

**New York Transportation  
Workers' Compensation Trust  
June 29, 2016 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](http://www.safetpa.com)**

# Agenda

Background

Runoff Status

Claims Overview

Assessment

Actuarial Review

Financial Review

Questions & Answers

Website Information

Contact Information



# Background

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

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

Milliman USA	2000-2013
By The Numbers	2014 to Present
  
- **Administrator / TPA:**

First Cardinal/Glacier Bay	12/1/2000 to 1/1/2014
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

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



# Runoff Status

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



# Runoff Status

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

# Runoff Status

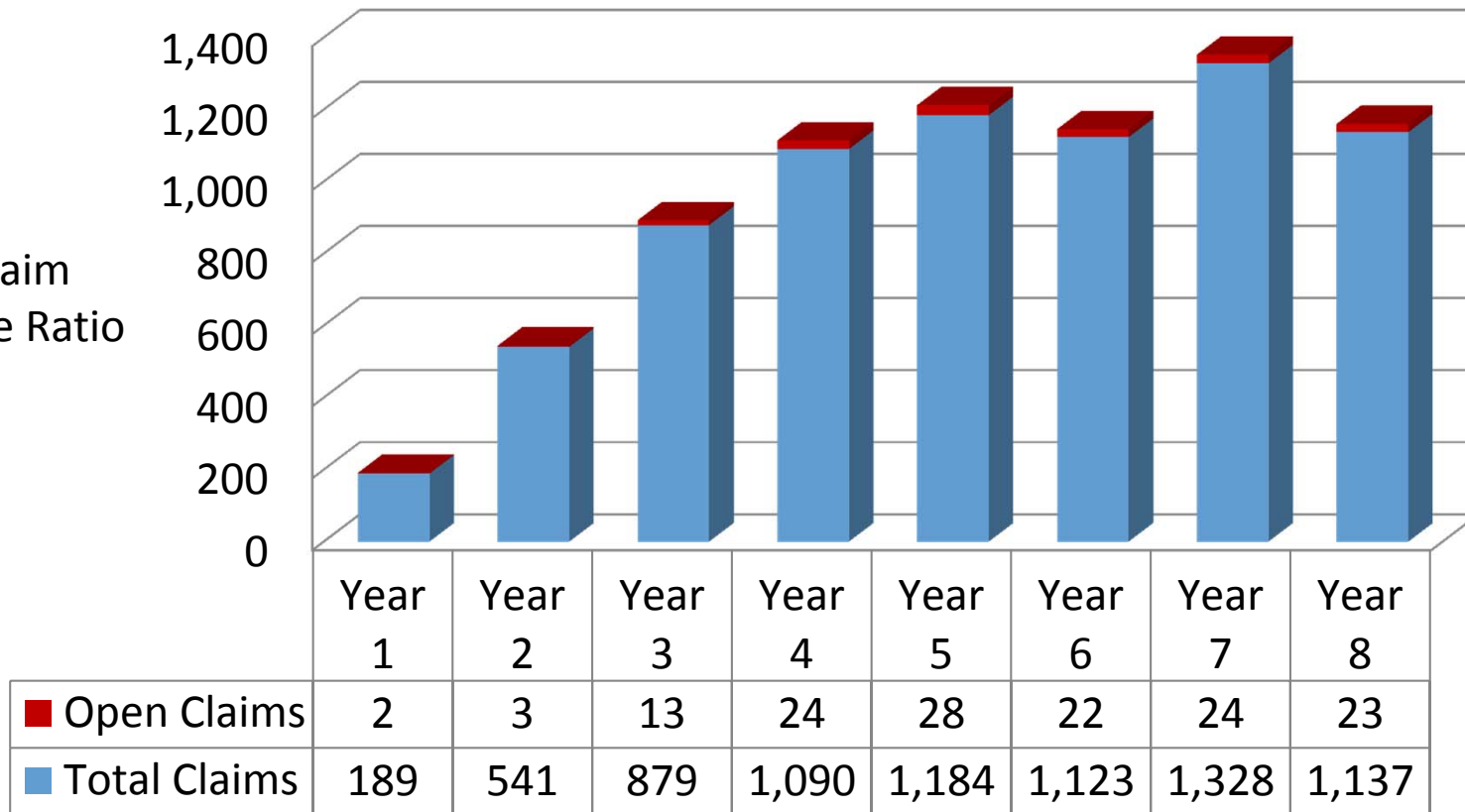
<b>Trust Name (Administrator): NY Transportation Trust (SAFE LLC)</b>			
<b>Month End: May 31, 2016</b>			
<b>MONTHS OF REMAINING CASH AVAILABLE</b>			
			<b>Estimated</b>
	<b>All cash and investments Total Month End Balance</b>		<b>\$5,052,611.00</b>
	<b>Collateralized amount of the Security Deposit</b>	<b>Less</b>	<b>1,125,000.00</b>
<b>A.</b>	<b>All cash and investments less the collateralized amount of the Security deposit.</b>		<b>\$3,927,611.00</b>
<b>B.</b>	<b>The estimated monthly net claims expended.</b>		<b>147,204.33</b>
<b>C.</b>	<b>The estimated monthly operating expenses, including Professional Fees, NYS Assessment, Taxes, Claim and Administration Expenses.</b>		<b>75,976.50</b>
	<b>Sub Total</b>		<b>223,180.83</b>
<b>D.</b>	<b>The estimated average monthly member assessment to be received.</b>	<b>Less</b>	<b>188,316.00</b>
	<b>Net Monthly Payout</b>		<b>\$34,864.83</b>
<b>E.</b>	<b>Number of months remaining in the current Member Deficit Assessment</b>		<b>26</b>
	<b>Estimated Remaining Months:</b> <b>A divided by [( B + C ) – D]</b> <b>If 50% of ( B + C ) is less than D:</b> <b>[A divided by ( B + C )]+ E</b>		<b>43.60</b>

