

**NY TRANSPORTATION  
WORKERS COMPENSATION TRUST**

**LOSS AND ALLOCATED LOSS  
ADJUSTMENT EXPENSE RESERVES  
AS OF 12/31/04**

Prepared for: NY Transportation  
Workers Compensation Trust

Date: April 26, 2005



A MILLIMAN GLOBAL FIRM

**Milliman**

*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, Inc. ("Milliman") to perform an independent actuarial analysis of the loss and allocated loss adjustment expense ("ALAE") of NYTWCT as of December 31, 2004.

NYTWCT has purchased specific and aggregate excess insurance. For accident year 2004, the specific excess insurance attaches at \$600,000 per occurrence, and the aggregate excess insurance provides a \$5 million layer of coverage attaching at 100.0% of written premium. 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. For accident year 2002, the specific excess insurance attaches at \$400,000 per occurrence, and the aggregate excess insurance provides a \$10 million layer of coverage attaching at 76.9% of written premium. For accident year 2001, the specific excess insurance attaches at \$300,000 per occurrence, and the aggregate excess insurance provides a layer of coverage up to the statutory limit attaching at 100.0% 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, 2004. 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 subrogation reserves.

We were also requested by FCC and NYTWCT to calculate an assessment accrual estimate as of 12/31/04.

Total loss and loss adjustment expense reserves consist of case reserves (claims administrator's estimates of future payments on individual claims) and incurred but not reported ("IBNR") reserves. As used in this report, the terms "IBNR reserves" and "unreported losses" refer to the provision for unreported claims, changes in case reserves, and reopened claims.

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

Throughout the remainder of this report the terms "loss" or "losses" refer to loss and ALAE combined.

## 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 losses, it is necessary to project future loss payments. Actual future losses 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 losses is magnified by NYTWCT's exposure to large, fortuitous losses within its net retained limits of up to \$600,000 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 FCC. 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 12/31/04</b>			
	(1) Low <u>Estimate</u>	(2) Point <u>Estimate</u>	(3) High <u>Estimate</u>
Undiscounted Reserves:	20,568,311	21,704,970	23,978,285
Discounted Reserves:	17,459,466	18,423,202	20,350,675

The reserve estimates in Table 1 are net of subrogation reserves.



B. ASSESSMENT ACCRUAL

Table 2 summarizes our estimate of NYTWCT's assessment accrual at 12/31/04.

<b>TABLE 2 NY TRANSPORTATION WORKERS' COMPENSATION TRUST SUMMARY OF ASSESSMENT ACCRUAL AS OF 12/31/04</b>			
	(1) Low <u>Estimate</u>	(2) Point <u>Estimate</u>	(3) High <u>Estimate</u>
Undiscounted Reserves:	4,805,113	5,653,075	6,501,037
Discounted Reserves:	4,063,275	4,780,324	5,497,373

As requested by FCC, the assessment accruals for our report estimate used the most recent five-year average of the assessment accrual percentages provided by the State of New York Workers' Compensation Board ("the WCB").

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 12/31/04</b>			
	(1) Low <u>Estimate</u>	(2) Point <u>Estimate</u>	(3) High <u>Estimate</u>
<b>Undiscounted Reserves:</b>			
- Loss Reserves	20,568,311	21,704,970	23,978,285
- Assessment Accrual	<u>4,805,113</u>	<u>5,653,075</u>	<u>6,501,037</u>
- Total Milliman reserves	25,373,424	27,358,045	30,479,322
<b>Discounted Reserves:</b>			
- Loss Reserves	17,459,466	18,423,202	20,350,675
- Assessment Accrual	<u>4,063,275</u>	<u>4,780,324</u>	<u>5,497,373</u>
- Total Milliman reserves	21,522,741	23,203,526	25,848,048
<b>Carried Reserves:</b>			
- Loss Reserves	20,242,957	20,242,957	20,242,957
- Assessment Accrual	<u>4,063,283</u>	<u>4,063,283</u>	<u>4,063,283</u>
- Total Carried reserves	24,306,240	24,306,240	24,306,240

D. RETROSPECTIVE ANALYSIS

Table 4 shows how our estimates of ultimate loss & ALAE for accident years 2001 to 2003 have changed since our prior report. (Our prior report was based on data as of 12/31/03).

