

**New York Transportation
Workers' Compensation Trust
June 6, 2018 Member Meeting**

**New York Transportation Trust c/o
S.A.F.E., LLC
620 Erie Blvd West, Suite 100
Syracuse, NY 13204
(315) 701-1600
www.safetpa.com**

Agenda

Background

Runoff Status

Claims Overview

Actuarial Review

Financial Review

Assessment & Collections

Presentation By NYS Workers' Compensation Board

Questions & Answers

Website Information

Contact Information



Background

- **Trust Established:** December 1, 2000
- **Trust Terminated:** December 31, 2008
- **Total No. of Members:** 1,346

- **Accounting Firm:**

PWC	2000-2006
UHY, LLC	2006-2013
Lumsden & McCormick	2014 to Present

- **Actuary:**

Milliman USA	2000-2013
By The Numbers	2014 to Present

- **Administrator / TPA:**

First Cardinal/Glacier Bay	12/1/2000 to 1/1/2014
SAFE, LLC	1/1/2014 to Present

- **Group Description:** Provided Workers' Compensation to employers who are engaged in the Transportation Services Industry



Background

- **Trust General Counsel:** Anthony Piazza, Esq. 2008 - Present
Barclay Damon, LLP
- **Collection Attorney:** Eric Handelman, Esq. 2014 - Present
Handelman, Witkowitz & Levitsky, LLP



Runoff Status

- Workers' Compensation Board monitors monthly cash flow
- Adequacy of funds to pay obligations:
 - When the trust has 18 months of cash remaining the WCB will mandate the trust issue an assessment within 3 months
 - When the trust has 9 months cash remaining the WCB will assume administration of the trust
- NY Transportation Trust Board of Trustees meets on a regular basis to monitor the Trust in runoff status



Runoff Status

- Joint & Several Liability
 - Termination of the trust does not relieve the members of the trust from their joint and several obligations.
 - A member is jointly and severally liable for all obligations incurred during its period of membership.
 - Please refer to the FAQ's located on the website

Runoff Status

Trust Name (Administrator): NY Transportation Trust (SAFE LLC)

Month End: April 30, 2018

MONTHS OF REMAINING CASH AVAILABLE

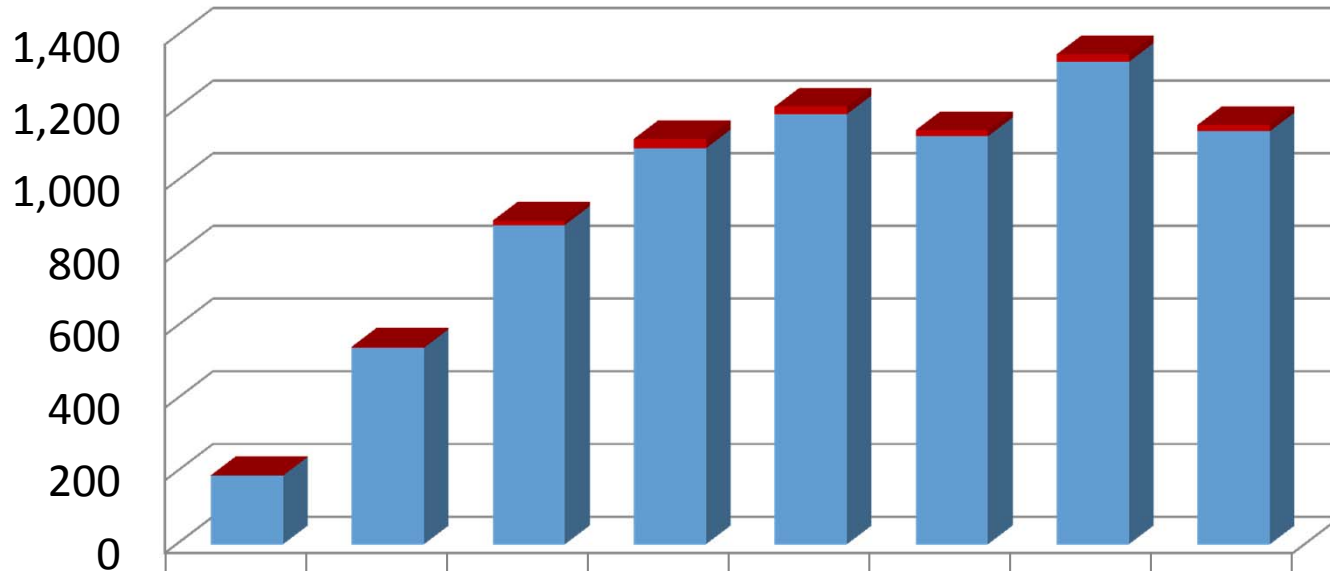
	Estimated
All cash and investments Total Month End Balance	\$4,440,757.62
Collateralized amount of the Security Deposit	Less 1,125,000.00
A. All cash and investments less the collateralized amount of the Security deposit.	\$3,315,757.62
B. The estimated monthly net claims expended.	\$ 88,913.10
C. The estimated monthly TPA and administrative fees expended.	47,538.08
Sub Total	136,451.18
D. The estimated average monthly member assessment to be received.	Less 0.00
Net Monthly Payout	\$136,451.18
E. Number of months remaining in the current Member Deficit Assessment	0
Estimated Remaining Months: A divided by [(B + C) - D] If 50% of (B + C) is less than D: [A divided by (B + C)] + E	24.30

