	0	0	0	0
2004	863,556	1,683,694	1,865,739	2,471,263	2,563,551	2,184,442	2,058,027	1,963,329	1,737,675	1,851,645	2,216,183	2,390,122	2,725,298	2,467,440	2,329,037	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2005	448,315	1,337,778	1,621,718	1,803,852	1,634,890	1,531,451	2,191,222	3,059,204	4,290,868	4,277,326	4,350,574	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2006	333,442	895,056	1,760,677	1,966,523	2,921,819	2,997,199	3,492,509	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2007	274,000	830,688	1,333,627	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Average Case Reserve per Open Claim																																
Policy Yr	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66	69	72	75	78	81	84	87	90	93	96
1999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2000	0	0	0	16,640	6,762	4,071	28,465	25,933	13,421	12,624	1,309	1,309	1,309	1,309	1,309	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2001	11,067	4,725	3,831	3,061	3,851	4,582	4,025	16,896	14,513	12,722	13,381	14,275	16,903	12,803	12,452	13,245	15,793	14,467	25,558	23,940	175	175	0	0	0	0	0	0	0	0	0	
2002	4,053	6,519	3,924	12,320	18,079	20,408	26,287	28,523	33,402	35,104	36,113	37,781	44,898	48,132	52,208	72,302	74,352	73,798	28,508	57,054	105,114	138,613	21,457	10,356	66,687	63,184	0	0	0	0	0	
2003	6,225	4,557	6,627	5,131	6,612	7,574	8,607	8,700	9,745	8,689	11,221	14,929	20,114	21,742	22,717	40,557	53,695	109,841	0	0	0	0	0	0	0	0	0	0	0	0	0	
2004	7,137	6,402	5,584	5,617	7,141	7,430	8,647	10,852	11,508	14,246	20,520	32,290	48,551	58,698	-2,329,037	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2005	3,292	5,574	4,796	5,025	5,077	6,328	10,956	20,670	42,908	95,052	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2006	2,298	3,279	5,002	5,698	11,887	27,487	-873,127	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2007	3,079	7,763	-102,587	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

**Transportation Trust
Workers Compensation
Triangle Diagnostics
Paid To Incurred**

Policy Yr	Paid to Incurred Ratio																															
	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66	69	72	75	78	81	84	87	90	93	96
1999																																
2000					0.105	0.263	0.518	0.617	0.712	0.877	0.884	0.987	0.987	0.987	0.987	0.987	0.987	1.000	1.000	1.000	0.997	0.998	0.998	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	0.151	0.375	0.446	0.534	0.627	0.683	0.737	0.505	0.578	0.732	0.783	0.806	0.816	0.828	0.834	0.859	0.836	0.856	0.775	0.791	0.927	0.899	0.810	0.957	0.776	0.787	0.787	1.000	1.000	1.000	1.000	
2002	0.184	0.218	0.428	0.248	0.282	0.338	0.380	0.409	0.444	0.488	0.508	0.535	0.523	0.528	0.535	0.548	0.612	0.690	0.696	0.641	0.822	0.832	0.841									
2003	0.156	0.342	0.321	0.378	0.491	0.556	0.616	0.683	0.712	0.786	0.777	0.783	0.766	0.788	0.817		0.784	0.773	0.768	0.772												
2004	0.131	0.201	0.311	0.385	0.466	0.569	0.622	0.671	0.721	0.726	0.708	0.710	0.694	0.726	0.744																	
2005	0.162	0.244	0.350	0.479	0.620	0.697	0.680	0.619	0.568	0.602	0.618																					
2006	0.235	0.360	0.403	0.520	0.523	0.588	0.595																									
2007	0.259	0.365	0.464																													

Transportation Trust
Workers Compensation - Loss
Reserve Discounting as of 9/2007
Reserve Discounting Paid Analysis

Exhibit 8
 Sheet 1

Discounted Reserves			
Policy Yr	Indicated 9/30 Reserves	Discounted 9/30 Reserves	Discount Factor
1999	0	0	100.0%
2000	0	0	100.0%
2001	127,985	121,991	95.3%
2002	718,792	677,563	94.3%
2003	1,742,648	1,647,949	94.6%
2004	3,137,593	2,935,189	93.5%
2005	6,433,298	5,952,498	92.5%
2006	9,239,364	8,457,760	91.5%
2007	8,812,261	7,961,265	90.3%
Total	30,211,940	27,754,215	