# Claims Overview

As of June 1, 2016

Total No. of Claims Since Inception	7,471
No. of Open Claims When SAFE Took Over	198
No. of Open Claims	139
Open 15-8 Claims	52

98% Claim  
Closure Ratio





# Assessment

	UHY/Milliman	Lumsden/BTN	Lumsden/BTN
<b>Assessment of Membership to run out Trust</b>	March 31, 2014	December 31, 2014	December 31, 2015
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Estimated Loss and ALAE Reserves including IBNR (high end):			
Case reserves	16,222,045	14,759,500	12,026,659
Incurred but not reported	16,752,800	13,785,300	11,872,262
Reinsurance receivable	(4,030,600)	(5,084,800)	(4,141,617)
	28,944,245	23,460,000	19,757,304
ULAE Reserves	2,200,000	1,173,000	987,500
NYS Assessment	1,531,150	890,000	654,000
ALP Fee	2,000,000	2,000,000	2,000,000
<b>Total funds required to run off Trust</b>	<b>34,675,395</b>	<b>27,523,000</b>	<b>23,398,804</b>
Available Cash	175,739	952,399	1,124,538
Investments FMV*	5,094,209	4,125,753	4,148,585
Accrued Investment Income	55,182	43,773	28,643
<b>Total funds available to run off Trust</b>	<b>5,325,130</b>	<b>5,121,925</b>	<b>5,301,766</b>
<b>Assessment Required (rounded)</b>	<b>29,400,000</b>	<b>22,400,000</b>	<b>18,100,000</b>
Adjustments:			
Add: Factor for Uncollectable Accounts	2,940,000	2,940,000	2,940,000
Less: Balance Due on Year One Assessment	-	6,421,000	4,646,000
Less: Balance Due on Year Two Assessment	-	-	4,587,000
<b>Total Assessment</b>	<b>32,340,000</b>	<b>18,919,000</b>	<b>11,807,000</b>
<b>Assessment - Four (4) Year Payment Term</b>	<b>8,085,000</b>	<b>6,306,333</b>	<b>5,903,500</b>

