

**New York Transportation
Workers' Compensation Trust
May 27, 2015 Member Meeting**

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

Agenda

Background

Runoff Status

Claim Overview

Assessment

Financial Review

Actuarial Review

Questions & Answers

Website Information



Background

- **Trust Established:** December 1, 2000
- **Trust Terminated:** December 31, 2008
- **Total No. of Members:** 1,345

- **Accounting Firm:**

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

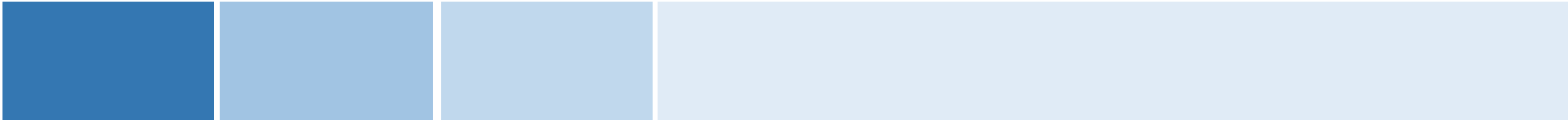
- **Actuary:**

Milliman USA	2000-2013
By The Numbers	2014

- **Administrator / TPA:**

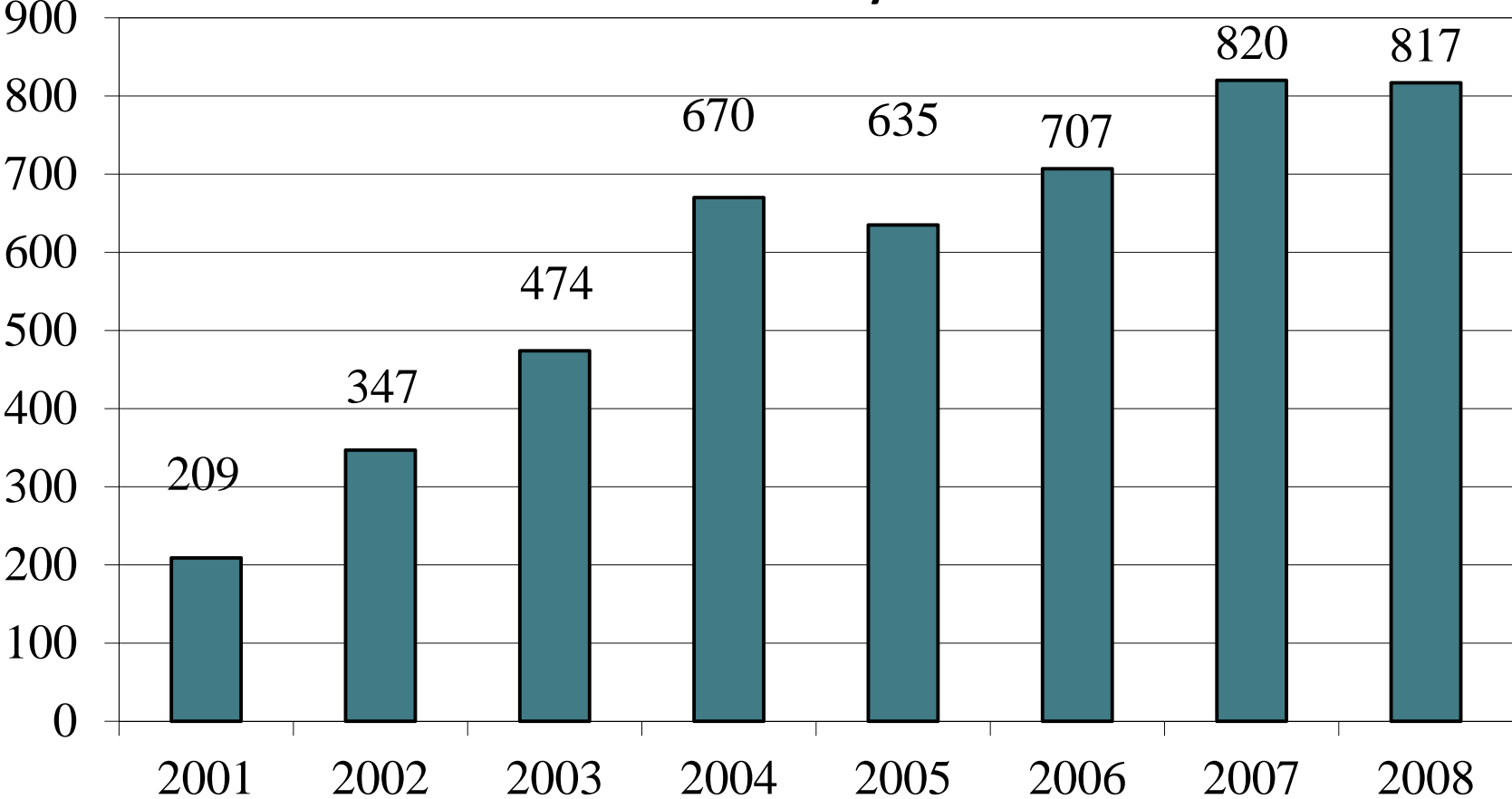
First Cardinal/Glacier Bay	12/1/2000 to 1/1/2014
S.A.F.E., LLC	1/1/2014 to Present

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



Background

**NY Transportation Trust
Members by Year**





Runoff Status

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

Runoff Status

MONTHS OF REMAINING CASH AVAILABLE

	Estimated
All cash and investments Total Month End Balance	\$5,256,369.00
Collateralized amount of the Security Deposit	Less 1,125,000.00
A. All cash and investments less the collateralized amount of the Security deposit.	\$4,131,369.00
B. The estimated monthly net claims expended.	170,681.05
C. The estimated monthly TPA and administrative fees expended.	86,095.25
Sub Total	256,776.30
D. The estimated average monthly member assessment to be received.	Less 221,613.00
Net Monthly Payout	\$35,163.30
E. Number of months remaining in the current Member Deficit Assessment	3
Estimated Remaining Months: A divided by [(B +C) – D] If [(B +C) – D] is Zero or negative: [A divided by (B +C)]+ E	117.49