<b>TABLE 4</b> <b>NY TRANSPORTATION</b> <b>WORKERS' COMPENSATION TRUST</b> <b>RETROSPECTIVE ANALYSIS</b> <b>AS OF 12/31/04</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	2,492,268	2,519,236	(26,968)	(1.1%)
2002	7,594,198	6,814,174	780,024	11.4%
<u>2003</u>	<u>15,216,341</u>	<u>13,667,651</u>	<u>1,548,690</u>	<u>11.3%</u>
Total	25,302,807	23,001,061	2,301,746	10.0%

## **IV. ANALYSIS**

In this section, we set forth the process utilized to estimate the loss reserves and assessment accrual for NYTWCT as of December 31, 2004.

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

In estimating NYTWCT's ultimate losses and assessment accrual, we relied on loss and premium information provided by FCC. We also relied on data and information received during our studies for previous years.

We also relied on New York workers compensation industry data.

### **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**

In order to project ultimate losses for prior periods, we used a variety of estimation methods and then assigned weight to each method based on our judgment as to the relative predictive value. 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. 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 for subrogation reserves.

**3. Calculation of Assessment Accrual**

Our approach to calculating the assessment accrual was to apply the most recent five-year average assessment accrual percentage of 32.751% to our estimated ultimate indemnity reserves. See Exhibit 8, Sheets 1 to 3.

We note that the use of this five-year average assessment accrual percentage was selected by FCC. FCC informed us that this selection of the five-year average assessment accrual percentage was acceptable to both PWC and the WCB. We express no opinion on the appropriateness of the assessment accrual percentage.

## C. DETAILED ANALYSIS

The following discussion provides our rationale for combining available data with the selected methodology described in Sections A-B above so as to properly reflect any circumstances unique to NYTWCT.

### **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 2004, we first developed paid and incurred experience as of December 31, 2004 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 & ALAE.

### **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, NYTWCT's own loss

development experience, 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, 2004**

We derived undiscounted loss reserves (gross of subrogation reserves) in Exhibit 3, Sheet 1 by subtracting paid losses as of December 31, 2004 from our selected ultimate losses. We then derived, in Exhibit 2, the undiscounted loss reserve estimates net of subrogation reserves.

We calculated the discounted reserve estimates, in Exhibit 2, by multiplying the undiscounted loss reserves (net of subrogation reserves) 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 32.751% to NYTWCT's 12/31/04 indemnity case and IBNR reserves to derive the undiscounted point assessment accrual estimate of \$5,653,075.

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 accident year, we derived an undiscounted high estimate by selecting 110% of our point estimate undiscounted loss reserves. For each accident 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 accident year, we derived an undiscounted high estimate by selecting 115% of our point estimate assessment accrual estimate. For each accident year, we derived an undiscounted low estimate by selecting 85% of our point estimate assessment accrual estimate.

## **6. Subrogation Reserves**

For each accident year, a ratio of subrogation to loss is selected based upon ratios of actual subrogation to paid loss and ratios of actual and anticipated subrogation to incurred loss. These selected ratios are then applied to ultimate losses (low, point, and high estimates) to produce a range of ultimate subrogation for each accident year. Subrogation reserves are then estimated as ultimate subrogation minus actual subrogation.

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

Due to the unusual occurrence of this event, we removed all accident year 2001 World Trade Center large losses from the development triangles.

## 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 12/31/04 (Including Assessment Accrual)
Exhibit 2	Summary of Discounted Loss & ALAE Reserves as of 12/31/04
Exhibit 3, Sheet 1	Summary of Undiscounted Reserves Loss & ALAE Reserves as of 12/31/04
Exhibit 3, Sheet 2	Retrospective Analysis
Exhibit 4	Summary of Methods
Exhibit 5	Expected Ultimate Losses – Accident Year 2004
Exhibit 6	Selected Loss Development Factors
Exhibit 7	Diagnostics
Exhibit 8	Calculation of Assessment Accrual for Total Reserves as of 12/31/04
Exhibit 9	Estimation of Anticipated Subrogation Recoveries

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Exhibit 1

Summary of Loss & ALAE Reserves as of 12/31/04 (Including Assessment Accrual)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Undiscounted Loss & ALAE Reserves			Discounted Loss & ALAE Reserves		
Accident Year Ending 12/31/XX	Low Estimate	Point Estimate	High Estimate	Low Estimate	Point Estimate	High Estimate
1995						
1996						
1997						
1998						
1999						
2000						
2001	657,272	692,562	763,141	502,288	529,256	583,193
2002	2,320,747	2,461,376	2,742,633	1,845,922	1,957,779	2,181,490
2003	7,236,947	7,642,152	8,452,564	6,033,443	6,371,262	7,046,903
2004	10,353,345	10,908,879	12,019,947	9,077,813	9,564,905	10,539,089
Total	20,568,311	21,704,970	23,978,285	17,459,466	18,423,202	20,350,675
Total minus latest year	10,214,966	10,796,091	11,958,338	8,381,653	8,858,297	9,811,586