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**Transportation Trust
Workers Compensation - Loss
Reserve Discounting as of 9/2007
Reserve Discounting Paid Analysis**

Exhibit 4
Sheet 2

		Future Cash Flow																													
Year	12-07	03-07	06-07	12-07	03-08	06-08	12-08	03-09	06-09	12-09	03-10	06-10	12-10	03-11	06-11	12-11	03-12	06-12	12-12	03-13	06-13	12-13	03-14	06-14	12-14	03-15	06-15				
1999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
2001	23,625	17,329	14,562	12,240	10,202	10,587	42,349	34,402	28,675	26,467	117,985																				
2002	115,368	86,959	81,448	68,413	57,467	48,279	40,570	34,102	28,675	26,467	117,985																				
2003	376,488	259,228	178,048	239,658	111,615	93,780	78,777	86,170	55,583	48,696	39,240	32,864	27,754	28,520	114,118																
2004	281,518	368,722	483,020	320,723	353,475	247,323	189,872	228,851	126,488	89,474	75,180	62,151	53,090	44,552	37,426	31,480	26,481	27,319	108,874												
2005	777,490	628,674	711,768	488,491	465,330	450,544	491,569	391,156	431,129	301,257	207,190	278,862	129,863	106,130	91,671	77,000	64,680	54,329	45,863	38,382	32,274	33,109	132,797								
2006	861,920	881,438	894,968	886,723	736,127	573,398	648,184	443,540	424,415	411,284	448,347	398,763	363,221	275,133	188,972	254,381	118,463	89,534	83,811	70,230	58,863	49,582	41,848	35,008	28,436	36,280	121,120				
2007	870,241	782,219	718,462	582,187	628,077	588,758	565,781	459,795	486,550	377,248	427,112	293,130	278,211	278,589	288,977	234,722	256,708	181,016	128,329	107,148	77,839	85,496	55,208	48,295	38,813	32,898	27,481	23,032	19,367	16,822	79,888
Total	1,287,561	2,905,568	2,967,514	2,470,762	2,333,363	1,991,068	2,038,112	1,628,323	1,812,839	1,265,867	1,318,025	1,024,690	883,100	723,643	727,177	507,552	468,312	382,109	302,480	278,981	169,208	148,240	228,454	81,213	68,249	62,868	148,521	21,032	19,187	19,922	79,888

		Future Calendar Year Discounted Cash Flow																													
Year	12-07	03-07	06-07	12-07	03-08	06-08	12-08	03-09	06-09	12-09	03-10	06-10	12-10	03-11	06-11	12-11	03-12	06-12	12-12	03-13	06-13	12-13	03-14	06-14	12-14	03-15	06-15				
1999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
2001	23,489	17,207	14,114	11,716	9,728	8,884	38,044	31,050	25,784	26,194	103,474																				
2002	114,879	85,158	78,942	65,484	54,325	45,072	37,404	31,050	25,784	26,194	103,474																				
2003	368,161	254,412	172,570	228,387	105,510	87,530	72,830	80,248	48,980	41,468	34,413	28,587	23,728	24,100	95,201																
2004	279,138	362,854	460,530	308,074	334,141	230,891	158,815	208,189	95,755	79,455	85,975	54,816	45,268	37,624	31,233	25,926	21,529	21,871	86,388												
2005	772,548	612,896	698,889	467,580	436,878	420,884	453,209	358,152	387,671	287,840	181,705	241,341	111,085	82,184	78,475	63,438	52,828	43,663	36,235	30,080	24,978	25,375	100,240								
2006	845,871	848,437	833,508	808,813	670,340	536,309	588,524	405,688	381,834	365,243	383,200	308,884	336,236	232,410	157,946	209,258	96,385	79,878	66,342	55,038	45,857	37,882	31,407	26,987	21,871	22,015	86,967				
2007	896,025	748,021	695,385	571,600	591,833	529,105	521,838	418,585	418,522	315,028	378,576	253,881	236,838	228,580	246,078	189,378	210,423	148,450	89,892	131,146	60,321	50,853	41,523	34,445	28,534	23,088	18,874	16,332	13,582	13,778	54,427
Total	3,868,876	2,939,622	2,878,040	2,307,528	2,208,784	1,858,782	1,879,064	1,478,873	1,360,345	1,118,217	1,153,264	887,661	755,305	614,868	608,630	492,307	381,032	300,863	287,643	218,266	130,267	113,810	173,261	62,541	50,245	45,723	108,642	16,332	13,582	13,778	54,427