Runoff Status

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

Claim Overview

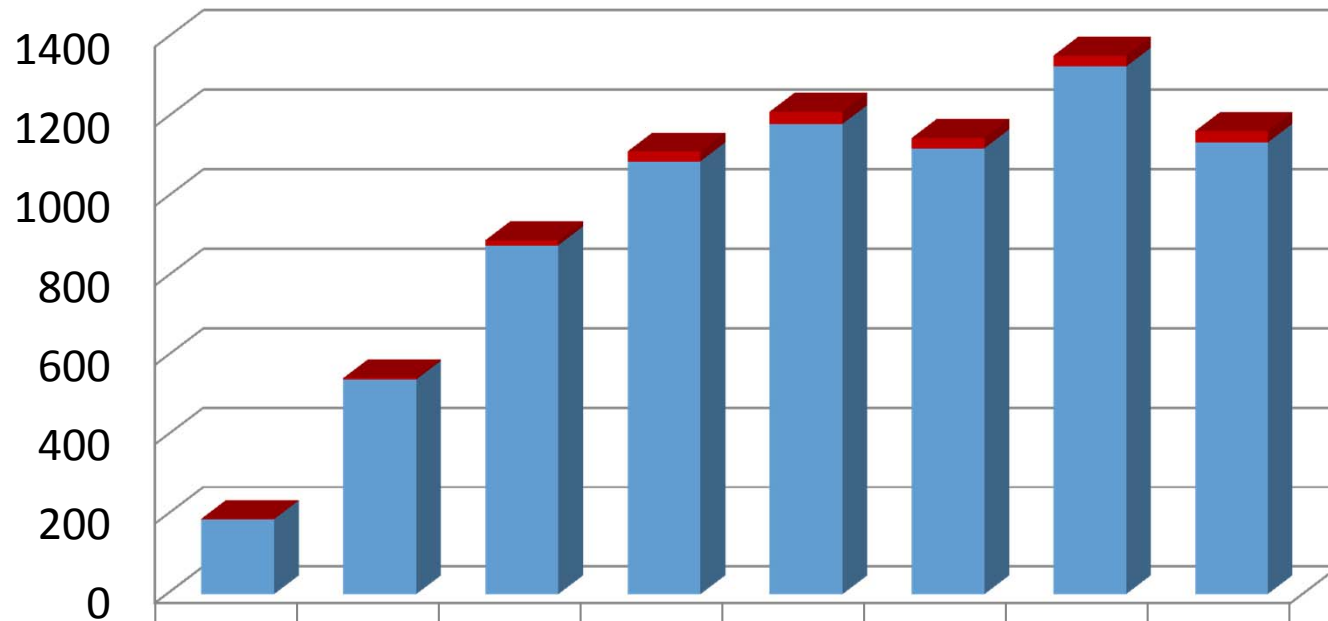
As of May 1, 2015

Total No. of Claims 7,471

No. of Open Claims 156

(55 are 15-8)

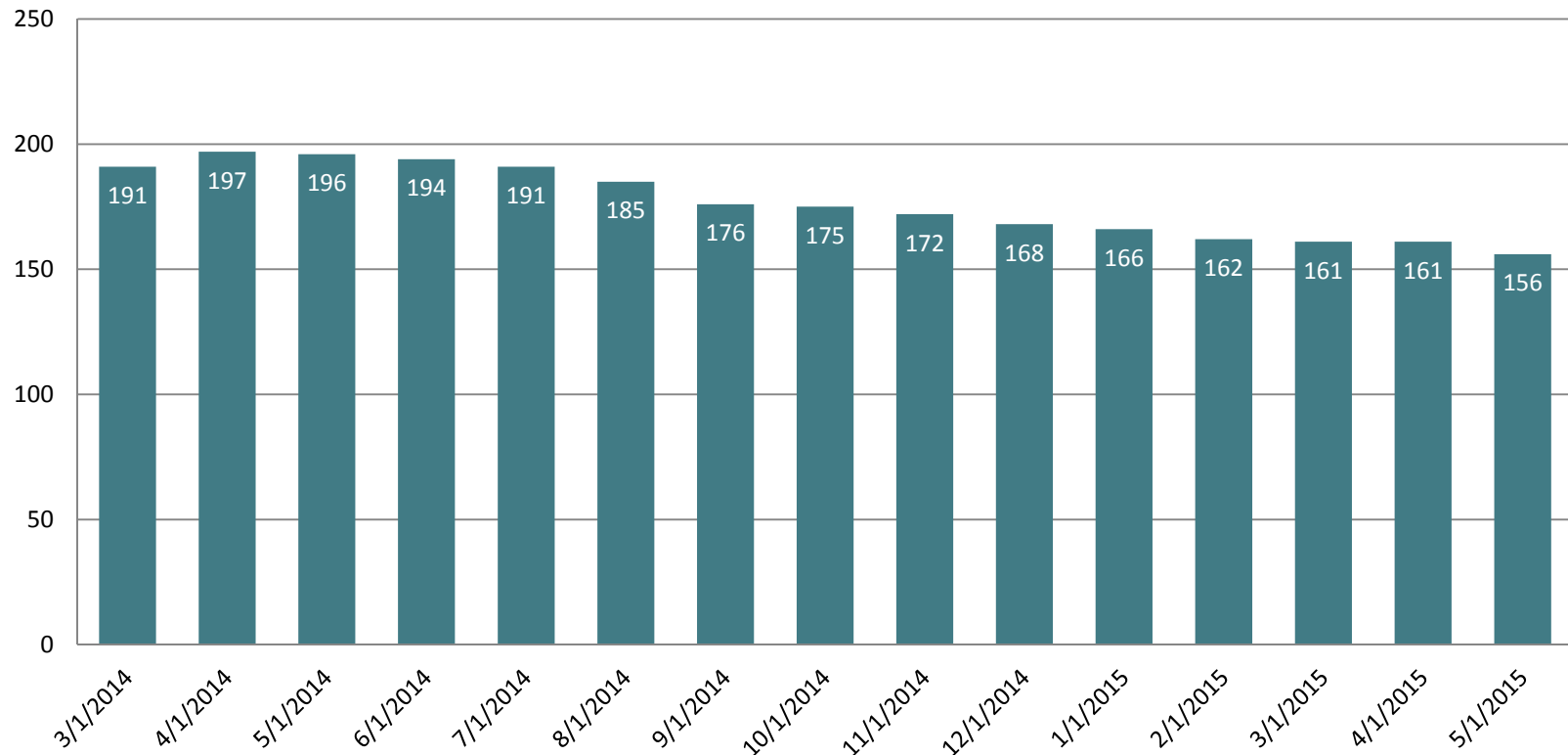
Closure ratio 98%



	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
■ Open Claims	1	4	13	25	31	26	28	29
■ Total Claims	189	541	879	1090	1184	1123	1328	1137