Claims Overview

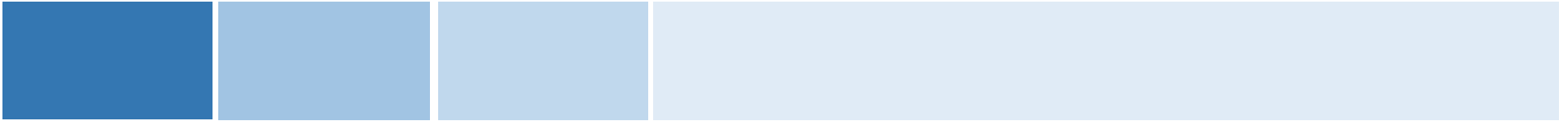
As of May 29, 2018

Total No. of Claims Since Inception	7,472
No. of Open Claims When SAFE Took Over	198
No. of Open Claims	119
Open 15-8 Claims	46

98% Claim
Closure Ratio



	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
■ Open Claims	1	3	12	26	21	17	21	18
■ Total Claims	189	541	879	1,090	1,184	1,123	1,328	1,137



Actuarial Review

Figure 1

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

ESTIMATED ULTIMATE INCURRED LOSSES BASED ON DATA VALUED AS OF 12/31/17
 (Limited to Specific Retentions)
 (Net of Recoveries)

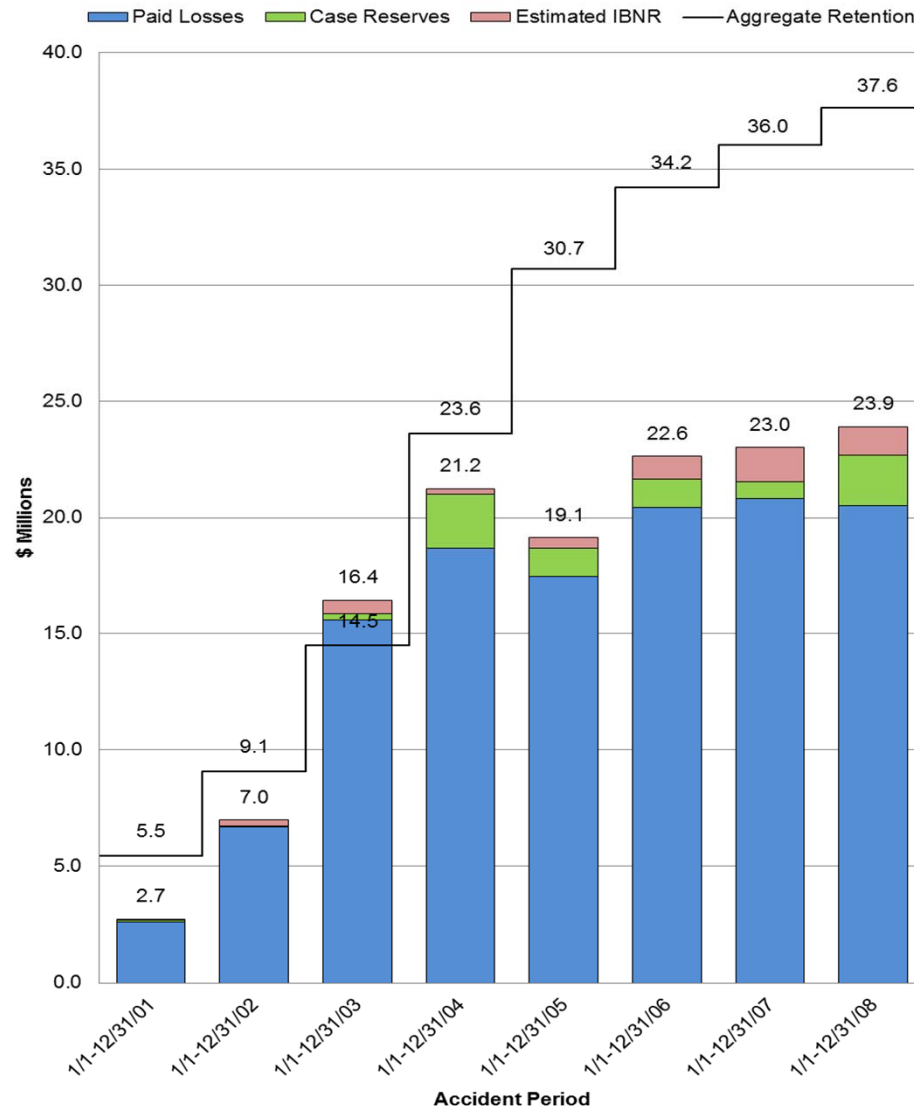


Figure 2

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

COMPARISON OF ESTIMATED ULTIMATE INCURRED LOSSES TO PRIOR REPORT
 (Limited to Specific and Aggregate Retentions)
 (Net of Recoveries)