- A. Historical listing of audited payroll by workers compensation class and the current rates charged for each workers compensation class. The most efficient format for this data would be an excel spreadsheet listing the workers compensation class codes in the first column, the current charged rates in the second column and the covered payroll for each policy year in the subsequent columns.
- B. Description of all underwriting changes. Please describe any changes to underwriting policies to accept new members and any the details (premium size and historical loss ratios) of any members that were non-renewed due to poor results.
- C. Gross and net (of excess insurance) loss development triangles. Policy year development at annual evaluation intervals should be provided. However, if there has been a significant change in case reserve adequacy or settlement patterns that occurred over a period of less than one year (usually related to a claim inventory effort), quarterly loss development data may be required to assess the impact of these changes. The following development triangles should be provided in "soft" electronic files. (Soft refers to a readily readable format such as excel, word, notepad...) The data elements include:
 - 1. Paid losses - Medical, indemnity, expense, subrogation collected
 - 2. Reported losses - Medical, indemnity, expense, subrogation collected
 - 3. Reported Claim Counts - (Total and Medical only if available)
 - 4. Closed (or open) Claim Counts - (Total and Medical only if available)
- D. Large loss reports -
 - 1. Showing a detailed listing of all incurred losses greater than \$100,000 as of the most recent valuation date. The file should include claim number, Claimant name, injury description, accident date, report date, paid and case reserve statistics (med, indemnity, recoveries).
 - 2. Prior large loss reports. Please provide the paid and case reserve statistics (med, indemnity, recoveries) for all claim numbers in the listing provided above as of the prior year ending valuation dates.
- E. Change in Reported Reports - pending our review of the loss development and the large loss data, a change in incurred report may be requested to validate case basis reserve strengthening. The data requested would be a listing of the change in reported losses (on a claim level detail) between two stated valuation dates.
- F. CRM Benchmark Data - CRM has indicated that they have changed their case basis claim reserving and claim settlement practices. The data for individual trusts may not be sufficiently credible to validate and measure the impact of these changes. Therefore, CRM may wish to provide consolidated data to support their assertions and to be used as a benchmark loss development pattern to supplement the individual trust data. The data that would be requested From CRM would be accident year, limited* loss development triangles for all NY Trusts serviced by CRM (either annual or quarterly valuations).

* For the amounts triangle, all losses would be limited to a specific per occurrence amount.

Attached is the template for three data dumps that allow me to obtain the data necessary for items C and D. Once the flat file is produced, I will be able to configure loss development triangles in the appropriate manner. Descriptions of each column follow:

I - Loss development data file:

(1) If all trusts are provided on the same file an identifier is needed to determine which trust it belongs. The five trusts needed are: Elite Contractors, Trade Industries, Real Estate, Transportation, Wholesale Retail.

(2) & (3) Accident year and accident quarter of injury. Accident quarter = 1 if month = 1, 2 or 3...

(4) & (5) Calendar year and quarter refers to the valuation period. Usually the database contains the date a change (activity) occurs. 2006, 1 would represent all changes made in the first quarter of 2006.

(6) coverage refers to subtypes of payments...For WC it would probably be medical, indemnity, expense and rehab....but all classifications should be listed

(7) - (10) These are the amount fields, Paid losses, Outstanding (or reserve), collected recoveries and if you record a reserve for anticipated recoveries...recoveries can be shown as a positive value if that is easier for you. I am anticipating that the paid column would be gross payments not including the recoveries. As noted above, the data provided in this file is usually the activity during the period.

(11) - (12) the Number of claim counts reported and number closed. However, since the feature counts are sometimes not available, a separate extract is sometimes produced for the claim count data.

