

**NY TRANSPORTATION  
WORKERS COMPENSATION TRUST**

**LOSS AND ALLOCATED LOSS  
ADJUSTMENT EXPENSE RESERVES  
AS OF 12/31/03**

Prepared for: NY Transportation  
Workers Compensation Trust

Date: April 7, 2004



A MILLIMAN GLOBAL FIRM

**Milliman USA**  
*Consultants and Actuaries*

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## ***I. BACKGROUND***

In 2001 several transportation enterprises decided to form a workers' compensation self-insurance group in the State of New York, called the NY Transportation Workers Compensation Trust ("NYTWCT"). NYTWCT's Third Party Administrator ("TPA") is First Cardinal Corporation ("FCC").

FCC and NYTWCT have retained Milliman USA, Inc. ("Milliman") to perform an independent actuarial analysis of the loss and allocated loss adjustment expense ("ALAE") of NYTWCT as of December 31, 2003. NYTWCT has purchased specific and aggregate excess insurance. For accident year 2003, the specific excess insurance attaches at \$400,000 per occurrence, and the aggregate excess insurance provides a \$10 million layer of coverage attaching at 81.3% of written premium.

## **II. SCOPE AND LIMITATIONS**

### **A. SCOPE OF ANALYSIS**

Milliman has been asked by FCC and NYTWCT to independently estimate NYTWCT's loss & ALAE reserves as of December 31, 2003. It is our understanding that all future unallocated loss adjustment expense ("ULAE") is not the responsibility of NYTWCT, but rather NYTWCT's administrator, FCC. Our reserve estimates are: 1) on an undiscounted and discounted basis; 2) net of excess insurance; and 3) net of anticipated salvage and subrogation recoveries.

We were also requested by FCC and NYTWCT to calculate an assessment accrual estimate related to NYTWCT's 12/31/03 indemnity case and incurred but not report ("IBNR") reserves on an undiscounted and discounted basis.

Total loss & ALAE reserves consist of case reserves (claims administrator's estimates of future payments on individual claims) and IBNR reserves. As used in this report, the term "IBNR reserves" refers to the provision for unreported claims, changes in case reserves, and reopened claims.

Historically, loss adjustment expenses ("LAE") have been classified as ALAE or ULAE. Generally, ALAE included claims settlement costs directly assigned to specific claims, such as legal fees, and ULAE included other claims administration expenses.

## **B. GENERAL LIMITATIONS**

### **1. Reliance on Data**

In performing this analysis, we relied on data and other information provided by FCC. We have not audited or verified this data and information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

### **2. Uncertainty**

Actuarial estimates are subject to uncertainty from various sources, including changes in claim reporting patterns, claim settlement patterns, judicial decisions, legislation, and economic conditions.

In estimating NYTWCT's reserves for unpaid loss & ALAE, it is necessary to project future loss & ALAE payments. Actual future loss & ALAE will not develop exactly as projected and may, in fact, vary significantly from our projections. Further, our projections make no provision for extraordinary future emergence of new classes of losses or types of losses which are not sufficiently represented in NYTWCT's historical database or which are not yet quantifiable.

We supplemented NYTWCT's data with insurance industry data where deemed necessary. The use of external data is another source of uncertainty in our estimates.

The uncertainty associated with our estimates of net reserves for unpaid loss & ALAE is magnified by NYTWCT's exposure to large, fortuitous losses within its net retained limits of \$400,000 per occurrence. The emergence of individual large losses (or changes in reserves on existing open claims) could materially change our results. Obviously, we cannot predict the timing of large losses, but their possibility increases the uncertainty inherent in our estimates.

### **3. Variability Due to Random Fluctuation**

Our results are estimates based on long term averages. Actual loss experience in any given year may differ from what is suggested by these averages.

### **4. Range of Values**

Our results should be considered point estimates within a wide range of possible outcomes. Where our results are presented in ranges, it is possible that actual results will fall outside of these ranges.

### **5. Excess Insurance**

We did not review the actual excess insurance contracts of NYTWCT, but relied on summaries of the terms of the contracts provided by NYTWCT. Our results, net of excess insurance, assume that all excess insurance is valid and collectible.

### **6. Discount Factors**

As requested by FCC, we utilized discount factors based upon interest rates and payment patterns selected from IRS publications. We express no opinion on the appropriateness of

these discount factors. There is the possibility that NYTWCT may settle its losses more slowly or quickly than the settlement pattern underlying these factors. It is also possible that the annual rate of investment return for NYTWCT may differ from the underlying annual rate of investment for these factors. Thus, the estimated amount of future investment income implied from the use of these factors on our undiscounted reserve estimates may differ significantly from the actual amount of future investment income which NYTWCT will earn on our undiscounted reserve estimates.

## **7. Distribution**

Milliman's work is prepared solely for the internal business use of NYTWCT and FCC. Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit any third party recipient of its work product, even if Milliman consents to the release of its work product to such third party. In the event such consent is provided, the report must be provided in its entirety. We recommend that any such party have its own actuary review this report to ensure that the party understands the assumptions and uncertainties inherent in our estimates. This report may not be filed with the SEC or other securities regulatory bodies.

We understand that NYTWCT intends to distribute this report to PriceWaterhouseCoopers, LLP ("PWC") in connection with its audit of NYTWCT. We will consent to this distribution as long as the work is distributed in its entirety, and PWC is advised to have its own actuary review the work. Milliman does not intend to benefit PWC, and does not intend to create any legal duty from Milliman to PWC. In the event that PWC's audit reveals any error or inaccuracy in the data underlying this report, Milliman requests that PWC notify Milliman as soon as possible.

### **III. SUMMARY OF FINDINGS**

#### **A. LOSS & ALAE RESERVES**

Table 1 summarizes our results.

<b>TABLE 1 NY TRANSPORTATION WORKERS' COMPENSATION TRUST SUMMARY OF LOSS RESERVES AS OF 12/31/03</b>			
	<b>(1) Low <u>Estimate</u></b>	<b>(2) Point <u>Estimate</u></b>	<b>(3) High <u>Estimate</u></b>
Undiscounted Reserves:	14,967,957	15,755,745	17,331,318
Discounted Reserves:	12,764,043	13,435,834	14,779,417

The reserve estimates in Table 1 are net of anticipated salvage and subrogation recoveries.



B. ASSESSMENT ACCRUAL

Table 2 summarizes our estimate of NYTWCT's assessment accrual at 12/31/03.

<b>TABLE 2 NY TRANSPORTATION WORKERS' COMPENSATION TRUST SUMMARY OF ASSESSMENT ACCRUAL AS OF 12/31/03</b>			
	(1) Low <u>Estimate</u>	(2) Point <u>Estimate</u>	(3) High <u>Estimate</u>
Undiscounted Reserves:	3,320,129	3,906,033	4,491,937
Discounted Reserves:	2,832,037	3,331,807	3,831,578

C. COMPARISON TO CARRIED VALUES

Table 3 compares our loss & ALAE reserves and accrual assessment estimates to NYTWCT's carried values.