(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Undiscounted Assessment Accrual			Discounted Assessment Accrual		
Accident Year Ending 12/31/XX	Low Estimate	Point Estimate	High Estimate	Low Estimate	Point Estimate	High Estimate
1995						
1996						
1997						
1998						
1999						
2000						
2001	133,111	156,601	180,091	101,723	119,674	137,626
2002	642,756	756,184	869,612	511,248	601,469	691,689
2003	1,915,070	2,253,024	2,590,978	1,596,594	1,878,346	2,160,098
2004	2,114,176	2,487,266	2,860,356	1,853,710	2,180,835	2,507,960
Total	4,805,113	5,653,075	6,501,037	4,063,275	4,780,324	5,497,373
Total minus latest year	2,690,937	3,165,809	3,640,681	2,209,565	2,599,489	2,989,413

Notes: Net of anticipated salvage and subrogation recoveries.

(2)-(4),(5)-(7): Exhibit 2

(9)-(11),(12)-(14): Exhibit 8, Sheet 1

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**Exhibit 2**

**Summary of Discounted Loss & ALAE Reserves as of 12/31/2004**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Accident Year Ending 12/31/XX	Estimated Low Loss & ALAE Reserves as of 12/31/2004	Estimated Point Loss & ALAE Reserves as of 12/31/2004	Estimated High Loss & ALAE Reserves as of 12/31/2004	Reserve Discount Factor	Discounted Low Loss & ALAE Reserves as of 12/31/2004	Discounted Point Loss & ALAE Reserves as of 12/31/2004	Discounted High Loss & ALAE Reserves as of 12/31/2004
1995							
1996							
1997							
1998							
1999							
2000							
2001	657,272	692,562	763,141	0.7642	502,288	529,256	583,193
2002	2,320,747	2,461,376	2,742,633	0.7954	1,845,922	1,957,779	2,181,490
2003	7,236,947	7,642,152	8,452,564	0.8337	6,033,443	6,371,262	7,046,903
2004	10,353,345	10,908,879	12,019,947	0.8768	9,077,813	9,564,905	10,539,089
<b>Total</b>	<b>20,568,311</b>	<b>21,704,970</b>	<b>23,978,285</b>		<b>17,459,466</b>	<b>18,423,202</b>	<b>20,350,675</b>

Notes: Net of anticipated salvage and subrogation recoveries.  
(2), (3), (4): Exhibit 3, Sheet 1 and Exhibit 9, Sheet 1  
(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 1

Summary of Undiscounted Loss & ALAE Reserves as of 12/31/2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Accident Year Ending 12/31/XX	Selected Ultimate Loss & ALAE	Paid Loss & ALAE as of 12/31/2004	Incurred Loss & ALAE as of 12/31/2004	Estimated Point Loss & ALAE Reserves as of 12/31/2004	Estimated Low Loss & ALAE Reserves as of 12/31/2004	Estimated High Loss & ALAE Reserves as of 12/31/2004	Earned Premium	Loss Ratio (2) / (8)
1995								
1996								
1997								
1998								
1999								
2000								
2001	2,492,268	1,749,330	2,128,685	742,938	705,791	817,232	5,450,194	0.457
2002	7,594,198	4,331,352	6,190,377	3,262,846	3,099,703	3,589,130	11,808,185	0.643
2003	15,216,341	6,426,634	10,897,363	8,789,707	8,350,222	9,668,678	16,975,310	0.896
2004	14,657,525	2,580,693	7,764,877	12,076,832	11,472,991	13,284,515	21,193,538	0.692
<b>Total</b>	<b>39,960,332</b>	<b>15,088,009</b>	<b>26,981,303</b>	<b>24,872,323</b>	<b>23,628,707</b>	<b>27,359,555</b>	<b>55,427,227</b>	<b>0.721</b>

Notes:

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

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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 12/31/2004	Prior Ultimate Loss & ALAE as of 12/31/2003	Difference (2) - (3)	Percent Difference (4) / (3)
1995				
1996				
1997				
1998				
1999				
2000				
2001	2,492,268	2,519,236	(26,968)	(1.1%)
2002	7,594,198	6,814,174	780,024	11.4%
2003	15,216,341	13,667,651	1,548,690	11.3%
2004				
<b>Total</b>	<b>25,302,807</b>	<b>23,001,061</b>	<b>2,301,746</b>	<b>10.0%</b>