Claim Overview

Open Claims By Month



Assessment

	UHY/Milliman	Lumsden/BTN	
Assessment of Membership to run out Trust	March 31, 2014	December 31, 2014	Change
	Year 1	Year 2	
Estimated Loss and ALAE Reserves including IBNR (high end):			
Case reserves	16,222,045	14,759,500	(1,462,545)
Incurred but not reported	16,752,800	13,785,300	(2,967,500)
Reinsurance receivable	(4,030,600)	(5,084,800)	(1,054,200)
	28,944,245	23,460,000	(5,484,245)
ULAE Reserves	2,200,000	1,173,000	(1,027,000)
NYS Assessment	1,531,150	890,000	(641,150)
ALP Fee	2,000,000	2,000,000	-
Total funds required to run off Trust	34,675,395	27,523,000	(7,152,395)
Available Cash	175,739	952,399	776,660
Investments FMV*	5,094,209	4,125,753	(968,456)
Accrued Investment Income	55,182	43,773	(11,409)
Total funds available to run off Trust	5,325,130	5,121,925	(203,205)
Assessment Required (rounded)	29,400,000	22,400,000	(7,000,000)
Adjustments:			
Add: Factor for Uncollectable Accounts	2,940,000	2,940,000	-
Less: Balance Due on Year One Assessment	-	6,421,000	6,421,000
Total Assessment	32,340,000	18,919,000	(13,421,000)
Assessment - Four (4) Year Payment Term	8,085,000	6,306,333	(1,778,667)
*Includes \$1,125,000 collateralized for WCB Security Deposit			

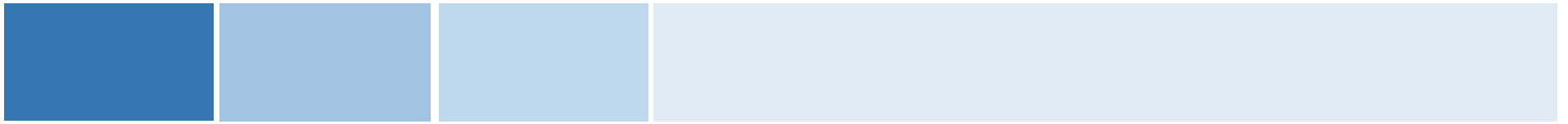


Assessment

Current Status of Year 1 Assessment

As of May 26, 2015

Amount assessed	8,598,203
Amount collected to date	3,284,769
Total number of members	1,346
Number of paying members	347
Total assessment amount for paying members	4,118,235
Percentage of paying members	47.9%



Financial Review

Balance Sheet

December 31, 2014

Assets

Cash	\$ 952,399
Investments (Note 3)	4,125,753
Assessments receivable, net (Note 4)	5,343,496
Second injury fund receivable (Note 1)	600,953
Reinsurance receivable (Note 1)	5,473,924
Accrued investment income	43,773
Prepaid expenses	121,945
Deferred income taxes	5,426,272
	<hr/>
	\$ 22,088,515

Liabilities and Members' Equity

Liabilities:

Unpaid losses and loss adjustment expenses (Note 5):	
Case-basis reserves	\$ 14,759,500
Incurred but not reported	13,785,300
Unallocated loss adjustment expenses	1,173,000
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	29,717,800
Accounts payable	103,446
Accrued income taxes	161,499
Accrued Workers' Compensation Board assessments	890,000
	<hr/>
	30,872,745

Members' equity:

Accumulated deficit	(8,895,121)
Accumulated other comprehensive income	110,891
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	(8,784,230)
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	\$ 22,088,515

Statement of Comprehensive Income

For the year ended December 31, 2014

Revenues:

Deficit assessments	\$ 8,580,370
Investment income	<u>213,043</u>
	<u>8,793,413</u>

Expenses:

Incurred losses and loss adjustment (Note 5)	3,713,042
Workers' Compensation Board assessments	50,791
Administrative fees	300,000
Trustee fees	60,168
Legal, accounting, and actuary fees	68,566
Insurance	83,164
Collection fees	9,640
Bank and investment management fees	8,618
Bad debts	1,147,700
Miscellaneous	<u>13,899</u>
	<u>5,455,588</u>

Income before income taxes 3,337,825

Provision for income taxes (benefit) (Note 6) (5,324,700)

Net income 8,662,525

Other comprehensive income:

Unrealized holding loss on investments (net of \$155,741 of income taxes)	(233,611)
Reclassification adjustment for gains included in net income (net of \$14,556 of income taxes)	(21,834)

Comprehensive income \$ 8,407,080

Statement of Changes in Members' Equity

For the year ended December 31, 2014

	Total	Accumulated Deficit	Accumulated Other Comprehensive Income
Balance at January 1, 2014	\$ (17,191,310)	\$ (17,557,646)	\$ 366,336
Net income	8,662,525	8,662,525	-
Other comprehensive income:			
Unrealized holding loss on investments (net of \$155,741 of income taxes)	(233,611)	-	(233,611)
Reclassification adjustment for gains included in net income (net of \$14,556 of income taxes)	(21,834)	-	(21,834)
Balance at December 31, 2014	\$ (8,784,230)	\$ (8,895,121)	\$ 110,891

Statement of Cash Flows

For the year ended December 31, 2014

Operating activities:

Net income	\$ 8,662,525
Adjustments to reconcile net income to net cash flows from operating activities:	
Realized gain on sale of investments	(36,390)
Deferred income taxes	(5,500,200)
Bad debts expense	1,147,700
Changes in other operating assets and liabilities:	
Assessments receivable	(6,491,196)
Second injury fund receivable	(600,953)
Reinsurance receivable	(1,443,341)
Accrued investment income	16,745
Prepaid expenses	(1,033)
Unpaid losses and loss adjustment expenses	3,701,851
Accounts payable and accrued expenses	184,099
Accrued Workers' Compensation Board assessments	<u>(25,491)</u>