<b>TABLE 3 NY TRANSPORTATION WORKERS' COMPENSATION TRUST COMPARISON OF RESERVES AS OF 12/31/03</b>			
	(1) Low <u>Estimate</u>	(2) Point <u>Estimate</u>	(3) High <u>Estimate</u>
<b>Undiscounted Reserves:</b>			
- Loss Reserves	14,967,957	15,755,745	17,331,318
- Assessment Accrual	<u>3,320,129</u>	<u>3,906,033</u>	<u>4,491,937</u>
- Total Milliman reserves	18,288,086	19,661,778	21,823,255
<b>Discounted Reserves:</b>			
- Loss Reserves	12,764,043	13,435,834	14,779,417
- Assessment Accrual	<u>2,832,037</u>	<u>3,331,807</u>	<u>3,831,578</u>
- Total Milliman reserves	15,596,080	16,767,641	18,610,995
<b>Carried Reserves:</b>			
- Loss Reserves	12,636,563	12,636,563	12,636,563
- Assessment Accrual	<u>3,074,672</u>	<u>3,074,672</u>	<u>3,074,672</u>
- Total Carried reserves	15,711,235	15,711,235	15,711,235

D. RETROSPECTIVE ANALYSIS

Table 4 shows how our estimates of ultimate loss & ALAE for accident years 2001 to 2002 have changed since our prior report. (Our prior report was based on data as of 12/31/02).

<b>TABLE 4</b> <b>NY TRANSPORTATION</b> <b>WORKERS' COMPENSATION TRUST</b> <b>RETROSPECTIVE ANALYSIS</b> <b>AS OF 12/31/03</b>				
(1)	(2)	(3)	(4)	(5)
Accident Year <u>Ending 12/31/XX</u>	Current Selected Ultimate <u>Loss &amp; ALAE</u>	Prior Ultimate <u>Loss &amp; ALAE</u>	Difference <u>(2) - (3)</u>	Percent Difference <u>(4) / (3)</u>
2001	2,519,236	2,417,429	101,807	4.2%
<u>2002</u>	<u>6,814,174</u>	<u>6,485,625</u>	<u>328,549</u>	<u>5.1%</u>
Total	9,333,410	8,903,054	430,356	4.8%

## **IV. ANALYSIS**

In this section, we set forth the process utilized to estimate the loss & ALAE reserves and assessment accrual for NYTWCT as of December 31, 2003. Unless noted otherwise, throughout the remainder of this report the terms loss and losses refer to loss & ALAE.

### **A. DATA AND INFORMATION**

In estimating NYTWCT's ultimate losses and assessment accrual, we relied on loss and exposure information provided by FCC. We also relied on data and information received during our studies for previous years. Furthermore, New York workers compensation industry data was used to supplement our analysis.

### **B. METHODOLOGY**

Our methodology consists of the following subsections:

1. Estimated Ultimate Losses
2. Calculation of Reserves
3. Calculation of Assessment Accrual

#### **1. Estimated Ultimate Losses**

Our approach to estimating ultimate losses was to use a variety of estimation methods and then judgmentally assign weight to each method. The following is a brief description of each method used for losses.

a. Incurred Loss Development

In the incurred loss development method, losses incurred as of the latest evaluation date are “developed” to an ultimate basis by applying an appropriate factor. This loss development factor (“LDF”) accounts for any unreported claims, any changes in estimates of case reserves for unpaid reported claims, and any reopened claims.

b. Paid Loss Development

In the paid loss development method, losses paid as of the latest evaluation date are “developed” to an ultimate basis by applying an appropriate factor. This LDF accounts for any unreported claims, future payments on open claims, and any reopened claims.

c. Incurred Bornhuetter-Ferguson

The Incurred Bornhuetter-Ferguson method also requires the use of development factors, as well as the selection of expected losses. Expected unreported losses are determined using earned premiums, the expected loss ratio, and the selected incurred LDFs. These expected unreported losses are then combined with the actual incurred losses to arrive at the estimated ultimate losses.

d. Paid Bornhuetter-Ferguson

The Paid Bornhuetter-Ferguson method also requires the use of development factors, as well as the selection of expected losses. Expected unpaid losses are determined using earned premiums, the expected loss ratio, and the selected paid LDFs. These expected unpaid losses are then combined with the actual paid to arrive at the estimated ultimate losses.

e. Loss Ratio

The loss ratio method produces ultimate losses by multiplying earned premiums by a selected ultimate loss ratio.

f. Summary

After reviewing the results of each method and assigning weights to each, the result is a selected ultimate loss amount.

**2. Calculation of Reserves**

Our approach to calculating reserves was to subtract amounts paid to date from estimated ultimate loss amounts. In addition, adjustments were made to reflect anticipated salvage and subrogation recoveries.

**3. Calculation of Assessment Accrual**

Our approach to calculating the assessment accrual was to apply the assessment accrual percentage of 33.83% to our estimated ultimate indemnity reserves. See Exhibit 8, Sheets 1 to 3.

**C. DETAILED ANALYSIS**

The purpose of this section is to explain how we combined the available data with the selected methodology described in Sections A-B above so as to properly reflect any circumstances unique to NYTWCT. Our detailed analysis includes the following categories:

## **1. Expected Ultimate Losses**

The Paid and Incurred Bornhuetter-Ferguson methods require the selection of expected ultimate losses. For all years except the most current year, we selected last year's estimate of ultimate losses as this expectation.

For the most current year, we selected expected ultimate losses by reviewing, in Exhibit 5, the results of a paid development method, an incurred development method, and a loss ratio method. That is, for accident year 2003, we first developed paid and incurred experience as of December 31, 2003 to an ultimate basis for indemnity, medical, and ALAE separately. We next selected a weighted average of the results from these two methods, summed these selections for indemnity, medical and ALAE, and then compared this summary result to the result from the loss ratio method.

We utilized a loss ratio of 65.0% in the loss ratio method. This was selected based on a review of the ultimate loss ratios produced by the experience of the more mature self-insurance groups administered by FCC in New York. The result of this calculation was an estimate of expected ultimate loss and loss expense.

## **2. Selected Loss Development Factors**

We selected the paid and incurred loss development factors used to derive expected ultimate losses by judgmentally selecting factors based upon the loss development experience of the more mature FCC SIGs in New York and a review of New York industry workers compensation development factors. Our paid and incurred tail LDFs were judgmentally selected by giving consideration to industry LDFs and the prior year's tail LDFs.

### **3. Calculation of Reserves as of December 31, 2003**

We derived undiscounted loss reserves (gross of anticipated salvage and subrogation recoveries) in Exhibit 2 by subtracting paid losses as of December 31, 2003 from our selected ultimate losses. We then derived, in Exhibit 9, the undiscounted loss reserve estimates net of anticipated salvage and subrogation recoveries.

We calculated the discounted reserve estimates by multiplying the undiscounted loss reserves (net of anticipated salvage and subrogation recoveries) by selected discount factors. As requested by FCC, we utilized discount factors based upon IRS publications. We express no opinion on the appropriateness of these discount factors.

### **4. Calculation of Assessment Accrual Estimate**

In Exhibit 8, Sheet 1 we applied the assessment rate, provided by FCC, of 33.83% to NYTWCT's 12/31/03 indemnity case and IBNR reserves to derive the undiscounted point assessment accrual estimate of \$3,906,033.

As requested by FCC, our discounted assessment accrual estimates were produced by multiplying our assessment accrual estimates by the IRS discount factors that were used to discount the loss reserves. We express no opinion on the appropriateness of these discount factors.

### **5. Range of Reserves**

Our loss reserve estimates should be considered as point estimates within wide ranges of possible outcomes. For each policy year, we derived an undiscounted high estimate by selecting 110% of our point estimate undiscounted loss reserves. For each policy year, we derived an undiscounted low estimate by selecting 95% of our point estimate undiscounted loss reserves.