**Notes:**

(2): Exhibit 4, Sheet 1

(3): From Milliman prior report evaluated 12/31/2003

First Cardinal Corporation  
 NY Transportation Workers Compensation Trust

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	3,040,336	2,490,562	2,820,005	2,493,974	0.000	0.500	0.000	0.500	2,492,268
2002	9,260,431	7,676,068	7,956,493	7,512,327	0.000	0.500	0.000	0.500	7,594,198
2003	19,727,414	15,242,990	15,829,978	15,216,341	0.000	0.000	0.000	1.000	15,216,341
2004	24,000,442	15,006,198	15,026,526	14,657,525	0.000	0.000	0.000	1.000	14,657,525
<b>Total</b>	<b>56,028,623</b>	<b>40,415,818</b>	<b>41,633,002</b>	<b>39,880,167</b>					<b>39,960,332</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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**Paid Development Method**

(1)	(2)	(3)	(4)	(5)
Accident Year Ending 12/31/XX	Age (in Months)	Paid Loss & ALAE as of 12/31/2004	Cumulative Development Factors	Estimated Ultimate Loss & ALAE (3) x (4)
1995				
1996				
1997				
1998				
1999				
2000				
2001	48	1,749,330	1.738	3,040,336
2002	36	4,331,352	2.138	9,260,431
2003	24	6,824,242	3.207	19,727,414
2004	12	2,580,693	9.300	24,000,442
<b>Total</b>		<b>15,485,617</b>		<b>56,028,623</b>

Notes:

- (3): Provided by First Cardinal Corporation
- (4): Exhibit 6, Sheet 1
- (5): For 2003, (5) = ((3) -\$797,608.03) x (4) + \$400,000



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

**Incurred Development Method**

(1)	(2)	(3)	(4)	(5)
Accident Year Ending 12/31/XX	Age (in Months)	Incurred Loss & ALAE as of 12/31/2004	Cumulative Development Factors	Estimated Ultimate Loss & ALAE (3) x (4)
1995				
1996				
1997				
1998				
1999				
2000				
2001	48	2,128,685	1.170	2,490,562
2002	36	6,190,377	1.240	7,676,068
2003	24	12,354,363	1.463	15,242,990
2004	12	7,764,877	1.975	15,006,198
<b>Total</b>		<b>28,438,303</b>		<b>40,415,818</b>

**Notes:**

(3): Provided by First Cardinal Corporation

(4): Exhibit 6, Sheet 2

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

For 2004, (5) = ((3) -\$470,600) x (4) + \$600,000

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

**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 12/31/2004	Estimated Ultimate Loss & ALAE (5) + (6)
1995						
1996						
1997						
1998						
1999						
2000						
2001	2,519,236	1.738	0.425	1,070,675	1,749,330	2,820,005
2002	6,814,174	2.138	0.532	3,625,141	4,331,352	7,956,493
2003	13,667,651	3.207	0.688	9,403,344	6,824,242	15,829,978
2004	13,952,728	9.300	0.892	12,445,833	2,580,693	15,026,526
<b>Total</b>	<b>36,953,789</b>			<b>26,544,993</b>	<b>15,485,617</b>	<b>41,633,002</b>

**Notes:**

- (2): 2003 and prior from Milliman study evaluated as of 12/31/2003; 2004 from Exhibit 5
- (3): Exhibit 4, Sheet 2
- (6): Provided by First Cardinal Corporation
- (7): For 2003, (7) = (5) + (6) - (\$797,608.03 - \$400,000)

First Cardinal Corporation  
 NY Transportation Workers Compensation Trust

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 12/31/2004	Estimated Ultimate Loss & ALAE (5) + (6)
1995						
1996						
1997						
1998						
1999						
2000						
2001	2,519,236	1.170	0.145	365,289	2,128,685	2,493,974
2002	6,814,174	1.240	0.194	1,321,950	6,190,377	7,512,327
2003	13,667,651	1.463	0.316	4,318,978	12,354,363	15,216,341
2004	13,952,728	1.975	0.494	6,892,648	7,764,877	14,657,525
<b>Total</b>	<b>36,953,789</b>			<b>12,898,865</b>	<b>28,438,303</b>	<b>39,880,167</b>

Notes:

- (2): 2003 and prior from Milliman study evaluated as of 12/31/2003; 2004 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 2004**