II - Claim Count development data file:

All information for loss development file remains the same but instead of a feature count, claims are counted by claimant.

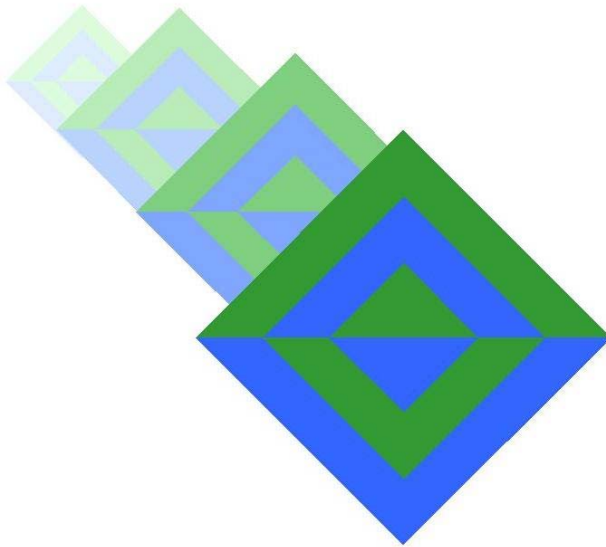
III - Large loss data file:

This file is produced by first identifying all claim numbers where the incurred value (paid plus outstanding) is greater than \$100,000.

The loss development criteria is then extracted for each claim.

EXHIBIT 41

TRANSPORTATION INDUSTRY TRUST OF NEW YORK



QUALITY ASSURANCE CLAIM AUDIT

June 2009

Prepared by

KBM MANAGEMENT, INC.

5860 Heritage Landing Drive
East Syracuse, NY 13057



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AUDIT OVERVIEW

KBM Management, Inc. audited Workers' Compensation claims processed on behalf of Transportation Industry Trust of New York (TITNY) dating back to the origin of the plan. Claims were processed by Compensation Risk Managers (CRM) and later transferred to S.A.F.E. LLC where the audit field work was performed. The claim audit priorities were to evaluate and express opinions on the quality and accuracy of the Trust and the Trust claim Administrator.

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

The transfer of claim information from CRM to S.A.F.E. LLC 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.

The time constraints put on the audit led to the decision to significantly reduce the number of files to be reviewed. Subsequently twenty-eight (28) files, thirteen (13) open and fifteen (15) closed, were selected and reviewed. These claims represented \$3,050,073.60 in payments/reserves during the audit period. This limited file selection did provide great insight into many of the processing inconsistencies noted throughout this audit report. Complete information and additional time would have been needed to complete the original audit objectives.

The audit report provides a description of the significant areas of concern and details of the claims that were reviewed. All written or 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 publishes the following explanation of the Workers' Compensation system. The Administrator's 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 Board 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 Board 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.



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 Workers' Compensation Board (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 Board 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 Board on Form C-8 when compensation is stopped or modified.

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

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

The Administrator (CRM) failed to meet the filing deadline for several forms which resulted in \$150.00 in Board penalties in addition to \$100.00 to the Board and \$1,046.04 in interest payments to the claimants for late payment of awards.



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.

"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. 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 claim cost.

During the period audited the Trust 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. Many of the large dollar files that were reviewed did not include stop-loss notification potentially exposing the Trust to unlimited risk.



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 multiple IME's ordered through a third party company, Eimar. In many cases the documentation of disability and treatment contained in the files did not warrant this action. The 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. Based on past plan management and audit experience it is KBM's opinion that these findings raise two issues. First, excessive usage of IME's can be considered harassment of the claimant. Secondly, it appears unscrupulous to order excessive IME's in fairly short time frames when the company providing the IME service has common ownership with the Administrator ordering the exams. We found the same interest in other service providers – rehabilitation and nurse case management, for example. There is at least the appearance of a conflict of interest in an Administrator owning service providers to whom they are referring. The services are purchased and utilized to reduce costs, but abuse will simply increase costs as a function of Loss Adjustment Expenses.



SECOND INJURY FUND OPPORTUNITIES

Prior to recent changes in the Workers' Compensation laws (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 Workers Compensation Law. 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. WCL 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 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.