# Assessment

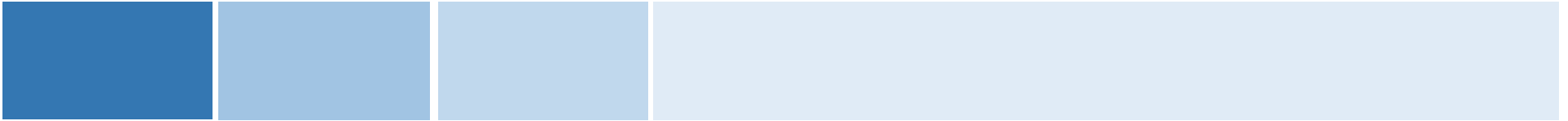
NY Transportation Workers Compensation Trust												
Historical Profitability Analysis as of December 31, 2015												
	Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	
Policy Year	Contributions per Audited Financials/Glacier Bay	Operating Expenses w/o NYS Assessment	NYS Assessment	Re-Allocated NYS Assessment as % to total Est Ult Inc Losses	Total Operating Expenses	Funds Available for Claims	Dividends Paid to Members	Estimated Ultimate Incurred Losses<	% to total	Estimated Underwriting Income/(Loss)	Investment & Other Income	
2001	5,450,225	1,352,741	51,378	363,568	1,716,309	3,733,916	815,114	2,763,851	2.04%	154,950	65,856	
2002	11,805,921	3,174,274	230,667	961,750	4,136,024	7,669,897	-	7,311,230	5.39%	358,667	221,791	
2003	17,769,583	5,066,247	800,654	1,902,245	6,968,492	10,801,091	-	14,460,883	10.67%	(3,659,792)	363,861	
2004	23,599,837	6,858,566	1,759,518	2,718,329	9,576,895	14,022,942	-	20,664,761	15.24%	(6,641,819)	606,015	
2005	26,904,471	8,719,898	2,703,827	2,535,945	11,255,843	15,648,628	-	19,278,280	14.22%	(3,629,652)	1,032,622	
2006	31,123,294	9,179,376	1,736,742	3,043,004	12,222,380	18,900,914	-	23,132,941	17.06%	(4,232,027)	3,114,534	
2007	35,076,108	10,246,300	5,743,498	3,103,510	13,349,810	21,726,298	-	23,592,914	17.40%	(1,866,616)	4,913,449	
2008	30,202,623	9,682,588	4,805,572	3,203,505	12,886,093	17,316,530	-	24,353,074	17.97%	(7,036,544)	4,154,720	
Total	181,932,062	54,279,990	17,831,856	17,831,856	72,111,846	109,820,216	815,114	135,557,934	100.00%	(26,552,832)	14,472,848	
	Column L	Column M	Column N	Column O	Column P	Column Q	Column R	Column S	Column T	Column U	Column V	Column W
Policy Year	Runoff Expenses w/o NYS Assessment	Runoff NYS Assessment as % to Total Est Ult Inc Losses	Net Runoff Expenses	Estimated Net Income/(Loss)	Year 1 Assessment	Year 2 Assessment	Revised Net Income/(Loss)	Max Allowed in Surplus Years	(Deficit) Years	Deficit to be Prorated to Loss Years	Total Assessment	Year 3 Assessment divided by 2
2001	48,106	74,913	123,019	97,787	47,270	106,090	(55,572)		(55,572)	(172,583)	(172,583)	(86,291)
2002	104,205	198,168	302,373	278,086	227,791	46,574	3,721	3,721			3,721	1,861
2003	156,843	391,956	548,799	(3,844,730)	(1,431,121)	(1,378,662)	(1,034,947)		(1,034,947)	(3,214,077)	(3,214,077)	(1,607,038)
2004	208,304	560,109	768,413	(6,804,217)	(2,651,555)	(2,514,462)	(1,638,200)		(1,638,200)	(5,087,509)	(5,087,509)	(2,543,754)
2005	237,472	522,529	760,002	(3,357,032)	(1,115,864)	(1,384,367)	(856,800)		(856,800)	(2,660,834)	(2,660,834)	(1,330,417)
2006	274,710	627,008	901,718	(2,019,210)	(1,429,582)	(471,900)	(117,728)		(117,728)	(365,610)	(365,610)	(182,805)
2007	309,599	639,476	949,075	2,097,758	474,089	398,483	1,225,186	1,225,186			1,225,186	612,593
2008	266,583	660,079	926,663	(3,808,487)	(2,206,027)	(1,108,088)	(494,371)		(494,371)	(1,535,294)	(1,535,294)	(767,647)
Total	1,605,823	3,674,238	5,280,061	(17,360,045)	(8,085,000)	(6,306,332)	(2,968,713)	1,228,907	(4,197,619)	(13,035,907)	(11,807,000)	(5,903,500)
<per By the Numbers									Year 3 Deficit	(11,807,000)		
									Maximum credit allowed for profitable years:			
									2002	3,721		
									2007	1,225,186		
										1,228,907		
									Deficit to be prorated to loss years	(13,035,907)		10