Similarly, our assessment accrual estimates should be considered as point estimates within wide ranges of possible outcomes. For each policy year, we derived an undiscounted high estimate by selecting 115% of our point estimate assessment accrual estimate. For each policy year, we derived an undiscounted low estimate by selecting 85% of our point estimate assessment accrual estimate.

## **6. World Trade Center Large Losses**

Due to their unusual severity, we have removed all accident year 2001 World Trade Center large losses from the development triangles.

## **7. NYTWCT Large Losses**

In estimating loss reserves and the assessment accrual for NYTWCT, we made adjustments in our calculations for large losses. On Exhibit 4, Sheets 2 and 3 and Exhibit 5 large losses are removed prior to development, and then added back in capped at the appropriate specific retention level. On Exhibit 4, Sheet 5 large losses are capped at the appropriate specific retention level. On Exhibit 8, Sheet 2 indemnity payments from large losses are removed prior to development, and then added back in at the full amount. Finally, on Exhibit 8, Sheet 3 large losses are removed prior to the selection of a ratio of indemnity reserves to total reserves, and then indemnity case reserves from any large losses are added back in at the full amount.

## V. **EXHIBITS**

To facilitate review of the calculations, the numbers in the exhibits are generally displayed with more significant digits than are inherent in their accuracy. Amounts may appear not to add or multiply due to the rounded figures shown in the exhibits.

<u>Exhibit Number</u>	<u>Description</u>
Exhibit 1	Summary of Loss & ALAE Reserves as of 12/31/03
Exhibit 2	Summary of Undiscounted Loss & ALAE Reserves as of 12/31/03
Exhibit 3, Sheet 1	Summary of Discounted Reserves Loss & ALAE Reserves as of 12/31/03 (Including Assessment Accrual)
Exhibit 3, Sheet 2	Retrospective Analysis
Exhibit 4	Summary of Methods
Exhibit 5	Expected Ultimate Losses – Accident Year 2003
Exhibit 6	Selected Loss Development Factors
Exhibit 7	Diagnostics
Exhibit 8	Calculation of Assessment Accrual for Indemnity Reserves as of 12/31/03
Exhibit 9	Calculation of Anticipated Salvage and Subrogation Recoveries

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Exhibit 1

Summary of Loss & ALAE Reserves as of 12/31/03

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Accident Year Ending 12/31/XX	Undiscounted Loss & ALAE Reserves and Assessment Accrual			Discounted Loss & ALAE Reserves and Assessment Accrual		
	Low Estimate	Point Estimate	High Estimate	Low Estimate	Point Estimate	High Estimate
1995						
1996						
1997						
1998						
1999						
2000						
2001	1,127,996	1,213,035	1,346,531	907,811	976,251	1,083,688
2002	4,383,790	4,710,895	5,227,764	3,606,106	3,875,182	4,300,359
2003	12,776,300	13,737,848	15,248,960	11,082,163	11,916,209	13,226,948
Total	18,288,086	19,661,778	21,823,255	15,596,080	16,767,642	18,610,995
Total minus latest year	5,511,786	5,923,930	6,574,295	4,513,917	4,851,433	5,384,047

Notes: Net of anticipated salvage and subrogation recoveries. Includes assessment accrual for indemnity reserves.  
 (2)-(4),(5)-(7): Exhibit 3, Sheet 1

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Exhibit 2

Summary of Undiscounted Loss & ALAE Reserves as of 12/31/2003

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Accident Year Ending 12/31/XX	Selected Ultimate Loss & ALAE	Paid Loss & ALAE as of 12/31/2003	Incurred Loss & ALAE as of 12/31/2003	Estimated Point Loss & ALAE Reserves as of 12/31/2003	Estimated Low Loss & ALAE Reserves as of 12/31/2003	Estimated High Loss & ALAE Reserves as of 12/31/2003	Earned Premium	Loss Ratio (2) / (8)
1995								
1996								
1997								
1998								
1999								
2000								
2001	2,519,236	1,469,227	2,086,538	1,050,009	997,509	1,155,010	5,450,194	0.462
2002	6,814,174	2,889,363	5,100,871	3,924,811	3,728,570	4,317,292	11,806,291	0.577
2003	13,667,651	2,324,727	7,970,437	11,342,924	10,775,778	12,477,217	16,975,310	0.805
<b>Total</b>	<b>23,001,061</b>	<b>6,683,317</b>	<b>15,157,846</b>	<b>16,317,744</b>	<b>15,501,857</b>	<b>17,949,519</b>	<b>34,231,795</b>	<b>0.672</b>

Notes:

- (2): Exhibit 4, Sheet 1
- (3), (8): Provided by First Cardinal Corporation
- (4): Provided by First Cardinal Corporation
- For 2003, Incurred Large Losses were capped at \$400,000 each
- (5): = (2) - (3)
- (6): = (5) x 95.0%
- (7): = (5) x 110.0%

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Exhibit 3  
 Sheet 1

Summary of Discounted Loss & ALAE Reserves as of 12/31/2003 (Including Assessment Accrual)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Accident Year Ending 12/31/XX	Estimated Low Loss & ALAE Reserves as of 12/31/2003	Estimated Point Loss & ALAE Reserves as of 12/31/2003	Estimated High Loss & ALAE Reserves as of 12/31/2003	Reserve Discount Factor	Discounted Low Loss & ALAE Reserves as of 12/31/2003	Discounted Point Loss & ALAE Reserves as of 12/31/2003	Discounted High Loss & ALAE Reserves as of 12/31/2003
1995							
1996							
1997							
1998							
1999							
2000							
2001	1,127,996	1,213,035	1,346,531	0.8048	907,811	976,251	1,083,688
2002	4,383,790	4,710,895	5,227,764	0.8226	3,606,106	3,875,182	4,300,359
2003	12,776,300	13,737,848	15,248,960	0.8674	11,082,163	11,916,209	13,226,948
<b>Total</b>	<b>18,288,086</b>	<b>19,661,778</b>	<b>21,823,255</b>		<b>15,596,080</b>	<b>16,767,642</b>	<b>18,610,995</b>

Notes: Net of anticipated salvage and subrogation recoveries. Includes accrual assessment for indemnity reserves.  
 (2), (3), (4): Exhibit 8, Sheet 1 and Exhibit 9  
 (5): Discount factors are based on IRS publication  
 (6): = (2) x (5)  
 (7): = (3) x (5)  
 (8): = (4) x (5)

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**Exhibit 3  
Sheet 2**

**Retrospective Analysis**

(1)	(2)	(3)	(4)	(5)
Accident Year Ending 12/31/XX	Selected Ultimate Loss & ALAE as of 12/31/2003	Prior Ultimate Loss & ALAE as of 12/31/2002	Difference (2) - (3)	Percent Difference (4) / (3)
1995				
1996				
1997				
1998				
1999				
2000				
2001	2,519,236	2,417,429	101,807	4.2%
2002	6,814,174	6,485,625	328,549	5.1%
2003				
<b>Total</b>	<b>9,333,410</b>	<b>8,903,054</b>	<b>430,356</b>	<b>4.8%</b>

Notes:

(2): Exhibit 4, Sheet 1

(3): From Milliman prior report evaluated 12/31/02

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Exhibit 4  
 Sheet 1

Summary of Methods

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Estimated Ultimate Loss & ALAE Based on:									
Accident Year Ending 12/31/XX	Paid Development	Incurred Development	Paid Bornhuetter- Ferguson	Incurred Bornhuetter- Ferguson	Weight to (2)	Weight to (3)	Weight to (4)	Weight to (5)	Selected Ultimate Loss & ALAE
1995									
1996									
1997									
1998									
1999									
2000									
2001	2,953,146	2,528,884	2,682,776	2,509,588	0.000	0.500	0.000	0.500	2,519,236
2002	8,350,260	6,860,671	7,130,962	6,767,677	0.000	0.500	0.000	0.500	6,814,174
2003	15,759,497	13,723,279	12,541,832	13,667,651	0.000	0.000	0.000	1.000	13,667,651
<b>Total</b>	<b>27,062,903</b>	<b>23,112,834</b>	<b>22,355,570</b>	<b>22,944,916</b>					<b>23,001,061</b>

Notes:

- (2): Exhibit 4, Sheet 2
- (3): Exhibit 4, Sheet 3
- (4): Exhibit 4, Sheet 4
- (5): Exhibit 4, Sheet 5
- (10): = [(2) x (6)] + [(3) x (7)] + [(4) x (8)] + [(5) x (9)]

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**Exhibit 4  
Sheet 2**

**Paid Development Method**

(1)	(2)	(3)	(4)	(5)
Accident Year Ending 12/31/XX	Age (in Months)	Paid Loss & ALAE as of 12/31/2003	Cumulative Development Factors	Estimated Ultimate Loss & ALAE (3) x (4)
1995				
1996				
1997				
1998				
1999				
2000				
2001	36	1,469,227	2.010	2,953,146
2002	24	2,889,363	2.890	8,350,260
2003	12	2,324,727	7.199	15,759,497
<b>Total</b>		<b>6,683,317</b>		<b>27,062,903</b>

**Notes:**

(3): Provided by First Cardinal Corporation

(4): Exhibit 6, Sheet 1

(5): For 2003, (5) = ((3) - \$176,090.71 - \$44,422.97 - \$81,779.83) x (4) + \$1,200,000



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**Exhibit 4  
Sheet 3**

**Incurred Development Method**

(1)	(2)	(3)	(4)	(5)
Accident Year Ending 12/31/XX	Age (in Months)	Incurred Loss & ALAE as of 12/31/2003	Cumulative Development Factors	Estimated Ultimate Loss & ALAE (3) x (4)
1995				
1996				
1997				
1998				
1999				
2000				
2001	36	2,086,538	1.212	2,528,884
2002	24	5,100,871	1.345	6,860,671
2003	12	9,427,437	1.914	13,723,279
<b>Total</b>		<b>16,614,846</b>		<b>23,112,834</b>

**Notes:**

(3): Provided by First Cardinal Corporation

(4): Exhibit 6, Sheet 2

(5): For 2003, (5) = ((3) -\$508,000 - \$1,749,000 - \$318,100 - \$339,290 - \$388,032) x (4) + \$2,000,000

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**Exhibit 4  
Sheet 4**

**Paid Bornhuetter-Ferguson Method**

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Accident Year Ending 12/31/XX	Expected Loss & ALAE	Cumulative Development Factors	Remaining Development 1.0 - [1.0 / (3)]	Remaining Reserves (2) x (4)	Paid Loss & ALAE as of 12/31/2003	Estimated Ultimate Loss & ALAE (5) + (6)
1995						
1996						
1997						
1998						
1999						
2000						
2001	2,417,429	2.010	0.502	1,213,549	1,469,227	2,682,776
2002	6,485,625	2.890	0.654	4,241,599	2,889,363	7,130,962
2003	11,866,556	7.199	0.861	10,217,105	2,324,727	12,541,832
<b>Total</b>	<b>20,769,610</b>			<b>15,672,253</b>	<b>6,683,317</b>	<b>22,355,570</b>

**Notes:**

- (2): 2002 and prior from Milliman study evaluated as of 12/31/2002; 2003 from Exhibit 5
- (3): Exhibit 4, Sheet 2
- (6): Provided by First Cardinal Corporation

First Cardinal Corporation  
 NY Transportation Workers Compensation Trust

Exhibit 4  
 Sheet 5

Incurred Bornhuetter-Ferguson Method

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Accident Year Ending 12/31/XX	Expected Loss & ALAE	Cumulative Development Factors	Remaining Development 1.0 - [1.0 / (3)]	Remaining Reserves (2) x (4)	Incurred Loss & ALAE as of 12/31/2003	Estimated Ultimate Loss & ALAE (5) + (6)
1995						
1996						
1997						
1998						
1999						
2000						
2001	2,417,429	1.212	0.175	423,050	2,086,538	2,509,588
2002	6,485,625	1.345	0.257	1,666,806	5,100,871	6,767,677
2003	11,866,556	1.914	0.478	5,672,214	9,427,437	13,667,651
<b>Total</b>	<b>20,769,610</b>			<b>7,762,070</b>	<b>16,614,846</b>	<b>22,944,916</b>

Notes:

(2): 2002 and prior from Milliman study evaluated as of 12/31/2002; 2003 from Exhibit 5

(3): Exhibit 4, Sheet 3

(6): Provided by First Cardinal Corporation

(7): For 2003, (7) = (5) + (6) - (\$508,000 + \$1,749,000 - \$800,000)

**First Cardinal Corporation  
NY Transportation Workers Compensation Trust**

**Exhibit 5**

**Expected Ultimate Losses - Accident Year 2003**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Item	Paid to Date	Paid Age-Ult LDF	Estimated Ultimate	Incurred to Date	Incurred Age-Ult LDF	Estimated Ultimate	Selected Expected Ultimate
Indemnity	1,010,052	11.427	11,541,866	3,273,781	2.484	8,132,071	8,132,071
Medical	951,243	4.566	4,343,375	2,504,839	1.480	3,707,162	3,707,162
ALAE	61,138	9.947	608,141	346,395	1.516	525,135	525,135
<b>Total</b>	<b>2,022,433</b>		<b>17,693,382</b>	<b>6,125,015</b>		<b>14,364,368</b>	<b>14,364,368</b>

(8) Expected Ultimate Loss Ratio	0.650
(9) Earned Premium	16,975,310
(10) Expected Ultimate Losses	11,033,952
(11) Weight to (7)	0.250
(12) Weight to (10)	0.750
(13) Selected Expected Ultimate Losses	11,866,556

**Notes:**

(1), (4): Provided by First Cardinal Corporation

(2): Exhibit 6, Sheet 3 , Exhibit 6, Sheet 5 , Exhibit 6, Sheet 7

(3): = (1) x (2)

(5): Exhibit 6, Sheet 4 , Exhibit 6, Sheet 6 , Exhibit 6, Sheet 8

(6): = (4) x (5)

(7): Judgmentally Selected

(8): Based on review of First Cardinal Corporation historical experience

(9): Provided by First Cardinal Corporation

(10): = (8) x (9)

(13): = [(7) x (11)] + [(10) x (12)]