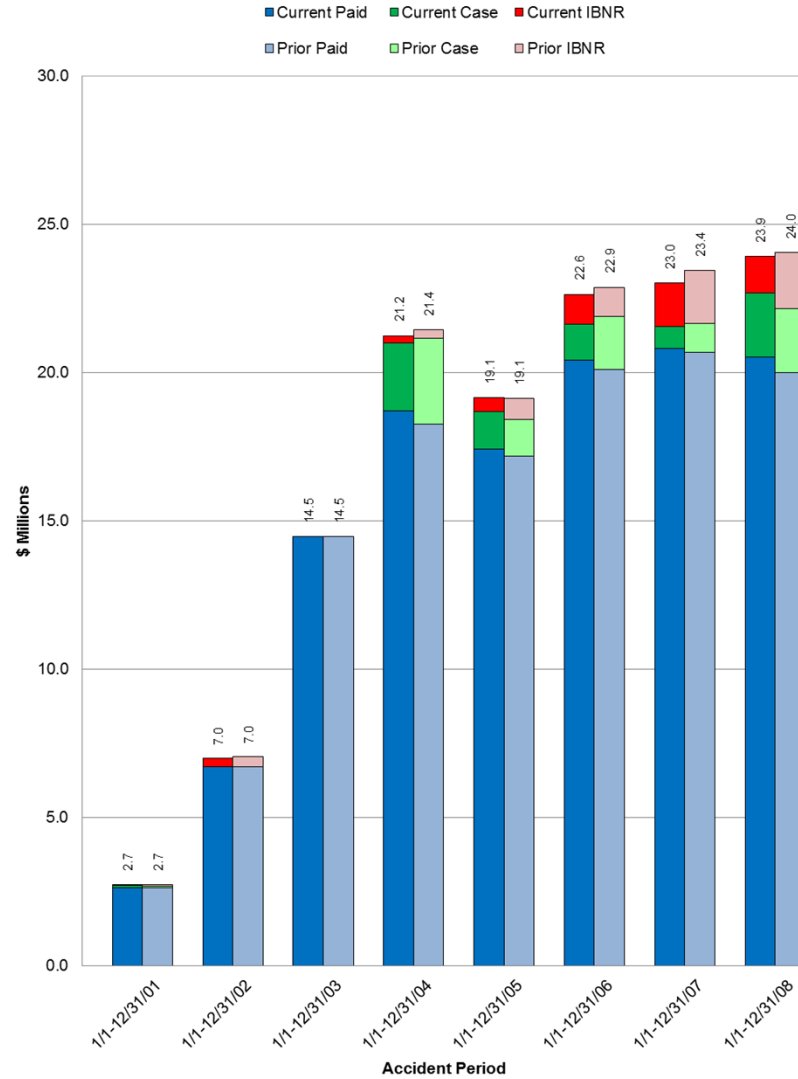


Figure 3

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

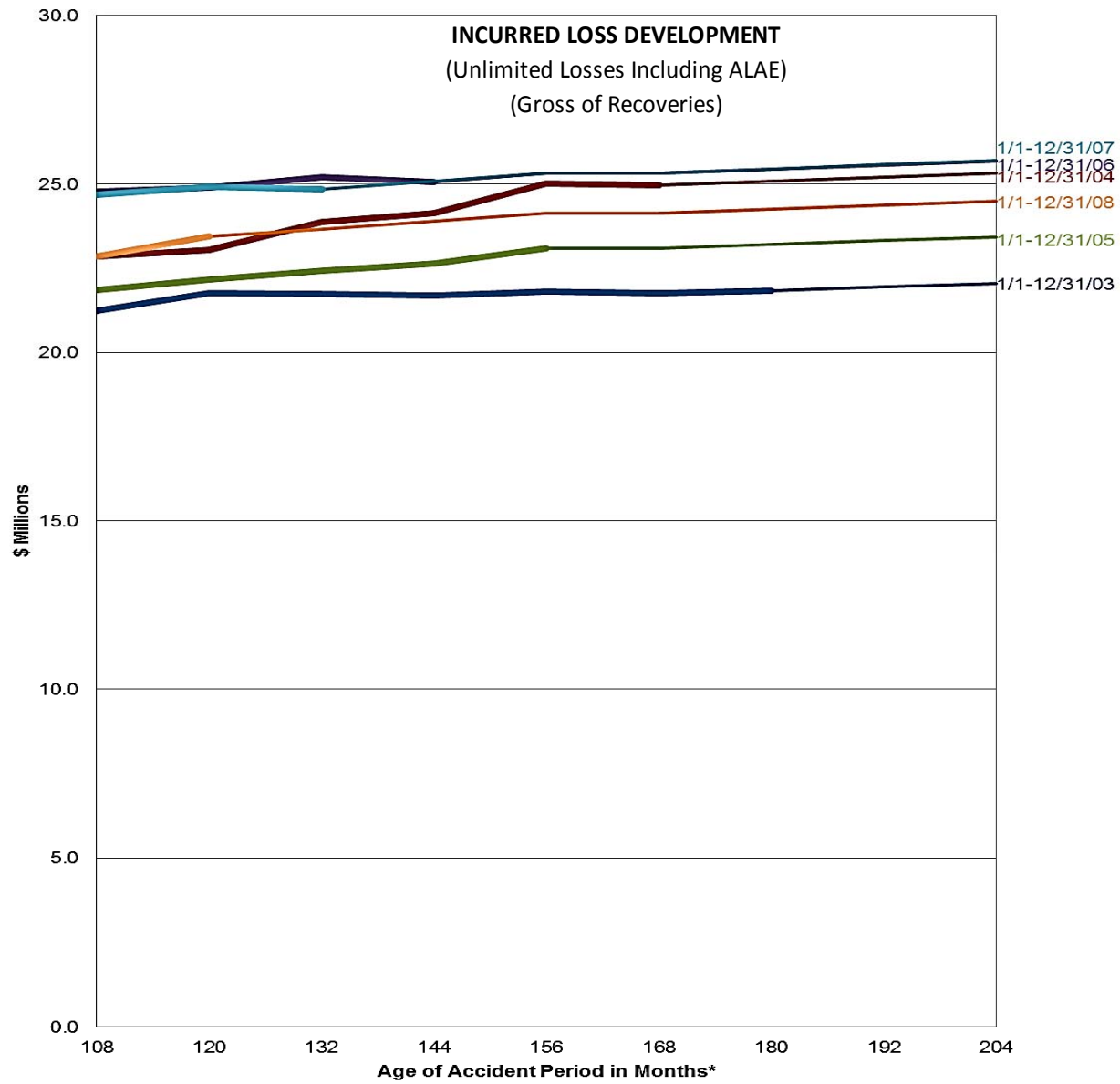


Figure 4

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

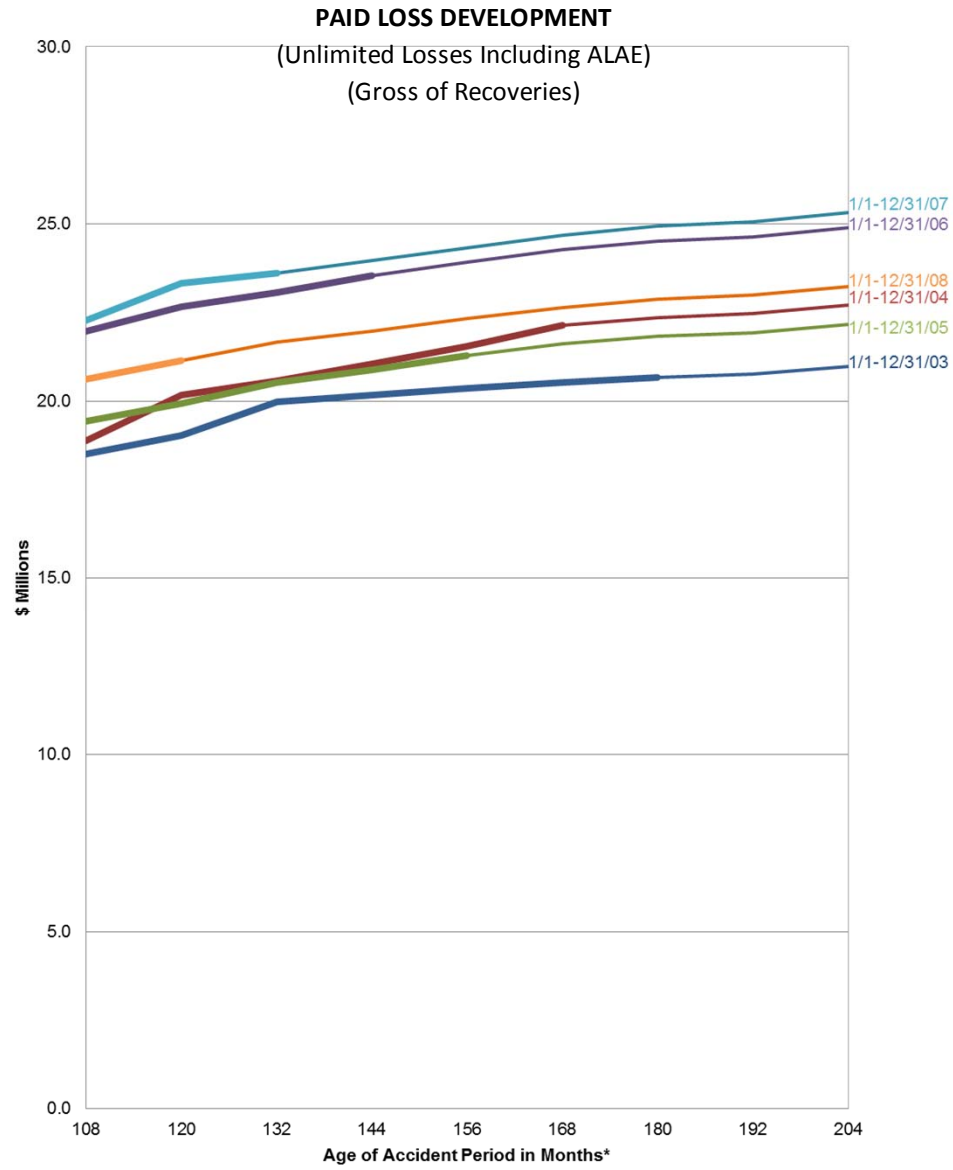


Table 7

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES
(Limited to Specific Retentions)
(Net of Recoveries)

<u>Accident Period</u>	<u>Incurred Loss Development</u>	<u>Paid Loss Development</u>	<u>Incurred Bornhuetter- Ferguson</u>	<u>Paid Bornhuetter- Ferguson</u>	<u>Selected Estimated Ultimate Incurred Losses</u>
1/1-12/31/01	\$ 2,725,783	\$ 2,742,239	\$ 2,732,151	\$ 2,777,247	\$ 2,744,355 *
1/1-12/31/02	6,804,642	7,147,734	6,815,512	7,164,691	6,983,145 *
1/1-12/31/03	16,110,547	16,604,925	16,164,487	16,747,042	16,406,750 *
1/1-12/31/04	21,474,945	20,220,052 <	21,509,802	20,413,528 <	21,243,721 *
1/1-12/31/05	19,125,088	19,093,874	19,146,844	19,201,355	19,141,790 *
1/1-12/31/06	22,396,546	22,869,816	22,416,917	22,867,077	22,637,589 *
1/1-12/31/07	22,445,204	23,457,287	22,551,025	23,623,974	23,019,373 *
1/1-12/31/08	<u>23,892,213</u>	<u>23,898,403</u>	<u>23,935,665</u>	<u>23,926,888</u>	<u>23,913,292 *</u>
Total	\$134,974,968	\$136,034,330	\$135,272,403	\$136,721,802	\$136,090,015