Net operating activities (385,684)

Investing activities:

Proceeds from sale of investments	6,492,751
Purchase of investments	<u>(5,580,993)</u>

Net investing activities 911,758

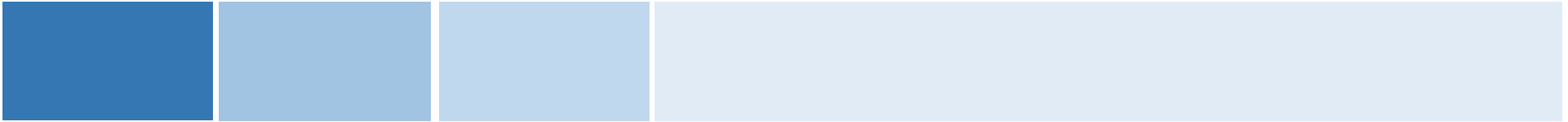
Change in cash 526,074

Cash - beginning 426,325

Cash - ending \$ 952,399

Supplemental cash flows information:

Income taxes paid	<u>\$ 41,196</u>
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Actuarial Review

Figure 1

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

ESTIMATED RETAINED LOSSES AS OF 12/31/14

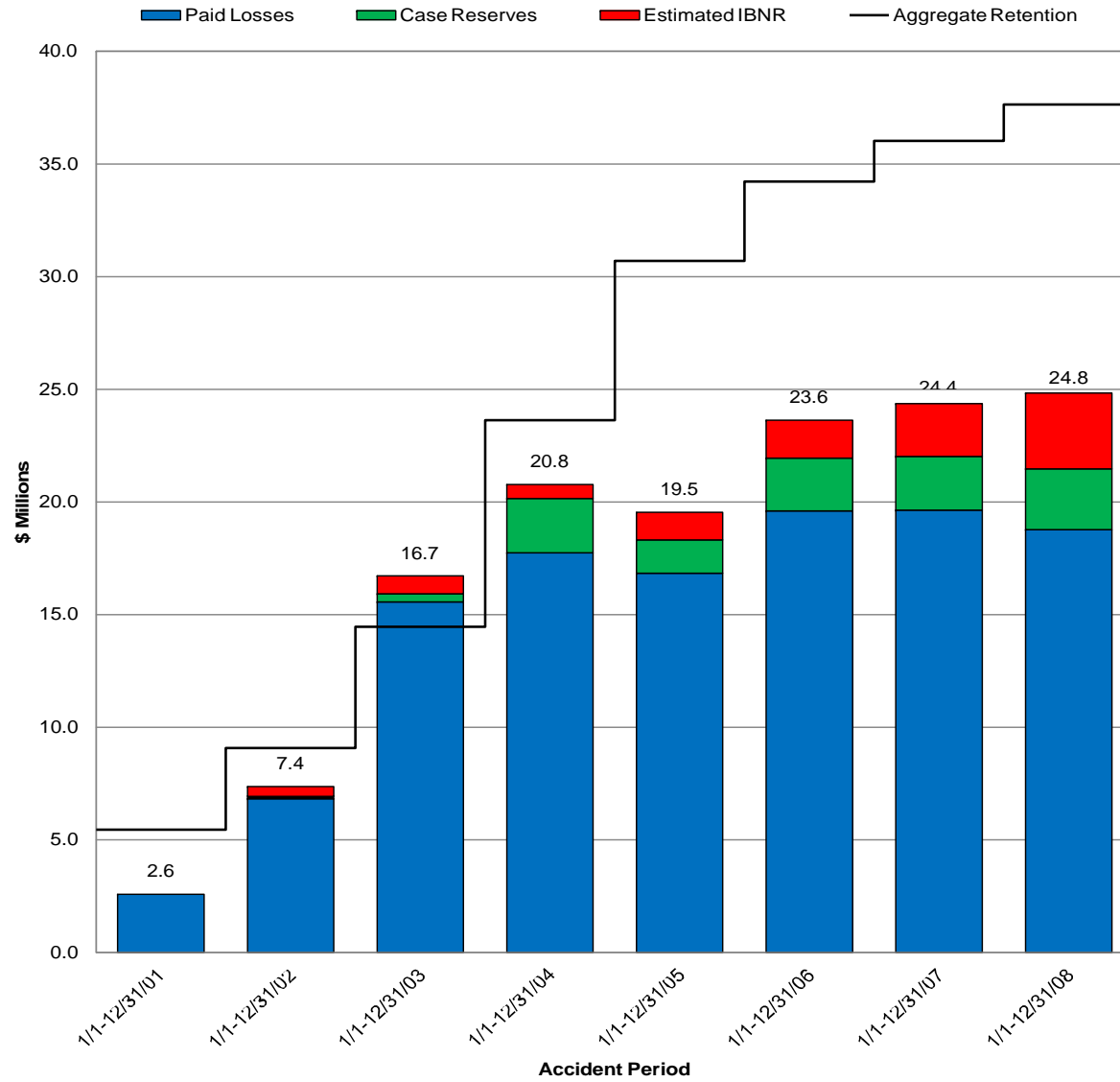


Figure 2

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

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

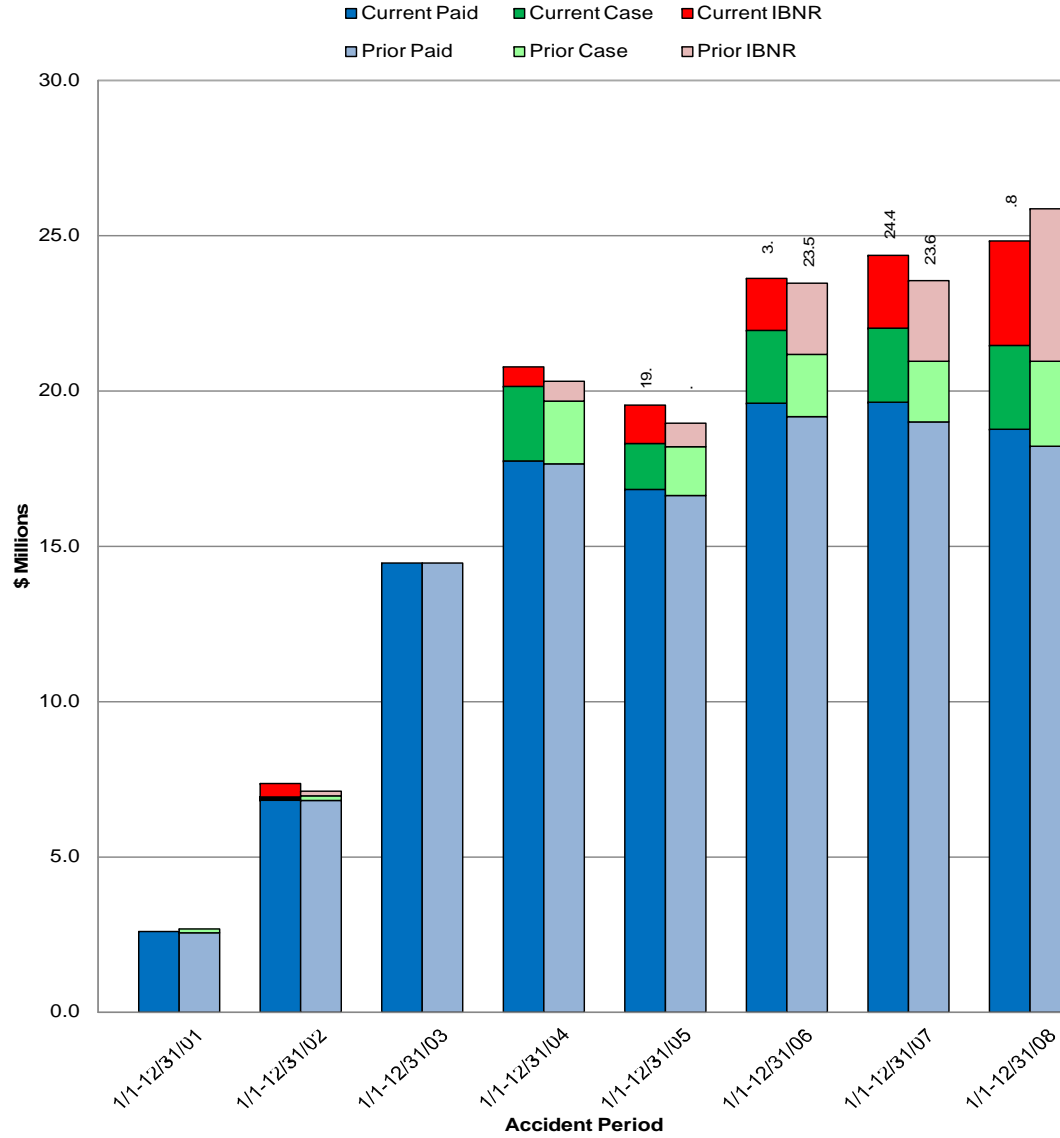


Figure 3

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

INCURRED LOSS DEVELOPMENT
(Unlimited Losses)
(Gross of Recoveries)

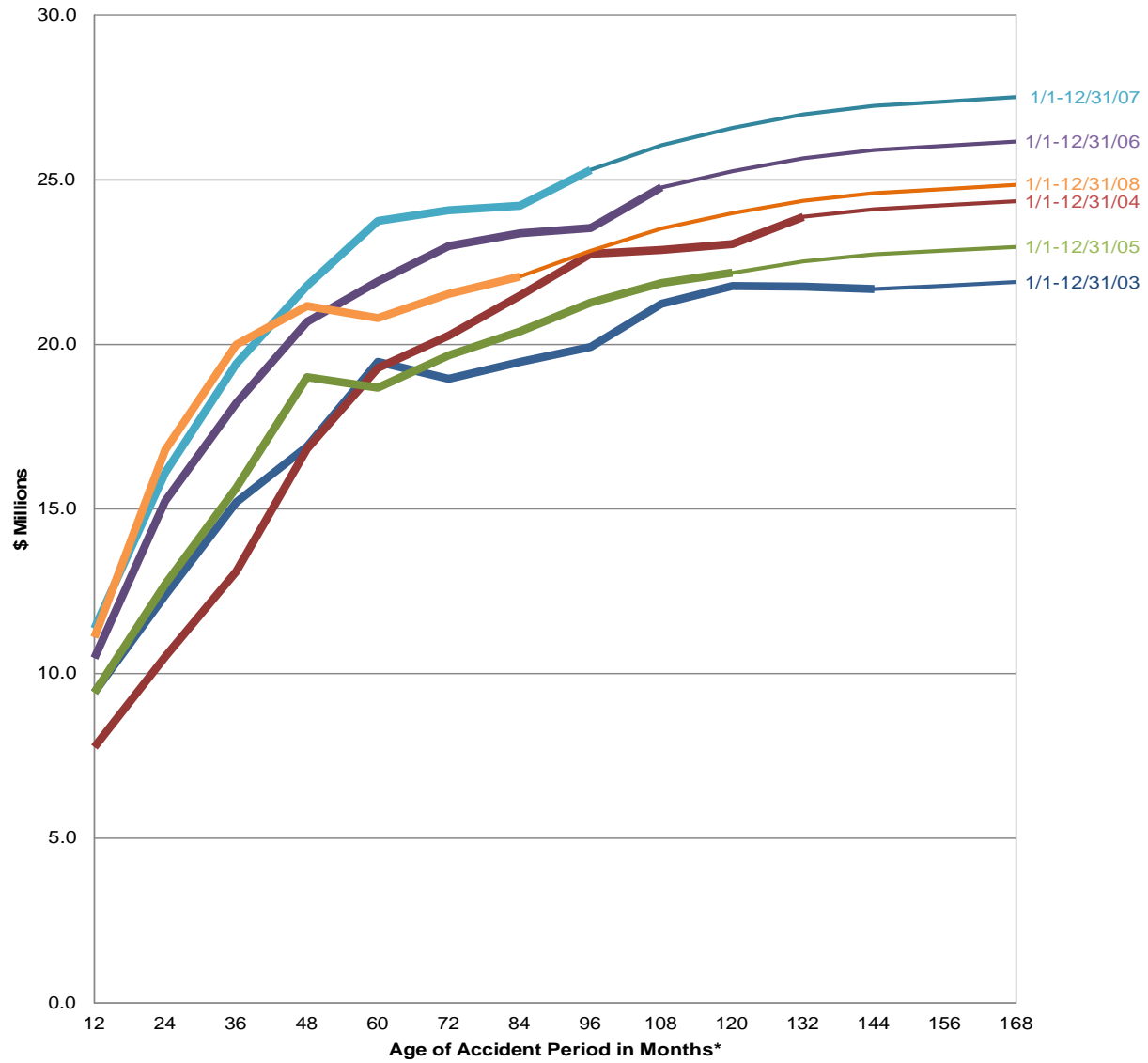


Figure 4

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

PAID LOSS DEVELOPMENT
(Unlimited Losses)
(Gross of Recoveries)