# Assessment

NY Transportation Workers Compensation Trust								
Fluctuations Year to Year								
	Estimated Net Income				Estimated Ultimate Incurred Losses			
	3/31/2014	12/31/2014	12/31/2015		3/31/2014	12/31/2014	12/31/2015	
	Year 1	Year 2	Year 3		Year 1	Year 2	Year 3	
2001	189,078	365,539	97,787	2001	2,796,885	2,593,920	2,763,851	
2002	911,162	367,511	278,086	2002	7,011,553	7,369,171	7,311,230	
2003	(3,393,164)	(3,603,189)	(3,844,730)	2003	14,460,884	14,460,883	14,460,883	
2004	(6,286,791)	(6,613,064)	(6,804,217)	2004	20,743,032	20,779,025	20,664,761	
2005	(2,645,696)	(3,296,920)	(3,357,032)	2005	19,241,944	19,538,475	19,278,280	
2006	(3,389,515)	(2,173,055)	(2,019,210)	2006	24,996,675	23,628,282	23,132,941	
2007	1,896,358	1,669,537	2,097,758	2007	24,517,090	24,367,693	23,592,914	
2008	(5,230,453)	(3,951,808)	(3,808,487)	2008	26,250,634	24,831,481	24,353,074	
Total	(17,949,021)	(17,235,449)	(17,360,045)	Total	140,018,697	137,568,930	135,557,934	

# Assessment

<b>NY Transportation Workers Compensation Trust</b>				
Collections Status as of June 15, 2016				
<b>Details of Year 1 Assessment</b>				
	No. of Members	Assessment Amount	No. of Members Paying	Total Paid as of 6/15/16
Payments made to SAFE on Full Assessment and Year 1	256	2,656,825	256	3,400,628
Collection Lawsuits - Attorney Eric Handelman - Round 1 \$25-\$50K	52	1,016,604	4	43,714
Collection Lawsuits - Attorney Eric Handelman - Round 2 \$20-\$25K, \$50-\$150K	50	1,710,833	3	25,671
Collection Lawsuits - Attorney Eric Handelman - Round 3 \$5-\$20K	180	1,125,391	0	0
Collection Referrals - Paying Attorney Eric Handelman	53	185,353	53	509,537
Collection Referrals - To be sued - Started paying but have stopped	31	462,452	31	104,535
Collection Referrals - BARR Collection Agency - Combined Less than \$5K	479	681,784	15	18,416
Credit Balances - Members Participated in Surplus Years	82	(21,401)	0	0
Zero Due - No Payroll	140	0	0	0
Written Off	23	267,159	0	0
<b>Totals:</b>	<b>1346</b>	<b>8,085,000</b>	<b>362</b>	<b>4,102,501</b>
<b>Details of Year 2 Assessment</b>				
	No. of Members	Assessment Amount	No. of Members Paying	Total Paid as of 6/15/16
Payments made to SAFE on Year 2	274	2,386,401	265	1,977,990
Members who have credit balances from Year 1	77	166,077	4	5,040
Collection Lawsuits - Attorney Eric Handelman - Round 1 \$25-\$50K	52	817,285	1	13,259
Collection Lawsuits - Attorney Eric Handelman - Round 2 \$20-\$25K, \$50-\$150K	50	1,379,529	0	0
Collection Lawsuits - Attorney Eric Handelman - Round 3 \$5-\$20K	180	817,818	0	0
Collection Referrals - Paying Attorney Eric Handelman	6	90,394	6	11,284
Collection Referrals - BARR Collection Agency - Combined Less than \$5K	460	439,752	9	22,747
Credit Balances - Members Participated in Surplus Years	84	(16,470)	0	0
Zero Due - No Payroll	140	0	0	0
Written Off	23	225,546	0	0
<b>Totals:</b>	<b>1346</b>	<b>6,306,333</b>	<b>285</b>	<b>2,030,319</b>