	(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	1,141,572	13.056	14,904,367	3,356,102	2.382	7,994,235	7,994,235
Medical	1,378,484	5.816	8,017,264	3,417,163	1.474	5,036,898	5,036,898
ALAE	60,636	9.673	586,536	521,013	1.636	852,377	852,377
<b>Total</b>	<b>2,580,693</b>		<b>23,508,167</b>	<b>7,294,277</b>		<b>14,483,510</b>	<b>14,483,510</b>

(8) Expected Ultimate Loss Ratio	0.650
(9) Earned Premium	21,193,538
(10) Expected Ultimate Losses	13,775,800
(11) Weight to (7)	0.250
(12) Weight to (10)	0.750
(13) Selected Expected Ultimate Losses	13,952,728

**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)]

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

**Exhibit 6  
Sheet 1**

**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	at 120 Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	301,028	851,486	1,469,227	1,749,330						
2002	983,821	2,889,363	4,331,352							
2003	2,324,727	6,824,242								
2004	2,580,693									

**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	108-120 Months	120-Ult Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	2.829	1.725	1.191							
2002	2.937	1.499								
2003	2.936									
2004										
Straight Average	2.901	1.612	1.191							
Latest 5 Excl Hi/Lo										
Weighted Average	2.927	1.551	1.191							
Average, Latest 5										
Average, Latest 3	2.901									
Wtd Avg, Latest 5										
Wtd Avg, Latest 3	2.927									
Wtd Avg, Latest 2	2.936	1.551								
Industry Averages	2.399	1.524	1.249	1.161	1.104	1.074	1.051	1.415		
Latest Inc/Pd Ratios	3.012	1.812	1.429	1.217						
Overall Selected	2.600	1.440	1.230	1.160	1.100	1.070	1.070	1.050	1.030	1.100
Selected	2.900	1.500	1.230	1.160	1.100	1.070	1.070	1.050	1.030	
Cumulative	9.300	3.207	2.138	1.738	1.498	1.362	1.273	1.190	1.133	1.100

Notes: Data provided by First Cardinal Corporation

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

**Exhibit 6  
Sheet 2**

**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	at 120 Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	1,464,457	1,804,176	2,086,538	2,128,685						
2002	3,510,028	5,100,871	6,190,377							
2003	9,427,437	12,354,363								
2004	7,764,877									

**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	108-120 Months	120-Ult Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	1.232	1.157	1.020							
2002	1.453	1.214								
2003	1.310									
2004										
Straight Average	1.332	1.186	1.020							
Latest 5 Excl Hi/Lo										
Weighted Average	1.337	1.199	1.020							
Average, Latest 5										
Average, Latest 3	1.332									
Wtd Avg, Latest 5										
Wtd Avg, Latest 3	1.337									
Wtd Avg, Latest 2	1.349	1.199								
Industry Averages	1.689	1.323	1.162	1.091	1.052	1.036	1.019	1.115		
Overall Selected	1.380	1.120	1.060	1.050	1.030	1.020	1.015	1.010	1.010	1.025
Selected	1.350	1.180	1.060	1.050	1.030	1.020	1.015	1.010	1.010	
Cumulative	1.975	1.463	1.240	1.170	1.114	1.082	1.061	1.045	1.035	1.025

Notes: Data provided by First Cardinal Corporation

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

**Exhibit 6  
Sheet 3**

**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	at 120 Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	123,739	371,675	778,254	983,428						
2002	417,884	1,500,039	2,379,978							
2003	1,036,852	2,850,014								
2004	1,141,572									

**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	108-120 Months	120-Ult Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	3.004	2.094	1.264							
2002	3.590	1.587								
2003	2.749									
2004										
Straight Average	3.114	1.841	1.264							
Latest 5 Excl Hi/Lo										
Weighted Average	2.991	1.687	1.264							
Average, Latest 5										
Average, Latest 3	3.114									
Wtd Avg, Latest 5										
Wtd Avg, Latest 3	2.991									
Wtd Avg, Latest 2	2.990	1.687								
Industry Averages	2.430	1.823	1.343	1.218	1.134	1.093	1.063	1.490		
Latest Inc/Pd Ratios	3.344	2.268	1.587	1.271						
Overall Selected	2.720	1.700	1.320	1.240	1.150	1.090	1.075	1.060	1.030	1.100
Selected	2.900	1.700	1.320	1.240	1.150	1.090	1.075	1.060	1.030	
Cumulative	13.056	4.502	2.648	2.006	1.618	1.407	1.291	1.201	1.133	1.100