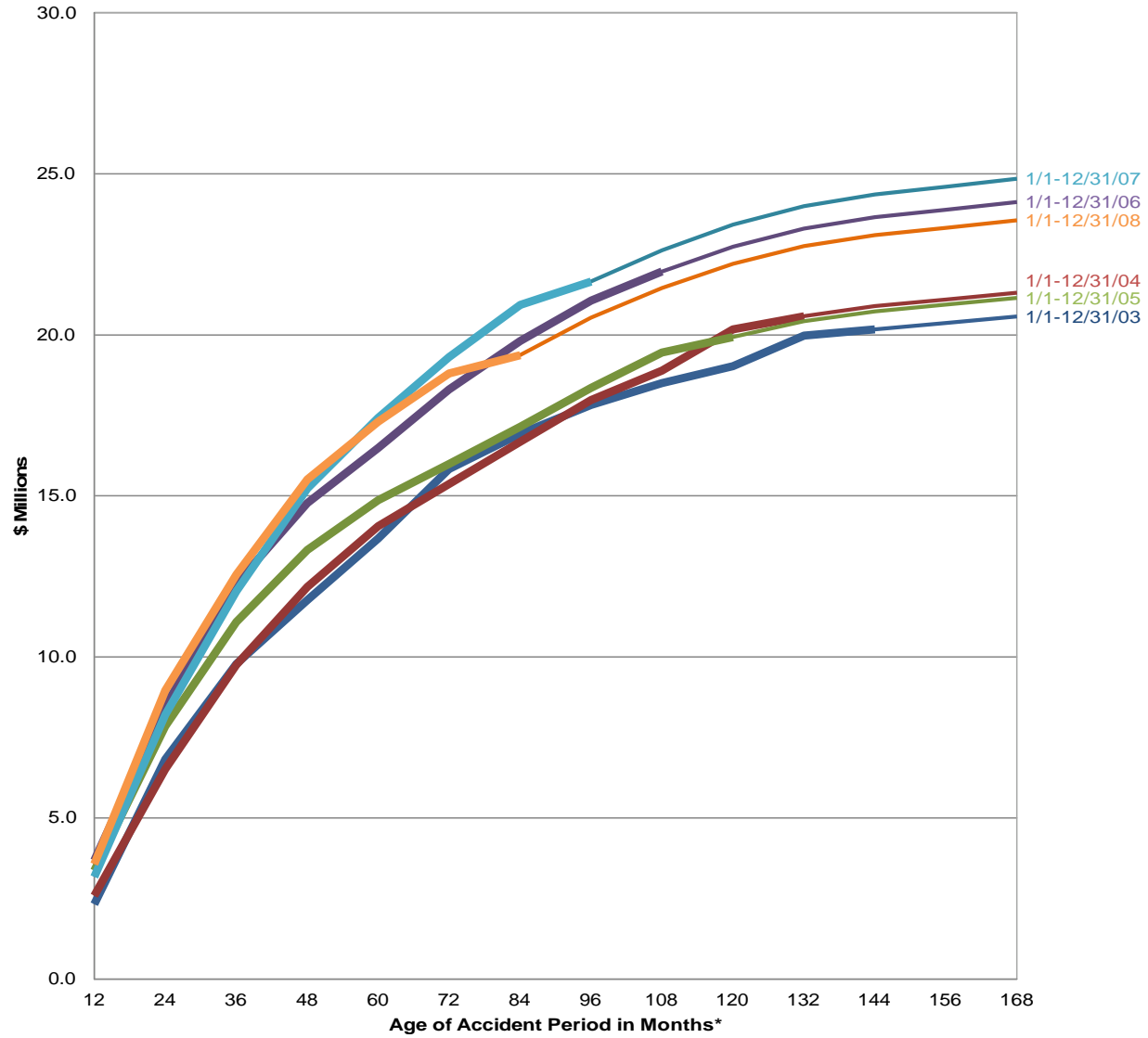


Table 7

NY TRANSPORTATION WORKERS' COMPENSATION TRUST**SELECTED ESTIMATED ULTIMATE INCURRED LOSSES**

(Limited to Specific Retentions)

(Net of Recoveries)

Accident Period	Method				Selected Estimated Ultimate Incurred Losses
	Incurred Loss Development	Paid Loss Development	Incurred Bornhuetter- Ferguson	Paid Bornhuetter- Ferguson	
1/1-12/31/01	\$ 2,623,829	\$ 2,793,512	\$ 2,649,270	\$ 2,929,892	\$ 2,593,920 ^
1/1-12/31/02	7,067,200	7,541,247	7,120,471	7,747,765	7,369,171 *
1/1-12/31/03	16,265,336	17,223,416	16,261,561	17,131,167	16,720,370 *
1/1-12/31/04	20,750,545	20,047,315 <	20,807,505	20,105,508 <	20,779,025 *
1/1-12/31/05	19,187,465	19,543,407	19,405,849	20,017,178	19,538,475 *
1/1-12/31/06	23,529,543	23,684,685	23,559,211	23,739,687	23,628,282 *
1/1-12/31/07	24,077,961	24,792,099	24,179,944	24,420,766	24,367,693 *
1/1-12/31/08	24,534,961	25,117,931	24,585,408	25,087,624	24,831,481 *
Total	\$138,036,840	\$140,743,612	\$138,569,219	\$141,179,587	\$139,828,417

^ Selected the incurred losses since only one claim below the retention remains open.

* Selected the average of the methods.

< Since this paid method is less than incurred losses, the corresponding incurred method is substituted in the average.