Figure 5

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES
(Limited to Specific Retentions)
(Net of Recoveries)

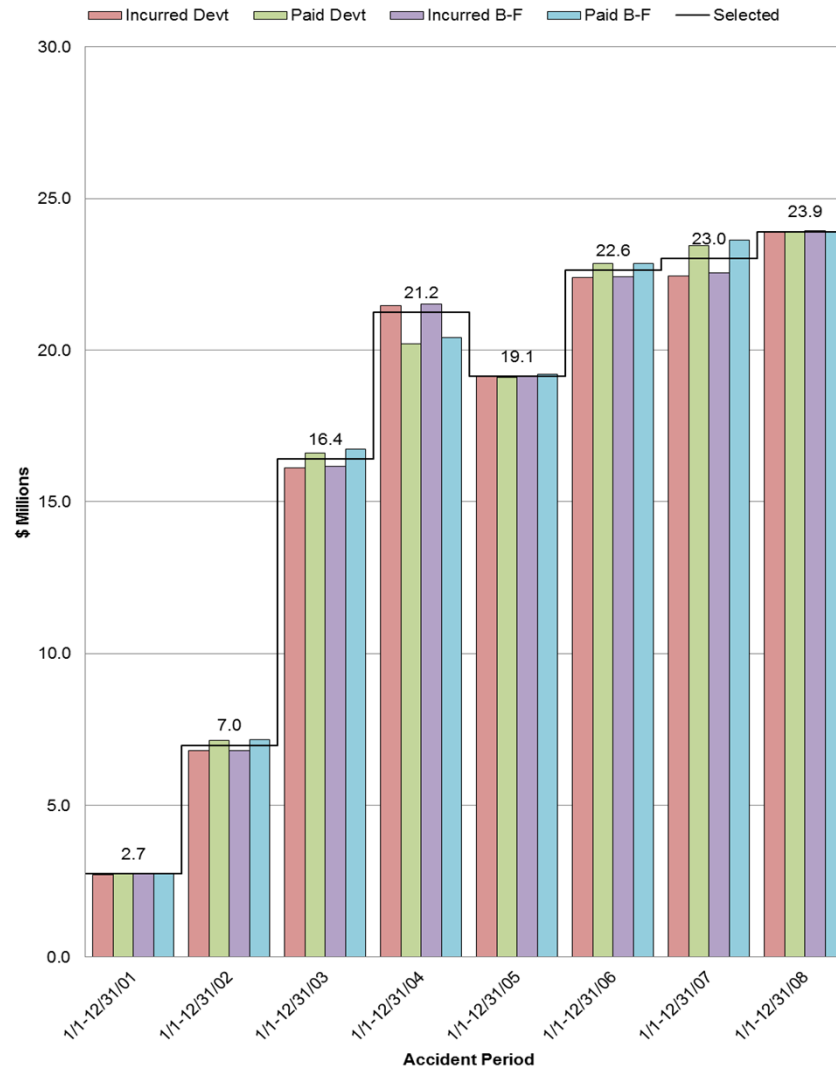


Figure 6

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

HISTORICAL PROFITABILITY ANALYSIS
(Excluding Investment Income)