There were several instances where the C-250 was not filed timely or they (CRM) did not obtain the medical records to substantiate a potential claim for reimbursement. Failure to complete this investigation prohibits the Trust from receiving potential reimbursement for previous injuries.

This will not be an issue in the future as 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. No carrier or employer may file a claim for reimbursement from the Special Disability Fund after July 1, 2010 and no written submissions or evidence in support of such a claim may be submitted after that date.



LOSS TRANSFER

Loss transfer is your right of action with regard to automobile accidents in the State of New York. In order to pursue the first \$50,000 in benefits paid on an automobile accident, you either have to prove that the vehicles involved in the accident weighed more than 6,500 lbs or were vehicles for hire.



CLAIM DETAIL

Open Claims:

File #LO1	Date of Injury: 4/16/05	Amount Reserved: \$	0.00
		Amount Paid:	\$37,018.73

- Lost time case with multiple injuries, the claimant insisted that they move him to a different hospital, against doctors recommendations they moved him, he developed a clot which moved to his heart and killed him.
- **This file should be closed.**

File #LO2	Date of Injury: 4/22/05	Amount Reserved: \$93,500.00
		Amount Paid: \$87,965.30

- Opened for the death claim filed by the claimant's wife (although they were separated and she was living with another man they were still legally married). The notes are not clear as to whether or not there is a suit against the hospital/doctors that allowed the transfer even though they admitted it was dangerous.
- If the wife remarries she will be entitled to a two year dowry (you must pay the widow 104 weeks of benefits after which the file can be closed).

File #LO3	Date of Injury: 10/10/05	Amount Reserved: \$654,352.00
		Amount Paid: \$210,400.73

- Initial reserves were far below what they should have been (reserved for minimal lost time and medical when they knew the claimant was in-patient and was having surgery, SLU reserves should have been set from the beginning).
- Twelve bills were reviewed - one remains unpaid, one was paid prior to the second notice but original bill could not be located to determine the date it was received. Ten were paid within 45 days and one was paid very late (583 days).
- Claimant has a third party claim against Extec the manufacturer of the machine he was injured in, however, it appears the claimant removed a safety panel and attempted to adjust the belt while the machine was running, which is against safety regulations and is posted on the machine.



File #LO4 Date of Injury: 10/19/04 Amount Reserved: \$603,179.43
Amount Paid: \$125,884.07

- Initial investigation was poor; claim was filed as questionable but it was not handled as such, claimant was injured on his first day of work (always questionable when someone is hurt on the first day of work).
- C-250 was not filed although they had knowledge of prior injuries that potentially would have qualified this case for relief under Section 15-8.
- Ten checks issued to Eimar, only two bills were found.

File #LO5 Date of Injury: 12/22/03 Amount Reserved: \$459,581.04
Amount Paid: \$177,202.94

- Several IME's were done and paid for but there are no bills in the file.
- \$100.00 penalty –failure to file C-7 or C-669
- Interest paid to claimant \$1,002.71 for late payment of awards.

File #RO6 Date of Injury: 9/27/02 Amount Reserved: \$12,833.47
Amount Paid: \$ 3,882.60

- There was a large gap in treatment 7/10/06-11/4/08 the notes indicate they are denying the treatment via C-8.1 however there are none in the file documents or the e-case file.
- It is now more than seven years since the DOI (date of injury) and three years with no lost time therefore Special Funds should be placed on notice under Section 25a.
- Three- \$50.00 fines from the WCB for failure to file C-8, C-240 and late payment to claimant with an additional fine of \$43.33 to claimant.

File #RO7 Date of Injury: 11/16/02 Amount Reserved: \$11,110.89
Amount Paid: \$ 9,432.70

- This case is confusing as the medical notes indicate he had back surgery in 2003 however the bills were not paid on the file and there were no lost time benefits paid on this file.



File #RO8 Date of Injury: 11/24/03 Amount Reserved: \$ 0.00
Amount Paid: \$17,140.38

- This file was reopened to pay an old bill.
- There were two bills for Dr Wilen in e-case they do not appear to have been paid 2/11/08 & 4/14/08
- This file was re-closed when the old bills had been paid.