Cumulative Paid Loss & ALAE

Accident Year	at 12 Months	at 24 Months	at 36 Months	at 48 Months	at 60 Months	at 72 Months	at 84 Months	at 96 Months	at 108 Months
1995		422,464	543,139	730,745	769,228	822,202	933,894	994,287	1,113,073
1996	841,221	1,625,448	2,197,637	2,496,687	2,903,553	3,188,901	3,436,742	3,769,457	
1997	678,838	1,958,857	2,728,291	3,394,592	3,932,522	4,290,345	4,575,469		
1998	1,178,497	2,770,929	3,725,045	4,599,413	5,148,210	5,698,962			
1999	2,172,789	5,217,209	7,189,250	8,929,888	10,275,479				
2000	4,174,885	10,662,995	15,327,859	18,553,046					
2001	5,480,091	15,029,734	22,266,785						
2002	8,824,222	20,700,040							
2003	8,451,712								

Development Factors

Accident Year	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-Ult Months
1995		1.286	1.345	1.053	1.069	1.136	1.065	1.119	
1996	1.932	1.352	1.136	1.163	1.098	1.078	1.097		
1997	2.886	1.393	1.244	1.158	1.091	1.066			
1998	2.351	1.344	1.235	1.119	1.107				
1999	2.401	1.378	1.242	1.151					
2000	2.554	1.437	1.210						
2001	2.743	1.482							
2002	2.346								
2003									
Straight Average	2.459	1.382	1.235	1.129	1.091	1.093	1.081	1.119	
Latest 5 Excl Hi/Lo	2.435	1.403	1.229	1.143					
Weighted Average	2.482	1.432	1.221	1.143	1.098	1.078	1.090	1.119	
Average, Latest 5	2.479	1.407	1.213	1.129					
Average, Latest 3	2.548	1.432	1.229	1.143	1.099	1.093			
Wtd Avg, Latest 5	2.491	1.438	1.218	1.143					
Wtd Avg, Latest 3	2.511	1.449	1.223	1.144	1.100	1.078			
Wtd Avg, Latest 2	2.498	1.463	1.221	1.140	1.100	1.071	1.090		
Prior Selected	2.604	1.402	1.241	1.126	1.099	1.091	1.071	1.139	
Industry Averages	2.374	1.470	1.261	1.168	1.109	1.076	1.056	1.429	
Latest Inc/Pd Ratios	3.401	1.908	1.502	1.346	1.222	1.130	1.104	1.129	1.046
Selected	2.491	1.438	1.218	1.143	1.098	1.078	1.071	1.035	
Cumulative	7.199	2.890	2.010	1.650	1.444	1.315	1.220	1.139	1.100

Notes: Data provided by First Cardinal Corporation

Cumulative Incurred Loss & ALAE

Accident Year	at 12 Months	at 24 Months	at 36 Months	at 48 Months	at 60 Months	at 72 Months	at 84 Months	at 96 Months	at 108 Months
1995		1,062,694	1,037,119	1,052,873	987,652	1,046,558	1,026,513	1,082,669	1,164,416
1996	2,129,981	2,531,830	3,709,054	3,741,093	3,905,745	3,861,788	4,494,027	4,255,518	
1997	2,137,070	4,469,207	4,458,787	4,792,846	4,896,640	5,064,969	5,050,536		
1998	5,246,779	5,147,032	5,729,305	6,120,638	6,274,312	6,435,950			
1999	8,100,182	10,585,791	11,353,957	11,856,063	12,559,972				
2000	14,007,808	19,735,225	22,951,615	24,972,911					
2001	21,957,649	30,223,698	33,419,325						
2002	26,921,046	39,515,818							
2003	28,780,225								

Development Factors

Accident Year	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-Ult Months
1995		0.976	1.015	0.938	1.060	0.981	1.055	1.076	
1996	1.189	1.465	1.009	1.044	0.989	1.164	0.947		
1997	2.091	0.998	1.075	1.022	1.034	0.997			
1998	0.981	1.113	1.068	1.025	1.026				
1999	1.307	1.073	1.044	1.059					
2000	1.409	1.163	1.088						
2001	1.376	1.106							
2002	1.468								
2003									
Straight Average	1.403	1.128	1.050	1.018	1.027	1.047	1.001	1.076	
Latest 5 Excl Hi/Lo	1.364	1.097	1.062	1.030					
Weighted Average	1.394	1.121	1.067	1.038	1.021	1.060	0.967	1.076	
Average, Latest 5	1.308	1.091	1.057	1.018					
Average, Latest 3	1.418	1.114	1.067	1.035	1.016	1.047			
Wtd Avg, Latest 5	1.380	1.110	1.068	1.038					
Wtd Avg, Latest 3	1.423	1.119	1.073	1.042	1.019	1.060			
Wtd Avg, Latest 2	1.427	1.128	1.074	1.048	1.030	1.069	0.967		
Prior Selected	1.364	1.116	1.045	1.023	1.021	1.020	1.017	1.046	
Industry Averages	1.587	1.248	1.143	1.087	1.050	1.024	1.016	1.114	
Selected	1.423	1.110	1.062	1.030	1.021	1.020	1.017	1.010	
Cumulative	1.914	1.345	1.212	1.141	1.108	1.085	1.064	1.046	1.036

Notes: Data provided by First Cardinal Corporation

Cumulative Paid Indemnity

Accident Period	at 12 Months	at 24 Months	at 36 Months	at 48 Months	at 60 Months	at 72 Months	at 84 Months	at 96 Months	at 108 Months
1995		156,997	215,245	353,289	376,388	410,616	509,870	554,336	621,419
1996	205,963	547,424	816,170	991,117	1,264,902	1,476,459	1,650,439	1,924,431	
1997	202,453	660,594	1,031,313	1,423,406	1,812,149	2,012,298	2,181,783		
1998	376,116	913,245	1,391,056	1,955,388	2,312,862	2,675,839			
1999	713,089	1,902,341	3,143,194	4,342,133	5,285,364				
2000	1,334,071	4,256,975	7,037,496	9,013,648					
2001	2,208,882	6,182,280	10,615,428						
2002	3,293,772	8,216,989							
2003	3,378,016								

Development Factors

Accident Period	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-Ult Months
1995		1.371	1.641	1.065	1.091	1.242	1.087	1.121	
1996	2.658	1.491	1.214	1.276	1.167	1.118	1.166		
1997	3.263	1.561	1.380	1.273	1.110	1.084			
1998	2.428	1.523	1.406	1.183	1.157				
1999	2.668	1.652	1.381	1.217					
2000	3.191	1.653	1.281						
2001	2.799	1.717							
2002	2.495								
2003									
Straight Average	2.786	1.567	1.384	1.203	1.131	1.148	1.127	1.121	
Latest 5 Excl Hi/Lo	2.654	1.622	1.347	1.224					
Weighted Average	2.721	1.659	1.326	1.219	1.140	1.114	1.147	1.121	
Average, Latest 5	2.716	1.621	1.332	1.203					
Average, Latest 3	2.828	1.674	1.356	1.224	1.145	1.148			
Wtd Avg, Latest 5	2.709	1.669	1.321	1.219					
Wtd Avg, Latest 3	2.729	1.685	1.323	1.219	1.144	1.114			
Wtd Avg, Latest 2	2.617	1.691	1.312	1.207	1.137	1.098	1.147		
Prior Selected	2.878	1.621	1.374	1.221	1.145	1.120	1.074	1.150	
Industry Averages	2.466	1.708	1.343	1.235	1.145	1.099	1.073	1.478	
Latest Inc/Pd Ratios	3.846	2.519	1.770	1.546	1.340	1.193	1.182	1.179	1.066
Selected	2.709	1.669	1.321	1.219	1.140	1.114	1.074	1.045	
Cumulative	11.427	4.218	2.527	1.913	1.569	1.376	1.235	1.150	1.100