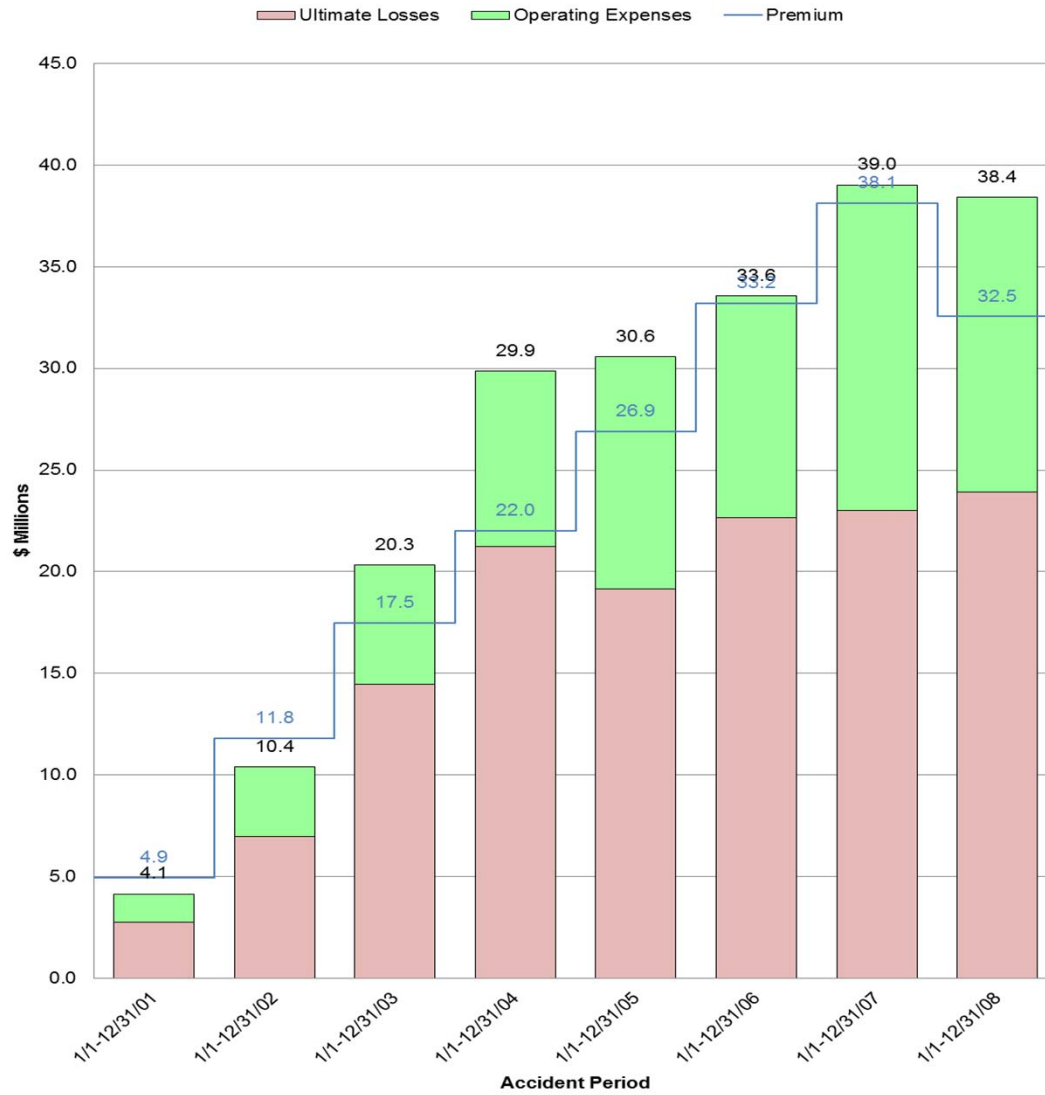
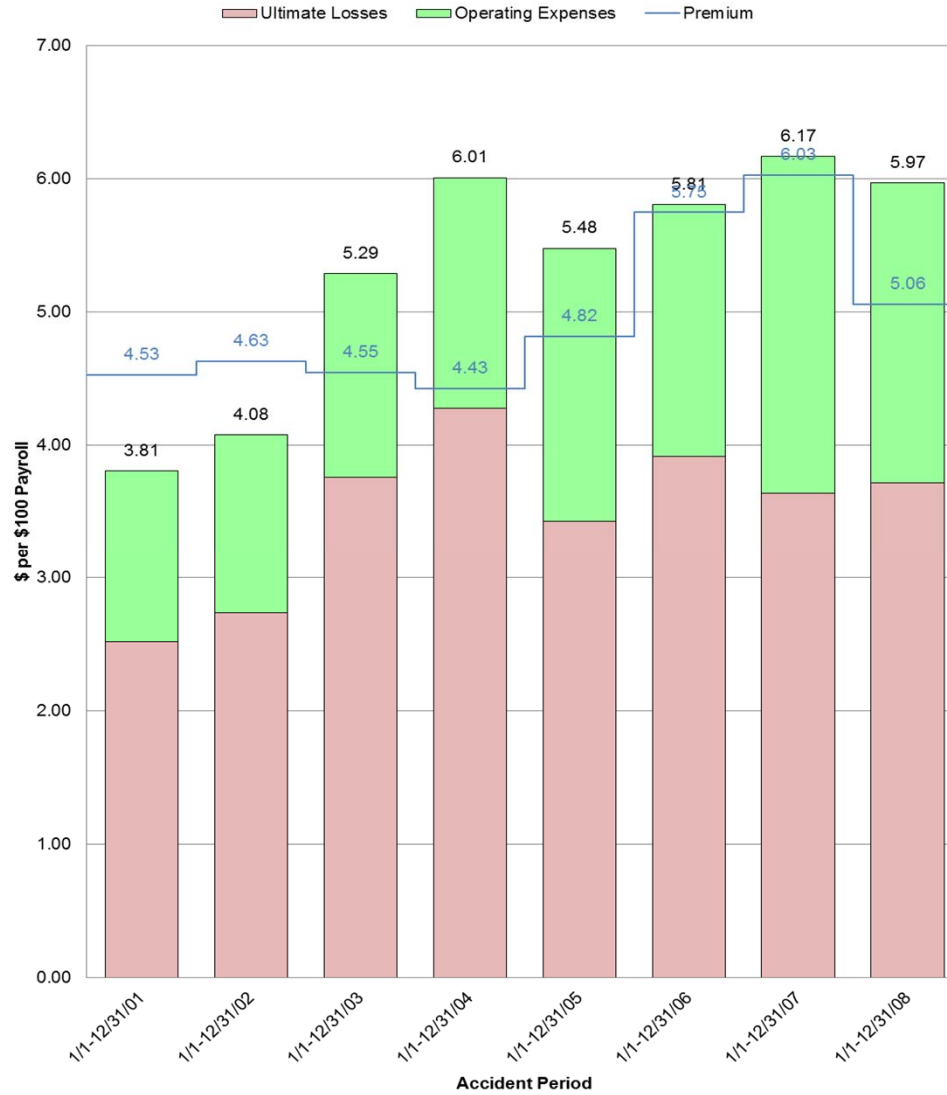
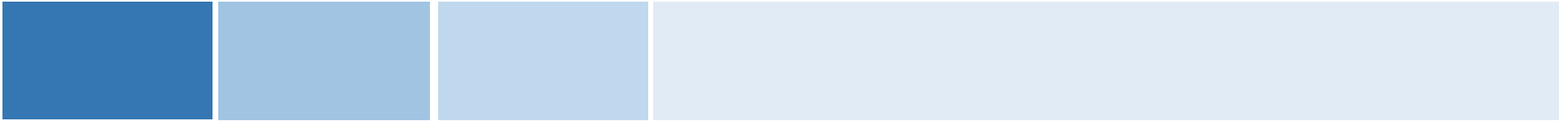