Notes: Data provided by First Cardinal Corporation

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

**Exhibit 6  
Sheet 4**

**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	at 120 Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	741,461	990,839	1,191,629	1,249,445						
2002	1,621,809	2,913,599	3,775,601							
2003	4,902,913	6,463,663								
2004	3,813,702									

**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	108-120 Months	120-Ult Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	1.336	1.203	1.049							
2002	1.797	1.296								
2003	1.318									
2004										
Straight Average	1.484	1.250	1.049							
Latest 5 Excl Hi/Lo										
Weighted Average	1.427	1.272	1.049							
Average, Latest 5										
Average, Latest 3	1.484									
Wtd Avg, Latest 5										
Wtd Avg, Latest 3	1.427									
Wtd Avg, Latest 2	1.437	1.272								
Industry Averages	1.767	1.442	1.189	1.115	1.058	1.043	1.023	1.112		
Overall Selected	1.570	1.175	1.075	1.070	1.025	1.020	1.015	1.010	1.005	1.025
Selected	1.500	1.250	1.075	1.070	1.025	1.020	1.015	1.010	1.005	
Cumulative	2.382	1.588	1.270	1.181	1.104	1.077	1.056	1.040	1.030	1.025

Notes: Data provided by First Cardinal Corporation



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

**Exhibit 6  
Sheet 5**

**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	at 120 Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	168,753	420,016	591,621	644,982						
2002	534,418	1,276,153	1,780,627							
2003	1,217,051	3,727,073								
2004	1,378,484									

**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	108-120 Months	120-Ult Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	2.489	1.409	1.090							
2002	2.388	1.395								
2003	3.062									
2004										
Straight Average	2.646	1.402	1.090							
Latest 5 Excl Hi/Lo										
Weighted Average	2.824	1.399	1.090							
Average, Latest 5										
Average, Latest 3	2.646									
Wtd Avg, Latest 5										
Wtd Avg, Latest 3	2.824									
Wtd Avg, Latest 2	2.857	1.399								
Industry Averages	2.377	1.278	1.139	1.082	1.057	1.042	1.027	1.266		
Latest Inc/Pd Ratios	2.481	1.410	1.211	1.117						
Overall Selected	2.350	1.250	1.130	1.080	1.070	1.050	1.035	1.030	1.030	1.100
Selected	2.700	1.300	1.130	1.080	1.070	1.050	1.035	1.030	1.030	
Cumulative	5.816	2.154	1.657	1.466	1.357	1.268	1.208	1.167	1.133	1.100

Notes: Data provided by First Cardinal Corporation

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

**Exhibit 6  
Sheet 6**

**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	at 120 Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	619,933	680,580	754,438	720,641						
2002	1,654,817	1,944,785	2,154,470							
2003	4,074,739	5,258,765								
2004	3,420,163									

**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	108-120 Months	120-Ult Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	1.098	1.109	0.955							
2002	1.175	1.108								
2003	1.291									
2004										
Straight Average Latest 5 Excl Hi/Lo	1.188	1.109	0.955							
Weighted Average	1.242	1.108	0.955							
Average, Latest 5										
Average, Latest 3	1.188									
Wtd Avg, Latest 5										
Wtd Avg, Latest 3	1.242									
Wtd Avg, Latest 2	1.257	1.108								
Industry Averages	1.398	1.157	1.116	1.050	1.042	1.021	1.010	1.123		
Overall Selected	1.230	1.060	1.040	1.020	1.015	1.010	1.005	1.005	1.005	1.025
Selected	1.230	1.060	1.040	1.020	1.015	1.010	1.005	1.005	1.005	
Cumulative	1.474	1.198	1.130	1.087	1.066	1.050	1.040	1.035	1.030	1.025

Notes: Data provided by First Cardinal Corporation

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

**Exhibit 6  
Sheet 7**

**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	at 120 Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	8,536	59,795	99,352	120,919						
2002	31,520	113,172	170,748							
2003	70,824	247,155								
2004	60,636									

**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	108-120 Months	120-Ult Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	7.005	1.662	1.217							
2002	3.591	1.509								
2003	3.490									
2004										
Straight Average	4.695	1.586	1.217							
Latest 5 Excl Hi/Lo										
Weighted Average	3.789	1.562	1.217							
Average, Latest 5										
Average, Latest 3	4.695									
Wtd Avg, Latest 5										
Wtd Avg, Latest 3	3.789									
Wtd Avg, Latest 2	3.521	1.562								
Latest Inc/Pd Ratios	8.772	2.558	1.524	1.312						
Overall Selected	3.600	1.500	1.250	1.140	1.090	1.060	1.015	1.010	1.010	1.050
Selected	3.600	1.500	1.250	1.140	1.090	1.060	1.015	1.010	1.010	
Cumulative	9.673	2.687	1.791	1.433	1.257	1.153	1.088	1.072	1.061	1.050