File #RO9 Date of Injury: 6/23/03 Amount Reserved: \$45,205.33
Amount Paid: \$41,405.33

- C-2 was not filed with the WCB
- It appears that bills for Dr. Manfredi were paid twice, EOB's are needed to determine what was paid as the Judge ordered them to be paid per the usual & customary rates for the State of CT.

File #RO10 Date of Injury: 11/20/03 Amount Reserved: \$38,844.23
Amount Paid: \$37,683.78

- This file only remains open to obtain the final reimbursement from Geico Insurance due to wage expectancy (see Lamiano payroll/minor wage expectancy at the end of this report for full explanation) the claimant's rate was increased to \$333.33/week; balance owed by Geico is \$7,871.16 (this is the balance owed from the third party claim/loss transfer due to the rate increase).
- There are four checks to Eimar with no bills.

File #RO11 Date of Injury: 6/2/03 Amount Reserved: \$14,458.52
Amount Paid: \$14,281.14

- This file remains open as they are exploring the possibility of reimbursement under loss transfer but it appears they waited too long and exceeded the 3 year window.
- \$50.00 penalty for failure to file a timely C-8.

File #RO12 Date of Injury: 7/23/04 Amount Reserved: \$65,612.08
Amount Paid: \$63,112.08

- 12 bills were paid late
- Three checks to Genex, two at \$656.75 each and one for \$1,361.14 which were voided with no reasons given.
- Genex bill for \$489.25 12/20/04-12/28/04 – note written on bill "total bill \$6,880.72" – check was issued for this amount.
- Four checks to Eimar with no bills



File #RO13 Date of Injury: 3/3/05 Amount Reserved: \$38,421.03
Amount Paid: \$27,905.25

- SLU exam is due as it is more than a year since the last surgery.
- Third party settlement for \$650,000.00 – unclear what the holiday (see full explanation at the end of this report) will be as they have not yet received a closing statement, this has been requested several times. This will need to be obtained prior to the SLU hearing to put the holiday on record.
- Nine bills were reviewed and all were paid late.

Closed Claims:

File #LC1 Date of injury/death: 9/1/06 Amount Paid: \$304,323.73

- Due diligence was not done with regard to a third party claim, if the widow did not file against the tire company then CRM should have.

File #LC2 Date of Injury: 11/8/02 Amount Paid: \$420,390.44

- They paid the entire Section 32 award as indemnity, it should have been split \$100,000.00 to indemnity and \$100,000.00 to medical.
- There is a void/adjustment \$11,029.27 – no indication why

File #LC3 Date of Injury: 11/8/02 Amount Reserved: \$644,443.64
Amount Paid: \$144,348.27

- This GL file should not have been transferred to SAFE as they only handle WC and this is a general liability claim.

File #RC4 Date of Injury: 11/2/01 Amount Paid \$1,951.84

- No documents in file.

File #RC5 Date of Injury: 9/27/02 Amount Paid: \$294.97

- There are no bills in this file but there was a check paid to a provider and a check to the Public Goods Pool.



File #RC6 Date of Injury: 8/17/01 Amount Paid: \$3,101.13

- Several voids/adjustments with no explanations.
- Bills paid under medical but should not have been as this case was controverted.

File #RC7 Date of Injury: 10/4/02 Amount Paid: \$449.45

- No issues

File #RC8 Date of Injury: 8/7/03 Amount Paid: \$2,748.69

- C-2 is the only item on file.
- Several voids and adjustments with no comments.
- Closed file without a hearing report, closed based on prior hearing.
- Total paid \$1,520.00 for indemnity, WCB awarded \$1,440.00 – no attempt to retrieve the overpayment.
- No C-8 on file
- Notes on this file indicates CRM used e-case to find bills and attorney reports (attorney bills and reports are NEVER sent to the e-case file).

File #RC9 Date of Injury: 4/26/04 Amount Paid: \$34,661.45

- There was no follow-up on the third party claim.
- The C-8 was filed late (no penalty issued) NOD issued 1/23/06, C-8 completed 5/22/06.

File #RC10 Date of Injury 5/6/04 Amount Paid: \$7,367.90

- There was no indemnity paid on this file, claimant should have gotten a SLU for the right foot fracture but did not pursue it.
- CRM did not follow up on third party case; loss transfer should apply since the crash involved two vehicles for hire (cab/bus).