Figure 7

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

HISTORICAL PROFITABILITY ANALYSIS
(Excluding Investment Income)





Financial Review

Balance Sheets

December 31,	2017	2016
Assets		
Cash	\$ 1,374,090	\$ 1,148,489
Investments (Note 3)	3,675,288	4,156,735
Assessments receivable, net (Note 4)	4,292,348	7,897,732
Second injury fund receivable (Note 1)	525,104	430,687
Reinsurance receivable (Note 1)	3,409,428	3,692,757
Income tax receivable	257,063	-
Accrued investment income	12,533	18,374
Prepaid expenses	193,657	295,088
Deferred income taxes	1,312,444	1,631,601
	<u>\$ 15,051,955</u>	<u>\$ 19,271,463</u>
Liabilities and Members' Equity		
Liabilities:		
Unpaid losses and loss adjustment expenses (Note 5):		
Case-basis reserves	\$ 10,294,100	\$ 11,706,300
Incurred but not reported	7,017,100	8,540,300
Unallocated loss adjustment expenses	972,300	1,159,900
	<u>18,283,500</u>	<u>21,406,500</u>
Accounts payable	-	31,827
Accrued Workers' Compensation Board assessments	478,000	463,000
	<u>18,761,500</u>	<u>21,901,327</u>
Members' equity:		
Accumulated deficit	(3,686,367)	(2,636,162)
Accumulated other comprehensive income (loss)	(23,178)	6,298
	<u>(3,709,545)</u>	<u>(2,629,864)</u>
	<u>\$ 15,051,955</u>	<u>\$ 19,271,463</u>

Statements of Comprehensive Income

For the years ended December 31,	2017	2016
Revenues:		
Deficit assessments	\$ -	\$ 5,666,992
Investment income	63,122	106,637
	63,122	5,773,629
Expenses:		
Incurred losses and loss adjustment (Note 5)	(1,217,543)	(1,157,048)
Workers' Compensation Board assessments	(6,095)	(236,717)
Administrative fees	278,062	288,750
Trustee fees	37,500	32,689
Legal, accounting, and actuary fees	99,128	115,568
Insurance	102,424	82,258
Collection fees	210,890	186,065
Bank and investment management fees	9,535	7,078
Bad debts	1,539,370	1,541,360
Other	6,756	10,593
	1,060,027	870,596
Income (loss) before income taxes	(996,905)	4,903,033
Provision for income taxes (Note 6)	53,300	1,854,500
Net income (loss)	(1,050,205)	3,048,533
Other comprehensive loss:		
Unrealized holding loss on investments (net of \$12,343 and \$29,899 of income taxes)	(29,476)	(44,849)
Comprehensive income (loss)	\$ (1,079,681)	\$ 3,003,684

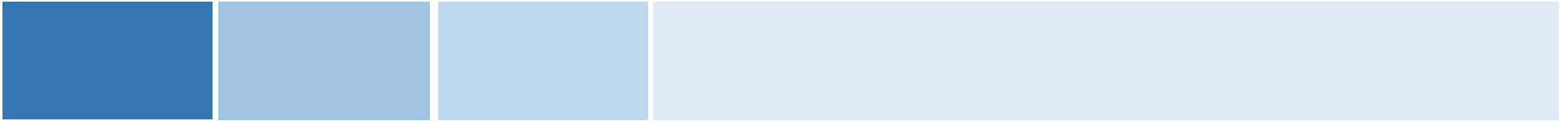
Statements of Changes in Members' Equity

For the years ended December 31, 2017 and 2016

	Total	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2016	\$ (5,633,548)	\$ (5,684,695)	\$ 51,147
Net income	3,048,533	3,048,533	-
Other comprehensive loss:			
Unrealized holding loss on investments (net of \$29,899 of income taxes)	(44,849)	-	(44,849)
Balance at December 31, 2016	(2,629,864)	(2,636,162)	6,298
Net loss	(1,050,205)	(1,050,205)	-
Other comprehensive loss:			
Unrealized holding loss on investments (net of \$12,343 of income taxes)	(29,476)	-	(29,476)
Balance at December 31, 2017	\$ (3,709,545)	\$ (3,686,367)	\$ (23,178)

Statements of Cash Flows

For the years ended December 31,	2017	2016
Operating activities:		
Net income (loss)	\$ (1,050,205)	\$ 3,048,533
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Deferred income taxes	331,500	1,762,200
Bad debts expense	1,539,370	1,541,360
Changes in other operating assets and liabilities:		
Assessments receivable	2,066,014	(2,680,170)
Second injury fund receivable	(94,417)	60,536
Reinsurance receivable	283,329	448,860
Income tax receivable	(257,063)	-
Accrued investment income	5,841	10,269
Prepaid expenses	101,431	(173,143)
Unpaid losses and loss adjustment expenses	(3,123,000)	(3,479,900)
Accounts payable and accrued expenses	(31,827)	(240,696)
Accrued Workers' Compensation Board assessments	15,000	(191,000)
Net operating activities	(214,027)	106,849
Investing activities:		
Proceeds from sale of investments	2,675,000	2,255,177
Purchase of investments	(2,235,372)	(2,338,075)
Net investing activities	439,628	(82,898)
Change in cash	225,601	23,951
Cash - beginning	1,148,489	1,124,538
Cash - ending	\$ 1,374,090	\$ 1,148,489
Supplemental cash flows information:		
Income taxes paid (refunds received)	\$ (107,441)	\$ 293,500