Notes: Data provided by First Cardinal Corporation

Cumulative Incurred Indemnity

Accident Year	at 12 Months	at 24 Months	at 36 Months	at 48 Months	at 60 Months	at 72 Months	at 84 Months	at 96 Months	at 108 Months
1995		617,036	601,990	569,424	505,416	568,366	557,417	620,136	662,698
1996	726,711	950,391	1,747,140	1,762,875	1,934,063	1,950,103	2,299,258	2,269,590	
1997	871,331	2,254,459	2,168,742	2,378,443	2,464,669	2,566,198	2,579,859		
1998	2,497,090	2,409,122	2,799,845	3,018,757	3,124,189	3,191,505			
1999	3,876,262	5,488,493	6,068,258	6,442,120	7,081,631				
2000	6,213,734	10,221,194	12,425,642	13,941,779					
2001	10,399,844	16,094,484	18,795,062						
2002	11,707,188	20,678,354							
2003	13,010,404								

Development Factors

Accident Year	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-Ult Months
1995		0.976	0.946	0.888	1.125	0.981	1.113	1.069	
1996	1.308	1.838	1.009	1.097	1.008	1.179	0.987		
1997	2.587	0.962	1.097	1.036	1.041	1.005			
1998	0.965	1.162	1.078	1.035	1.022				
1999	1.416	1.106	1.062	1.099					
2000	1.645	1.216	1.122						
2001	1.548	1.168							
2002	1.766								
2003									
Straight Average	1.605	1.204	1.052	1.031	1.049	1.055	1.050	1.069	
Latest 5 Excl Hi/Lo	1.536	1.145	1.079	1.056					
Weighted Average	1.601	1.173	1.089	1.066	1.031	1.069	1.012	1.069	
Average, Latest 5	1.468	1.123	1.074	1.031					
Average, Latest 3	1.653	1.163	1.087	1.057	1.024	1.055			
Wtd Avg, Latest 5	1.582	1.159	1.093	1.066					
Wtd Avg, Latest 3	1.659	1.172	1.099	1.070	1.025	1.069			
Wtd Avg, Latest 2	1.663	1.186	1.102	1.079	1.030	1.080	1.012		
Prior Selected	1.552	1.161	1.059	1.036	1.027	1.024	1.019	1.037	
Industry Averages	1.746	1.334	1.159	1.108	1.055	1.031	1.020	1.107	
Selected	1.659	1.159	1.093	1.066	1.025	1.024	1.019	1.012	
Cumulative	2.484	1.497	1.292	1.182	1.109	1.082	1.057	1.037	1.025

Notes: Data provided by First Cardinal Corporation



Cumulative Paid Medical

Accident Period	at 12 Months	at 24 Months	at 36 Months	at 48 Months	at 60 Months	at 72 Months	at 84 Months	at 96 Months	at 108 Months
1995		218,664	251,276	286,320	292,247	302,465	307,928	318,478	346,626
1996	590,324	923,138	1,137,695	1,200,365	1,294,470	1,337,983	1,392,452	1,446,085	
1997	420,992	1,113,805	1,431,323	1,634,576	1,739,075	1,864,861	1,961,846		
1998	746,013	1,699,217	2,078,036	2,320,349	2,472,951	2,632,792			
1999	1,390,174	3,035,488	3,611,951	4,002,577	4,323,373				
2000	2,680,562	5,815,526	7,379,624	8,400,117					
2001	3,093,439	8,046,015	10,387,637						
2002	5,142,981	11,298,803							
2003	4,698,337								

Development Factors

Accident Period	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-Ult Months
1995		1.149	1.139	1.021	1.035	1.018	1.034	1.088	
1996	1.564	1.232	1.055	1.078	1.034	1.041	1.039		
1997	2.646	1.285	1.142	1.064	1.072	1.052			
1998	2.278	1.223	1.117	1.066	1.065				
1999	2.184	1.190	1.108	1.080					
2000	2.170	1.269	1.138						
2001	2.601	1.291							
2002	2.197								
2003									
Straight Average	2.234	1.234	1.117	1.062	1.052	1.037	1.037	1.088	
Latest 5 Excl Hi/Lo	2.220	1.259	1.121	1.069					
Weighted Average	2.270	1.260	1.123	1.072	1.059	1.045	1.038	1.088	
Average, Latest 5	2.286	1.252	1.112	1.062					
Average, Latest 3	2.323	1.250	1.121	1.070	1.057	1.037			
Wtd Avg, Latest 5	2.290	1.263	1.123	1.072					
Wtd Avg, Latest 3	2.305	1.265	1.127	1.073	1.060	1.045			
Wtd Avg, Latest 2	2.349	1.282	1.128	1.075	1.068	1.047	1.038		
Prior Selected	2.359	1.239	1.110	1.066	1.055	1.032	1.024	1.143	
Industry Averages	2.303	1.266	1.122	1.077	1.052	1.035	1.025	1.324	
Latest Inc/Pd Ratios	2.841	1.464	1.227	1.139	1.093	1.073	1.033	1.078	1.020
Selected	2.290	1.263	1.123	1.072	1.059	1.045	1.038	1.030	
Cumulative	4.566	1.994	1.579	1.406	1.312	1.239	1.186	1.143	1.110

Notes: Data provided by First Cardinal Corporation

Cumulative Incurred Medical

Accident Year	at 12 Months	at 24 Months	at 36 Months	at 48 Months	at 60 Months	at 72 Months	at 84 Months	at 96 Months	at 108 Months
1995		361,254	336,196	371,056	362,146	355,284	347,505	335,631	353,540
1996	1,290,398	1,364,382	1,627,659	1,599,918	1,579,335	1,512,922	1,755,755	1,558,377	
1997	1,038,907	1,838,571	1,905,843	1,992,737	2,008,610	2,052,015	2,027,483		
1998	2,405,917	2,388,427	2,554,749	2,716,251	2,740,140	2,826,215			
1999	3,753,713	4,511,667	4,666,035	4,687,930	4,723,938				
2000	6,906,653	8,371,299	9,192,620	9,562,352					
2001	9,934,060	12,346,537	12,746,873						
2002	13,117,434	16,534,161							
2003	13,347,082								

Development Factors

Accident Year	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-Ult Months
1995		0.931	1.104	0.976	0.981	0.978	0.966	1.053	
1996	1.057	1.193	0.983	0.987	0.958	1.161	0.888		
1997	1.770	1.037	1.046	1.008	1.022	0.988			
1998	0.993	1.070	1.063	1.009	1.031				
1999	1.202	1.034	1.005	1.008					
2000	1.212	1.098	1.040						
2001	1.243	1.032							
2002	1.260								
2003									
Straight Average	1.248	1.056	1.040	0.998	0.998	1.042	0.927	1.053	
Latest 5 Excl Hi/Lo	1.219	1.047	1.030	1.001					
Weighted Average	1.232	1.059	1.032	1.004	1.008	1.054	0.901	1.053	
Average, Latest 5	1.182	1.054	1.027	0.998					
Average, Latest 3	1.238	1.055	1.036	1.008	1.004	1.042			
Wtd Avg, Latest 5	1.222	1.055	1.031	1.004					
Wtd Avg, Latest 3	1.243	1.055	1.034	1.008	1.010	1.054			
Wtd Avg, Latest 2	1.253	1.059	1.028	1.008	1.027	1.061	0.901		
Prior Selected	1.217	1.077	1.025	1.012	1.010	1.000	1.000	1.068	
Industry Averages # of Open Claims	1.370	1.124	1.094	1.048	1.040	1.008	1.005	1.154	
Selected	1.243	1.055	1.031	1.010	1.008	1.005	1.005	1.005	
Cumulative	1.480	1.191	1.129	1.095	1.084	1.075	1.070	1.065	1.060