Notes: Data provided by First Cardinal Corporation

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

**Exhibit 6  
Sheet 8**

**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	at 120 Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	103,063	132,757	140,471	158,599						
2002	233,402	242,487	260,306							
2003	449,785	631,935								
2004	531,013									

**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	108-120 Months	120-Ult Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	1.288	1.058	1.129							
2002	1.039	1.073								
2003	1.405									
2004										
Straight Average	1.244	1.066	1.129							
Latest 5 Excl Hi/Lo										
Weighted Average	1.281	1.068	1.129							
Average, Latest 5										
Average, Latest 3	1.244									
Wtd Avg, Latest 5										
Wtd Avg, Latest 3	1.281									
Wtd Avg, Latest 2	1.280	1.068								
Overall Selected	1.100	1.090	1.090	1.045	1.040	1.020	1.005	1.005	1.005	1.020
Selected	1.200	1.090	1.090	1.045	1.040	1.020	1.005	1.005	1.005	
Cumulative	1.636	1.363	1.250	1.147	1.098	1.056	1.035	1.030	1.025	1.020

Notes: Data provided by First Cardinal Corporation

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

**Exhibit 7  
 Sheet 1**

**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	at 120 Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	1,163,429	952,690	617,311	379,355						
2002	2,526,207	2,211,507	1,859,025							
2003	7,102,710	5,530,122								
2004	5,184,185									

**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	at 120 Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	0.206	0.472	0.704	0.822						
2002	0.280	0.566	0.700							
2003	0.247	0.552								
2004	0.332									

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	at 120 Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	11,994	19,054	22,047	25,290						
2002	9,605	20,863	31,509							
2003	19,353	32,530								
2004	15,902									
Exponential Trend										
All Years	16.7%	30.7%	-	-	-	-	-	-	-	-
Latest 5	-	-	-	-	-	-	-	-	-	-

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	at 120 Months
1995										
1996										
1997										
1998										
1999										
2000										
2001	0.370	0.731	0.851	0.920						
2002	0.443	0.802	0.890							
2003	0.490	0.783								
2004	0.577									

First Cardinal Corporation  
 NY Transportation Workers Compensation Trust

Exhibit 8  
 Sheet 1

Summary of Assessment Accrual for Total Reserves as of 12/31/2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Accident Year Ending 12/31/XX	Development Method	Ratio Method	Selected Indemnity Reserves	Assessment Rate	Point Assessment Accrual for Total Reserves	Low Assessment Accrual for Total Reserves	High Assessment Accrual for Total Reserves	Reserve Discount Factor	Discounted Point Assessment Accrual for Total Reserves	Discounted Low Assessment Accrual for Total Reserves	Discounted High Assessment Accrual for Total Reserves
1995											
1996											
1997											
1998											
1999											
2000											
2001	492,167	436,105	478,151	32.751%	156,601	133,111	180,091	0.7642	119,674	101,723	137,626
2002	2,415,035	1,990,336	2,308,861	32.751%	756,184	642,756	869,612	0.7954	601,469	511,248	691,689
2003	7,414,283	5,273,824	6,879,169	32.751%	2,253,024	1,915,070	2,590,978	0.8337	1,878,346	1,596,594	2,160,098
2004	7,942,666	7,246,099	7,594,382	32.751%	2,487,266	2,114,176	2,860,356	0.8768	2,180,835	1,853,710	2,507,960
<b>Total</b>	<b>18,264,151</b>	<b>14,946,364</b>	<b>17,260,563</b>		<b>5,653,075</b>	<b>4,805,113</b>	<b>6,501,037</b>		<b>4,780,324</b>	<b>4,063,275</b>	<b>5,497,373</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%
- (9): Discount factors are based on IRS publication
- (10): = (6) x (9)
- (11): = (7) x (9)
- (12): = (8) x (9)