Assessment & Collections

Assessment

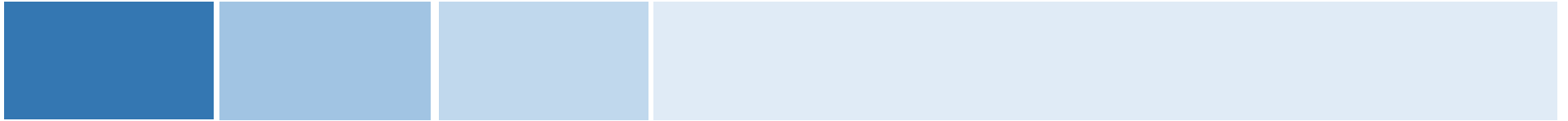
	UHY/Milliman	Lumsden/BTN	Lumsden/BTN	Lumsden/BTN
Assessment of Membership to run out Trust	March 31, 2014	December 31, 2014	December 31, 2015	December 31, 2017
	Year 1	Year 2	Year 3	Year 4
Estimated Loss and ALAE Reserves including IBNR (high end):				
Case reserves	16,222,045	14,759,500	12,026,659	10,294,100
Incurred but not reported	16,752,800	13,785,300	11,872,262	7,017,100
Reinsurance receivable	(4,030,600)	(5,084,800)	(4,141,617)	(3,409,428)
	28,944,245	23,460,000	19,757,304	13,901,772
ULAE Reserves	2,200,000	1,173,000	987,500	972,300
NYS Assessment	1,531,150	890,000	654,000	478,000
ALP Fee	2,000,000	2,000,000	2,000,000	2,000,000
Total funds required to run off Trust	34,675,395	27,523,000	23,398,804	17,352,072
Available Cash	175,739	952,399	1,124,538	1,374,090
Investments FMV*	5,094,209	4,125,753	4,148,585	3,675,288
Accrued Investment Income	55,182	43,773	28,643	12,533
Total funds available to run off Trust	5,325,130	5,121,925	5,301,766	5,061,911
			18,097,038	
Assessment Required (rounded)	29,400,000	22,400,000	18,100,000	12,290,161
Adjustments:				
Add: Factor for Uncollectable Accounts	2,940,000	2,940,000	2,940,000	2,700,000
Less: Balance Due on Year One Assessment	-	6,421,000	4,646,000	
Less: Balance Due on Year Two Assessment	-	-	4,587,000	
Less: Balance Due on Previous Assessments				6,992,348
Total Assessment	32,340,000	18,919,000	11,807,000	7,997,813

Assessment - Collections

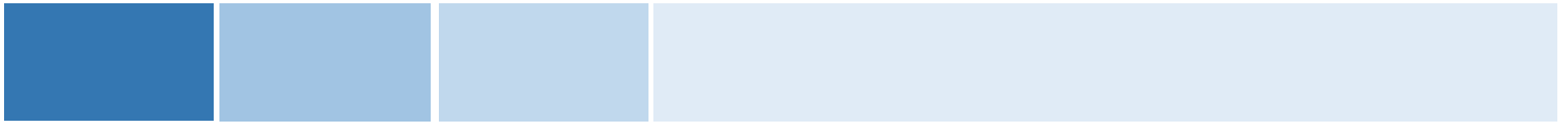
Eric Handelman, Esq. Collection Summary

As of 5/25/18

Status	Year 1 Assessment			Year 2 Assessment			Year 3 Assessment		
	# of Members	Assessment Owed Yr 1	Total PTD Yr 1	# of Members	Assessment Owed Yr 2	Total PTD Yr 2	# of Members	Assessment Owed Yr 3	Total PTD Yr 3
Collected/Paid	117	1,059,445	916,247	97	609,656	582,259	57	404,818	392,413
Haven't Collected	224	3,145,582	-	230	2,597,145	-	193	2,466,192	-
Written off	53	386,288	-	54	296,812	-	55	292,214	-
Litigation	8	219,495	-	8	186,657	-	60	996,596	-
Judgements	94	1,130,699	-	98	959,021	-	27	441,580	-
Inactive/Cannot Locate	9	173,509	-	11	189,439	-	13	205,329	-
Other	60	1,235,590	-	59	965,217	-	38	530,474	-
Totals	341	4,205,026	916,247	327	3,206,801	582,259	250	2,871,011	392,413



Presentation By NYS Workers' Compensation Board



Questions & Answers



Website Information

www.safetpa.com

NYT Trust

Password: nytdocs

- Information on the website
 - All financial statements
 - All actuarial reports
 - Trust Agreement, Rules & Regulation and Bylaws
- Any questions please contact Gina Emerson – gemerson@safetpa.com



Contact Information

SAFE, LLC

620 Erie Blvd West
Suite 100
Syracuse, NY 13204
(315) 701-1600

Gina Emerson gemerson@safetpa.com

Ed Alberts ealberts@safetpa.com

Handelman, Witkowitz & Levitsky, LLP

16 East Main St
Suite 410
Rochester, NY 14614
(585) 232-2225
Eric Handelman, Esq.

ehandelman@hwllawyers.com

Barclay Damon, LLP

2000 HSBC Plaza
100 Chestnut St.
Rochester, NY 14604
(585) 295-4420

Anthony Piazza, Esq.

APIAZZA@barclaydamon.com