# Actuarial Review

Figure 1

*NY TRANSPORTATION WORKERS' COMPENSATION TRUST*

ESTIMATED ULTIMATE INCURRED LOSSES BASED ON DATA VALUED AS OF 12/31/15  
(Limited to Specific Retentions)  
(Net of Recoveries)

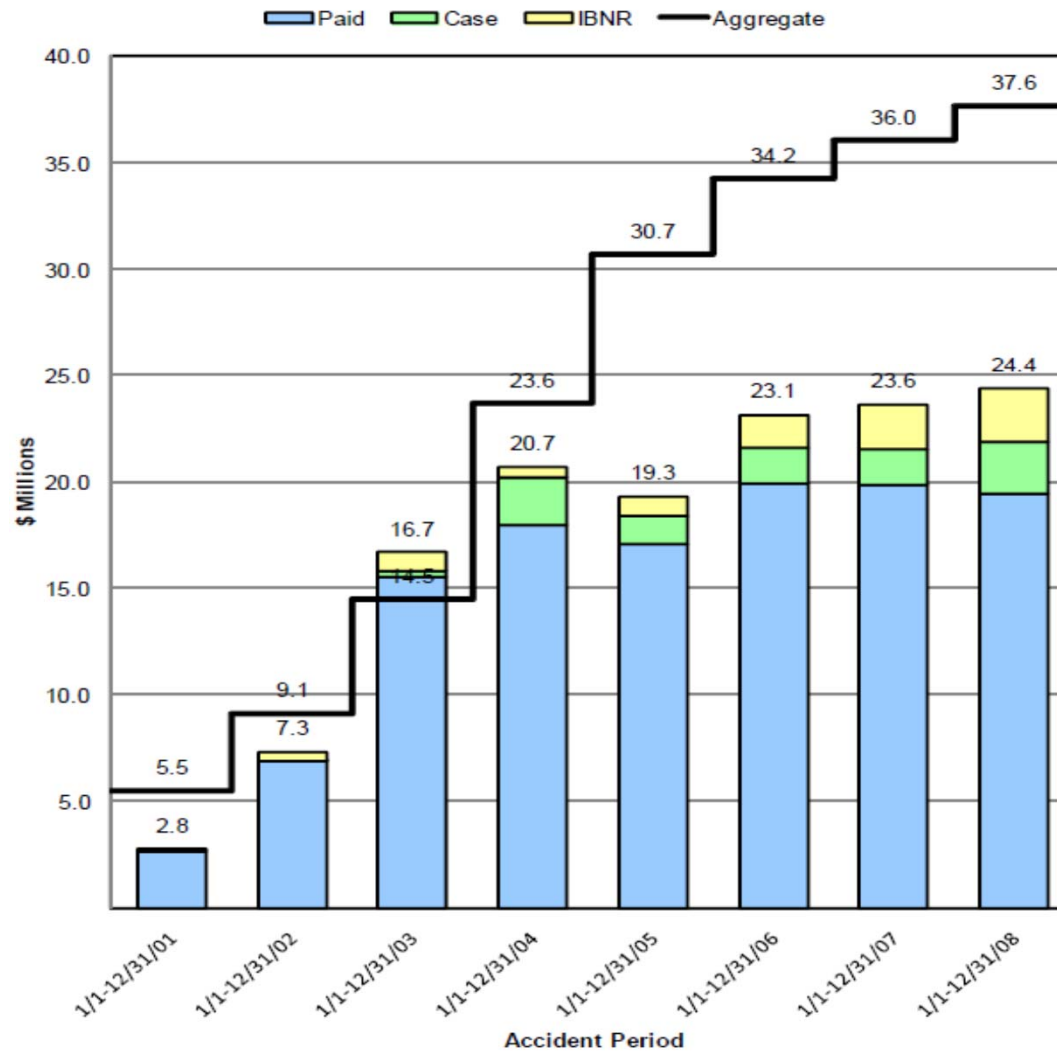