Notes: Data provided by First Cardinal Corporation

Cumulative Paid ALAE

Accident Period	at 12 Months	at 24 Months	at 36 Months	at 48 Months	at 60 Months	at 72 Months	at 84 Months	at 96 Months	at 108 Months
1995		46,803	76,618	91,137	100,594	109,121	116,095	121,473	145,028
1996	44,934	154,886	243,772	305,205	344,180	374,459	393,851	398,941	
1997	55,393	184,458	265,655	336,610	381,298	413,186	431,840		
1998	56,368	158,467	255,953	323,676	362,397	390,331			
1999	69,526	279,380	434,106	585,178	666,743				
2000	160,252	590,493	910,740	1,139,280					
2001	177,770	801,439	1,263,720						
2002	387,469	1,184,248							
2003	375,359								

Development Factors

Accident Period	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-Ult Months
1995		1.637	1.189	1.104	1.085	1.064	1.046	1.194	
1996	3.447	1.574	1.252	1.128	1.088	1.052	1.013		
1997	3.330	1.440	1.267	1.133	1.084	1.045			
1998	2.811	1.615	1.265	1.120	1.077				
1999	4.018	1.554	1.348	1.139					
2000	3.685	1.542	1.251						
2001	4.508	1.577							
2002	3.056								
2003									
Straight Average	3.551	1.563	1.262	1.125	1.084	1.054	1.030	1.194	
Latest 5 Excl Hi/Lo	3.586	1.558	1.261	1.127					
Weighted Average	3.524	1.557	1.272	1.130	1.083	1.050	1.021	1.194	
Average, Latest 5	3.616	1.546	1.277	1.125					
Average, Latest 3	3.750	1.558	1.288	1.131	1.083	1.054			
Wtd Avg, Latest 5	3.540	1.554	1.275	1.130					
Wtd Avg, Latest 3	3.551	1.561	1.279	1.132	1.083	1.050			
Wtd Avg, Latest 2	3.513	1.562	1.282	1.132	1.080	1.048	1.021		
Prior Selected	4.101	1.543	1.288	1.127	1.086	1.056	1.045	1.080	
Latest Inc/Pd Ratios	6.452	1.946	1.486	1.289	1.131	1.072	1.027	1.072	1.021
Selected	3.540	1.554	1.275	1.130	1.083	1.050	1.021	1.010	
Cumulative	9.947	2.810	1.808	1.418	1.255	1.159	1.104	1.081	1.070

Notes: Data provided by First Cardinal Corporation

Cumulative Incurred ALAE

Accident Year	at 12 Months	at 24 Months	at 36 Months	at 48 Months	at 60 Months	at 72 Months	at 84 Months	at 96 Months	at 108 Months
1995		84,404	98,933	112,393	120,091	122,909	121,591	126,903	148,178
1996	112,872	217,057	334,255	378,300	392,346	398,763	439,014	427,551	
1997	226,832	376,177	384,202	421,666	423,361	446,756	443,194		
1998	343,772	349,483	374,711	385,630	409,983	418,230			
1999	470,207	585,631	619,665	726,013	754,403				
2000	887,421	1,142,731	1,333,353	1,468,780					
2001	1,623,745	1,782,676	1,877,390						
2002	2,096,424	2,303,304							
2003	2,422,738								

Development Factors

Accident Year	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-Ult Months
1995		1.172	1.136	1.068	1.023	0.989	1.044	1.168	
1996	1.923	1.540	1.132	1.037	1.016	1.101	0.974		
1997	1.658	1.021	1.098	1.004	1.055	0.992			
1998	1.017	1.072	1.029	1.063	1.020				
1999	1.245	1.058	1.172	1.039					
2000	1.288	1.167	1.102						
2001	1.098	1.053							
2002	1.099								
2003									
Straight Average	1.333	1.155	1.112	1.042	1.029	1.027	1.009	1.168	
Latest 5 Excl Hi/Lo	1.147	1.061	1.111	1.046					
Weighted Average	1.173	1.107	1.111	1.038	1.030	1.037	0.989	1.168	
Average, Latest 5	1.149	1.074	1.107	1.042					
Average, Latest 3	1.162	1.093	1.101	1.035	1.030	1.027			
Wtd Avg, Latest 5	1.137	1.083	1.110	1.038					
Wtd Avg, Latest 3	1.135	1.091	1.109	1.036	1.031	1.037			
Wtd Avg, Latest 2	1.098	1.098	1.124	1.047	1.038	1.043	0.989		
Prior Selected	1.193	1.120	1.112	1.037	1.035	1.005	1.005	1.030	
Selected	1.135	1.110	1.083	1.038	1.030	1.005	1.005	1.005	
Cumulative	1.516	1.336	1.204	1.112	1.071	1.040	1.035	1.030	1.025

Notes: Data provided by First Cardinal Corporation

**Diagnostics: Case Reserves and Paid to Incurred Ratios**

**Case Reserves**

Accident Year	at 12 Months	at 24 Months	at 36 Months	at 48 Months	at 60 Months	at 72 Months	at 84 Months	at 96 Months	at 108 Months
1995		640,230	493,980	322,127	218,424	224,357	92,619	88,382	51,343
1996	1,288,760	906,382	1,511,417	1,244,406	1,002,192	672,887	1,057,285	486,061	
1997	1,458,232	2,510,350	1,730,496	1,398,254	964,118	774,623	475,067		
1998	4,068,282	2,376,103	2,004,260	1,521,225	1,126,102	736,987			
1999	5,927,393	5,368,582	4,164,707	2,926,176	2,284,493				
2000	9,832,923	9,072,230	7,623,756	6,419,866					
2001	16,477,558	15,193,964	11,152,540						
2002	18,096,824	18,815,778							
2003	20,328,512								

**Paid to Incurred Ratios**

Accident Year	at 12 Months	at 24 Months	at 36 Months	at 48 Months	at 60 Months	at 72 Months	at 84 Months	at 96 Months	at 108 Months
1995		0.398	0.524	0.694	0.779	0.786	0.910	0.918	0.956
1996	0.395	0.642	0.593	0.667	0.743	0.826	0.765	0.886	
1997	0.318	0.438	0.612	0.708	0.803	0.847	0.906		
1998	0.225	0.538	0.650	0.751	0.821	0.885			
1999	0.268	0.493	0.633	0.753	0.818				
2000	0.298	0.540	0.668	0.743					
2001	0.250	0.497	0.666						
2002	0.328	0.524							
2003	0.294								