Figure 5

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

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

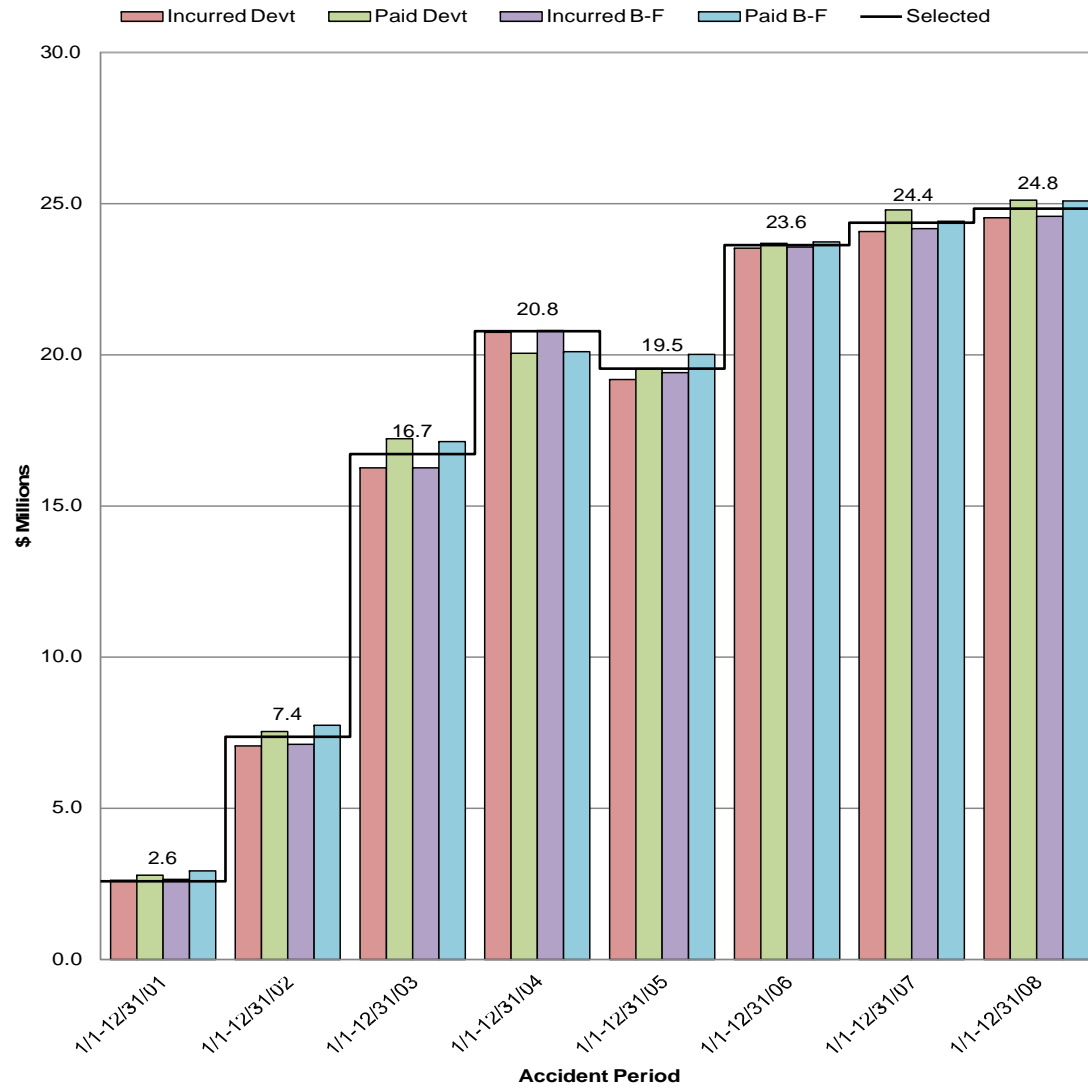


Figure 6

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

HISTORICAL PROFITABILITY ANALYSIS
(Excluding Investment Income)