Calculation of Assessment Accrual for Total Reserves as of 12/31/2004 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	1,249,445	1.181	1,475,595	983,428	2.006	1,972,757	1,475,595	266,017	226,150	492,167	
2002	3,775,601	1.270	4,795,013	2,379,978	2.648	6,302,181	4,795,013	1,395,623	1,019,412	2,415,035	
2003	6,463,663	1.588	10,264,297	2,850,014	4.502	12,830,761	10,264,297	3,613,650	3,800,634	7,414,283	
2004	3,813,702	2.382	9,084,238	1,141,572	13.056	14,904,367	9,084,238	2,672,130	5,270,536	7,942,666	
<b>Total</b>	<b>15,302,411</b>		<b>25,619,143</b>	<b>7,354,992</b>		<b>36,010,066</b>	<b>25,619,143</b>	<b>7,947,419</b>	<b>10,316,732</b>	<b>18,264,151</b>	

Notes:

- (2), (5): Provided by First Cardinal Corporation
- (3): Exhibit 6, Sheet 4
- (6): Exhibit 6, Sheet 3
- (8): Judgmentally Selected



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

**Exhibit 8  
Sheet 3**

**Calculation of Assessment Accrual for Total Reserves as of 12/31/2004 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	1,249,445	2,128,685	0.587	0.587	742,938	436,105
2002	3,775,601	6,190,377	0.610	0.610	3,262,846	1,990,336
2003	6,463,663	12,354,363	0.523	0.600	8,789,707	5,273,824
2004	3,813,702	7,764,877	0.491	0.600	12,076,832	7,246,099
<b>Total</b>	<b>15,302,411</b>	<b>28,438,303</b>			<b>24,872,323</b>	<b>14,946,364</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  
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Exhibit 9  
 Sheet 1

Estimation of Salvage and Subrogation Reserves as of 12/31/04

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Accident Year Ending 12/31/XX	Estimated Low Ultimate Loss & ALAE	Estimated Point Ultimate Loss & ALAE	Estimated High Ultimate Loss & ALAE	Selected Ratio of Salv/Subro to Loss & ALAE	Low Ultimate Salv/Subro (2) x (5)	Point Ultimate Salv/Subro (3) x (5)	High Ultimate Salv/Subro (4) x (5)	Actual Recoveries	Low Salv/Subro Reserves (6) - (9)	Point Salv/Subro Reserves (7) - (9)	High Salv/Subro Reserves (8) - (9)
1995											
1996											
1997											
1998											
1999											
2000											
2001	2,455,121	2,492,268	2,566,562	0.050	122,756	124,613	128,328	74,237	48,519	50,376	54,091
2002	7,431,055	7,594,198	7,920,482	0.138	1,025,486	1,047,999	1,093,027	246,530	778,956	801,469	846,497
2003	14,776,856	15,216,341	16,095,312	0.078	1,152,595	1,186,875	1,255,434	39,320	1,113,275	1,147,555	1,216,114
2004	14,053,684	14,657,525	15,865,208	0.080	1,124,295	1,172,602	1,269,217	4,649	1,119,646	1,167,953	1,264,568
<b>Total</b>	<b>38,716,716</b>	<b>39,960,332</b>	<b>42,447,564</b>		<b>3,425,132</b>	<b>3,532,089</b>	<b>3,746,006</b>	<b>364,736</b>	<b>3,060,396</b>	<b>3,167,353</b>	<b>3,381,270</b>

Notes:

(2),(3),(4): Based on Exhibit 3, Sheet 1; sum of paid loss and ALAE and range of reserve estimates

(5): Exhibit 9, Sheet 2

(9): Provided by First Cardinal Corporation

First Cardinal Corporation  
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Calculation of Anticipated Salvage and Subrogation Recoveries

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Accident Year Ending 12/31/XX	Actual Recoveries	Paid Loss & ALAE	Ratio (1) / (2)	Actual and Anticipated Recoveries	Incurred Loss & ALAE	Ratio (4) / (5)	Weight to (3)	Weight to (6)	Weighted Ratio	Selected Ratio
1995										
1996										
1997										
1998										
1999										
2000										
2001	74,237	1,749,330	0.042	111,242	2,128,685	0.052	0.250	0.750	0.050	0.050
2002	246,530	4,331,352	0.057	1,018,981	6,190,377	0.165	0.250	0.750	0.138	0.138
2003	39,320	6,426,634	0.006	1,108,065	10,897,363	0.102	0.250	0.750	0.078	0.078
2004	4,649	2,580,693	0.002	464,801	7,764,877	0.060	0.250	0.750	0.045	0.080
<b>Total</b>	<b>364,736</b>	<b>15,088,009</b>	<b>0.024</b>	<b>2,703,089</b>	<b>26,981,303</b>	<b>0.100</b>				

Notes:  
 (1), (2), (4), (5): Provided by First Cardinal Corporation  
 (9): = (3) x (7) + (6) x (8)  
 (10): Judgmentally selected