**Diagnostics: Case Outstanding per Open Claim and Closed to Reported Claim Ratios**

**Case Outstanding per Open Claim**

Accident Year	at 12 Months	at 24 Months	at 36 Months	at 48 Months	at 60 Months	at 72 Months	at 84 Months	at 96 Months	at 108 Months
1995		10,851	18,296	24,779	18,202	20,396	11,577	11,048	1
1996	5,176	7,617	19,629	25,396	29,476	35,415	58,738	1	
1997	3,103	13,946	16,325	21,512	24,103	24,207	19,003		
1998	7,112	12,706	18,731	25,354	26,812	12,283			
1999	6,759	18,641	28,140	30,481	30,872				
2000	8,980	19,895	25,078	29,585					
2001	9,210	21,015	26,874						
2002	8,569	22,320							
2003	8,893								
Exponential Trend									
All Years	12.5%	14.8%	8.1%	4.7%	10.1%	(17.3%)	28.1%	-	-
Latest 5	5.1%	13.3%	13.8%	6.8%	10.1%	-	-	-	-

**Closed to Reported Claim Ratios**

Accident Year	at 12 Months	at 24 Months	at 36 Months	at 48 Months	at 60 Months	at 72 Months	at 84 Months	at 96 Months	at 108 Months
1995		0.520	0.852	0.929	0.935	0.940	0.957	0.957	0.000
1996	0.459	0.779	0.864	0.913	0.940	0.966	0.968	0.000	
1997	0.466	0.835	0.904	0.941	0.964	0.971	0.977		
1998	0.559	0.875	0.930	0.961	0.973	0.962			
1999	0.477	0.850	0.924	0.951	0.962				
2000	0.626	0.865	0.911	0.937					
2001	0.566	0.847	0.913						
2002	0.518	0.829							
2003	0.517								

**First Cardinal Corporation  
NY Transportation Workers Compensation Trust**

**Exhibit 8  
Sheet 1**

**Summary of Assessment Accrual for Total Reserves as of 12/31/2003**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Estimated Indemnity Reserves					Point Assessment Accrual for Total Reserves	Low Assessment Accrual for Total Reserves	High Assessment Accrual for Total Reserves
Accident Year Ending 12/31/XX	Development Method	Ratio Method	Selected Indemnity Reserves	Assessment Rate			
1995							
1996							
1997							
1998							
1999							
2000							
2001	761,331	599,555	720,887	33.83%	243,876	207,295	280,457
2002	2,861,619	2,241,067	2,706,481	33.83%	915,603	778,263	1,052,943
2003	8,737,551	6,262,116	8,118,692	33.83%	2,746,554	2,334,571	3,158,537
<b>Total</b>	<b>12,360,501</b>	<b>9,102,738</b>	<b>11,546,060</b>		<b>3,906,033</b>	<b>3,320,129</b>	<b>4,491,937</b>

Notes:

- (2): Exhibit 8, Sheet 2
- (3): Exhibit 8, Sheet 3
- (4): Judgmentally Selected
- (5): Provided by First Cardinal Corporation
- (6): = (4) x (5)
- (7): = (6) x 85.0%
- (8): = (6) x 115.0%

First Cardinal Corporation  
 NY Transportation Workers Compensation Trust

Exhibit 8  
 Sheet 2

Calculation of Assessment Accrual for Total Reserves as of 12/31/2003 by Development Method

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Accident Year Ending 12/31/XX	Indemnity Incurred to Date	Indemnity Incurred Cumulative Development Factors	Ultimate Indemnity (2) x (3)	Indemnity Paid to Date	Indemnity Paid Cumulative Development Factors	Ultimate Indemnity (5) x (6)	Selected Ultimate Indemnity	Indemnity Case Reserves (2) - (5)	Indemnity IBNR Reserves (8) - (2)	Indemnity Total Reserves (9) + (10)	
1995											
1996											
1997											
1998											
1999											
2000											
2001	1,191,629	1.292	1,539,585	778,254	2.527	1,966,649	1,539,585	413,375	347,956	761,331	
2002	2,913,599	1.497	4,361,658	1,500,039	4.218	6,327,164	4,361,658	1,413,560	1,448,059	2,861,619	
2003	3,273,781	2.484	9,761,203	1,023,652	11.427	11,710,473	9,761,203	3,879,260	4,858,290	8,737,551	
<b>Total</b>	<b>7,379,009</b>		<b>15,662,446</b>	<b>3,301,945</b>		<b>20,004,286</b>	<b>15,662,446</b>	<b>5,706,195</b>	<b>6,654,305</b>	<b>12,360,501</b>	

Notes:

(2), (5): Provided by First Cardinal Corporation

(3): Exhibit 6, Sheet 4

(6): Exhibit 6, Sheet 3

\* 2003 adjusted for large losses



**First Cardinal Corporation  
NY Transportation Workers Compensation Trust**

**Exhibit 8  
Sheet 3**

**Calculation of Assessment Accrual for Total Reserves as of 12/31/2003 by Ratio Method**

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Accident Year Ending 12/31/XX	Indemnity Incurred	Total Incurred	Ratio (2) / (3)	Selected Ratio	Total Reserves	Indemnity Total Reserves (5) x (6)
1995						
1996						
1997						
1998						
1999						
2000						
2001	1,191,629	2,086,538	0.571	0.571	1,050,009	599,555
2002	2,913,599	5,100,871	0.571	0.571	3,924,811	2,241,067
2003	3,273,781	7,170,437	0.457	0.457	11,342,924	6,262,116
<b>Total</b>	<b>7,379,009</b>	<b>14,357,846</b>			<b>16,317,744</b>	<b>9,102,738</b>

Notes:

- (2): Exhibit 8, Sheet 2
- (3): Provided by First Cardinal Corporation
- (5): Judgmentally selected
- (6): Exhibit 2
- (7): For 2003, = (5) x (6) + indemnity case reserve from large loss

First Cardinal Corporation  
 NY Transportation Workers Compensation Trust

Exhibit 9

Calculation of Anticipated Salvage and Subrogation Recoveries

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Accident Year Ending 12/31/XX	Actual Recoveries	Paid Loss & ALAE	Ratio (1) / (2)	Actual and Anticipated Recoveries	Incurred Loss & ALAE	Ratio (4) / (5)	Selected Ratio	Undiscounted Reserves	Low Estimate Undiscounted Reserves	High Estimate Undiscounted Reserves	Reserves Net of Recoveries (8) x [1.0 - (7)]	Low Estimate Reserves Net of Recoveries (9) x [1.0 - (7)]	High Estimate Reserves Net of Recoveries (10) x [1.0 - (7)]
1995													
1996													
1997													
1998													
1999													
2000													
2001	44,809	1,469,227	0.030	191,174	2,086,538	0.092	0.077	1,050,009	997,509	1,155,010	969,159	920,701	1,066,074
2002	72,570	2,889,363	0.025	178,893	5,100,871	0.035	0.033	3,924,811	3,728,570	4,317,292	3,795,292	3,605,527	4,174,821
2003	4,028	2,324,727	0.002	315,668	7,970,437	0.040	0.031	11,342,924	10,775,778	12,477,217	10,991,294	10,441,729	12,090,423
<b>Total</b>	<b>121,408</b>	<b>6,683,317</b>	<b>0.018</b>	<b>685,736</b>	<b>15,157,846</b>	<b>0.045</b>		<b>16,317,744</b>	<b>15,501,857</b>	<b>17,949,519</b>	<b>15,755,745</b>	<b>14,967,957</b>	<b>17,331,318</b>

Notes:  
 (1), (4): Provided by First Cardinal Corporation  
 (2), (5), (8), (9), (10): Exhibit 2  
 (7): Judgmentally selected