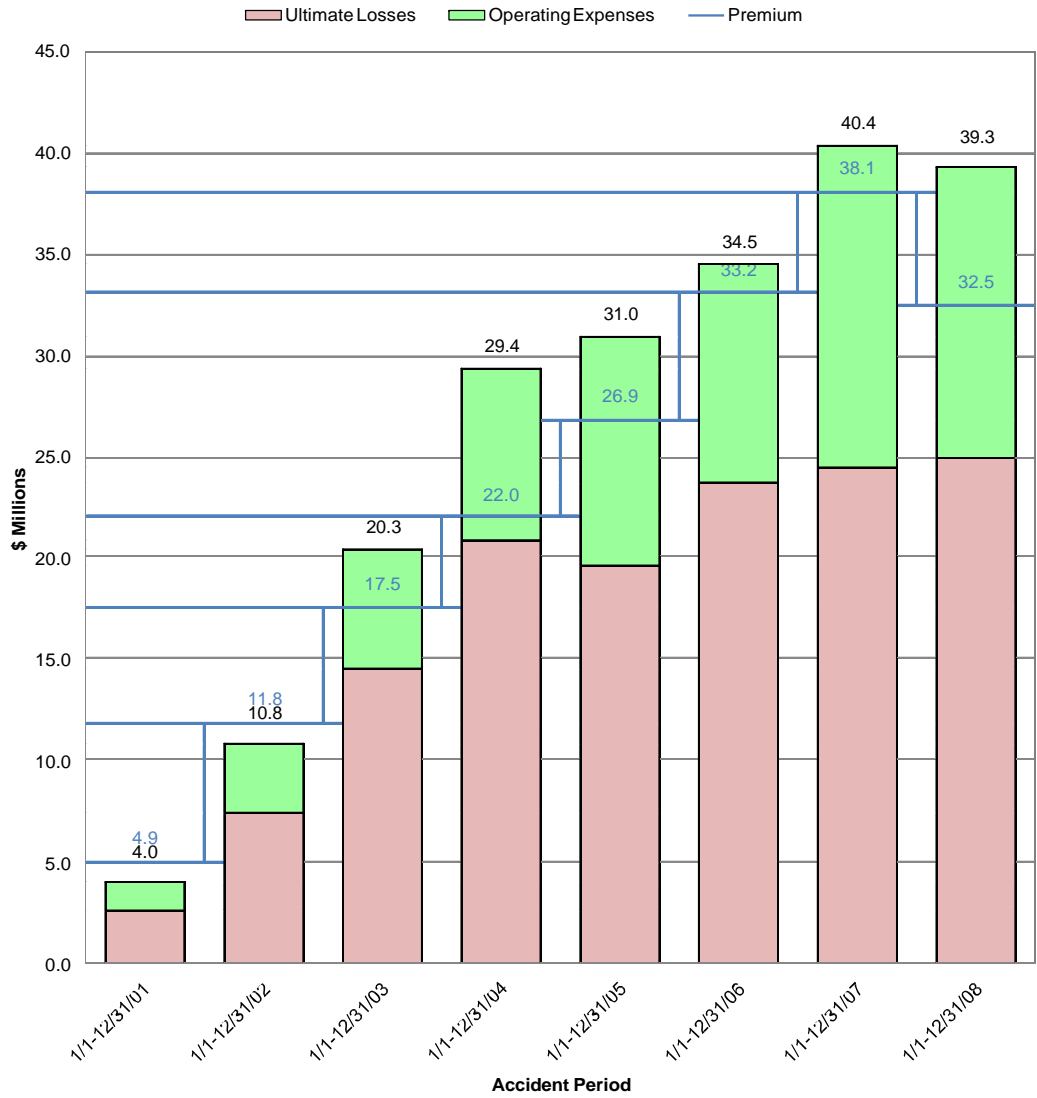
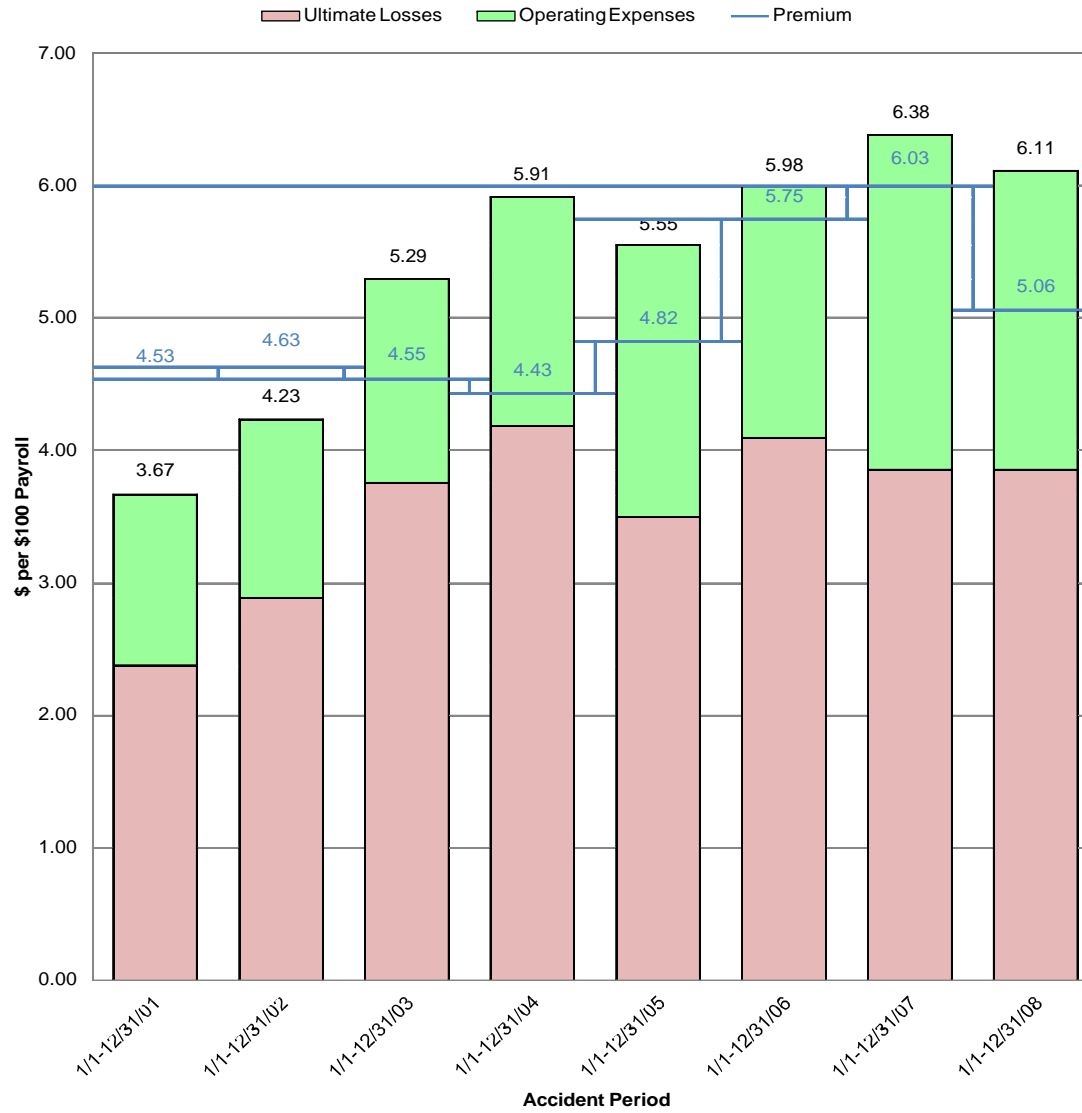
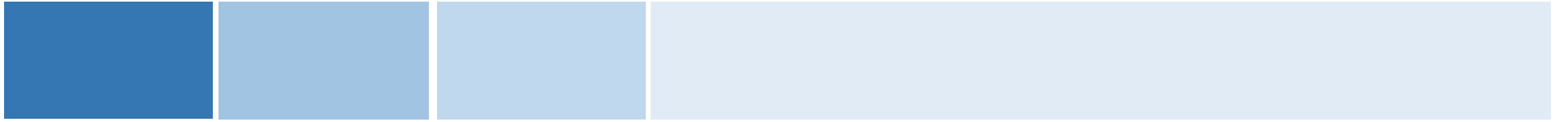


Figure 7

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

HISTORICAL PROFITABILITY ANALYSIS
(Excluding Investment Income)





Questions & Answers



Website Information

www.safetpa.com

NYT Trust

Password: nytdocs

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