File #RC11 Date of injury 10/31/05 Amount Paid: \$997.92

- No issues



File #RC12 Date of injury: 6/29/06 Amount Paid: \$52,244.20

- There were three checks but no bills for Eimar & Eimar Managed Care Services.

File #RC13 Date of injury: 4/11/05 Amount Paid: \$74,148.16

- No issues

File #RC14 Date of injury: 12/22/06 Amount paid: \$2,783.20

- Duplicate bill \$151.36
- Five checks with no bills
- Used the wrong WCB# for some filed forms
- No C-2 in file however it was filed timely with the WCB.
- Slight overpayment on indemnity (award \$1,244.16 paid \$1,247.84)

File #RC15 Date of injury: 11/15/01 Amount paid: \$53,353.39

- This file closed with a Section 32 for \$40,000 after extensive litigation.



CONCLUSIONS

Based on the information available for this audit the prior administrator provided below industry average claims processing on behalf of the TITNY Self-Insured Workers' Compensation Plan. Industry averages require 99% financial accuracy and 95% procedural accuracy. Deficiencies, as described in this report, were found in reporting and filing timeliness, overall claim management, apparent conflict of interests in utilization of other service providers and poor quality of transfer of information to the new Third Party Administrator.

The limited file sample rules out the ability to project a specific loss under the prior administrator (CRM); however, of the thirty-five (35) claims reviewed, sixteen (16) contained financial errors suggesting significant savings with proper administration. Claim costs were inflated as a result of poor administration through the payment of penalties for late filings, loss of other party payments, ill advised file settlements and unnecessary or excessive administrative costs.

The transfer of information to S.A.F.E. LLC was haphazard and unorganized. The improper scanning of files creates a significant problem relating to future examination of the Trust. Furthermore, it is difficult to properly measure the current and future losses on the transferred open claims will have on the members of the Trust as a result of incomplete documentation.

Access to E-Case, the State's online claim monitoring system, allowed further access to the claims being audited. Utilizing e-case allowed for quicker review of all Notices of Decision as well as the ability to look for specific medical reports and other state forms. E-Case also enabled us to sort this information unlike the "bulk documents" that were transferred to S.A.F.E. LLC.



ACRONYMS AND DEFINITIONS:

AWW – average weekly wage

CMS – Center for Medicare Services

DOS – date of service

EE – employee

MO – medical only

MSA – Medicare set-aside

NCLT – no compensable lost time

NOD – Notice of Decision

NYCM – New York Compensation Managers

PFME – prima facie medical evidence

PPD – permanent partial disability

RTW – return to work

SFCC – Special Funds Conservation Committee

SLU – schedule loss of use

TPD – temporary partial disability

TTD – temporary total disability

UPS/FE – United Parcel Service & Federal Express

WCB – Workers' Compensation Board

WCL – Workers' Compensation Law



"PROTRACTED HEALING":

Protracted temporary total disability in connection with permanent partial disability (in this instance this would refer to SLU). In case of 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.

"LAMIANO PAYROLL / MINOR WAGE EXPECTANCY"

When an injured worker is under 25 years of age at the time they are injured the employer needs to provide a wage expectancy payroll. This simply put, means that under normal conditions his wages would be expected to increase, that fact may be considered in arriving at his average weekly wages. Typically speaking an employer would need to provide the wages of a "similar worker" someone who does the same job, is over 25 years of age and has had approximately the same amount of time at that job.

"HOLIDAY"

When a person is awarded money from a third party action the Workers' Compensation carrier/Third Party Administrator/Self Insured Employer is allowed to take a "holiday." This means they do not have to continue weekly payments (if the injured worker remains out of work due to his/her compensable injury at the time the third party settlement is finalized) or pay for medical treatment until the net recovery is used up. The only way the injured worker recovers further benefits under the Workers Compensation claim is if his medical expenses and/or lost time (removed from work for the compensable injury by a doctor) exceeds the net recovery. He/she would have to file a RFA-1 along with a C-27 from his/her doctor requesting a reopening of his/her case and would have to prove to the Judge that he/she had exceeded the net recovery and was still either disabled and/or in need of further medical treatment.