Figure 2

**NY TRANSPORTATION WORKERS' COMPENSATION TRUST**

**COMPARISON TO PRIOR ACTUARIAL REPORT**  
 (Limited to Specific and Aggregate Retentions)  
 (Net of Recoveries)

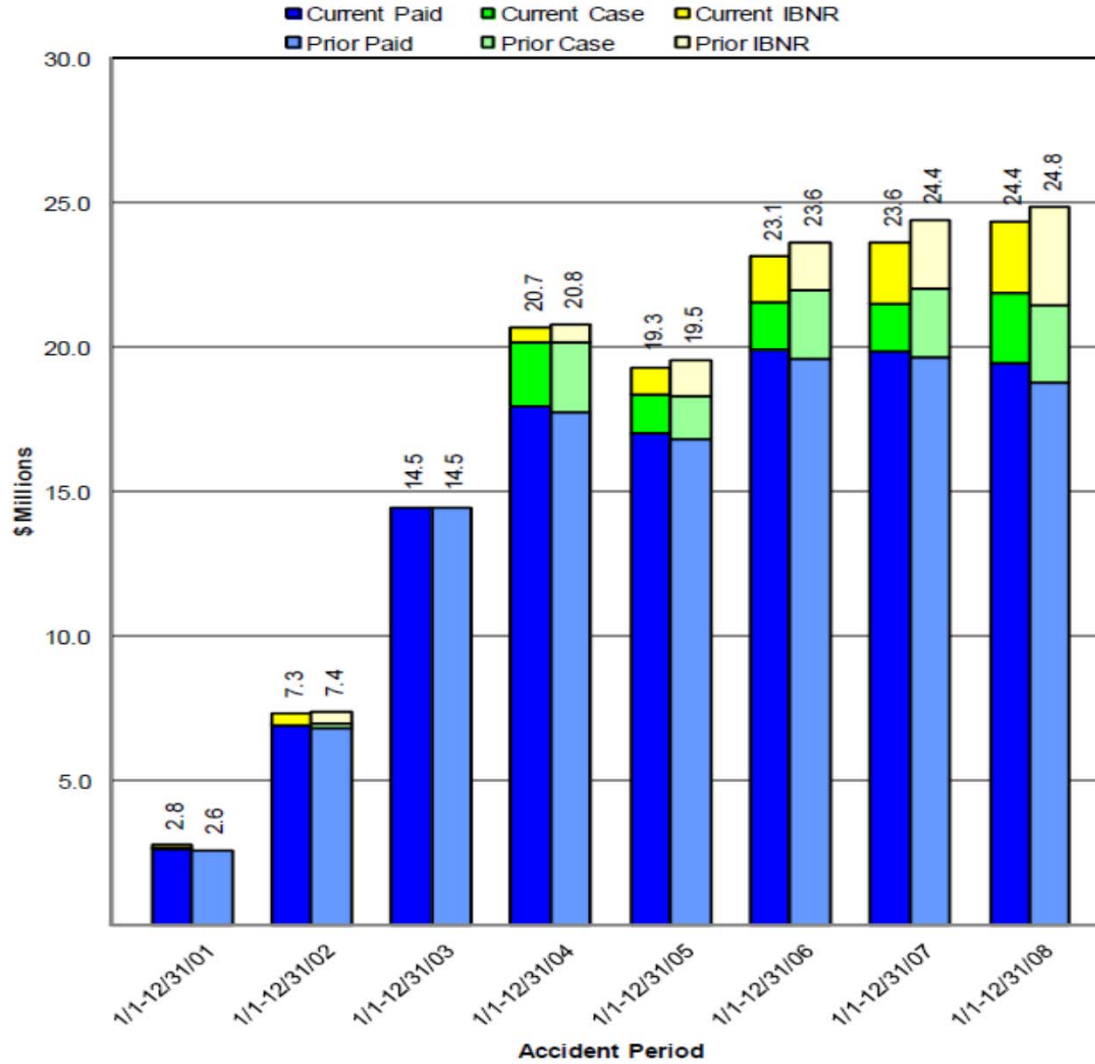
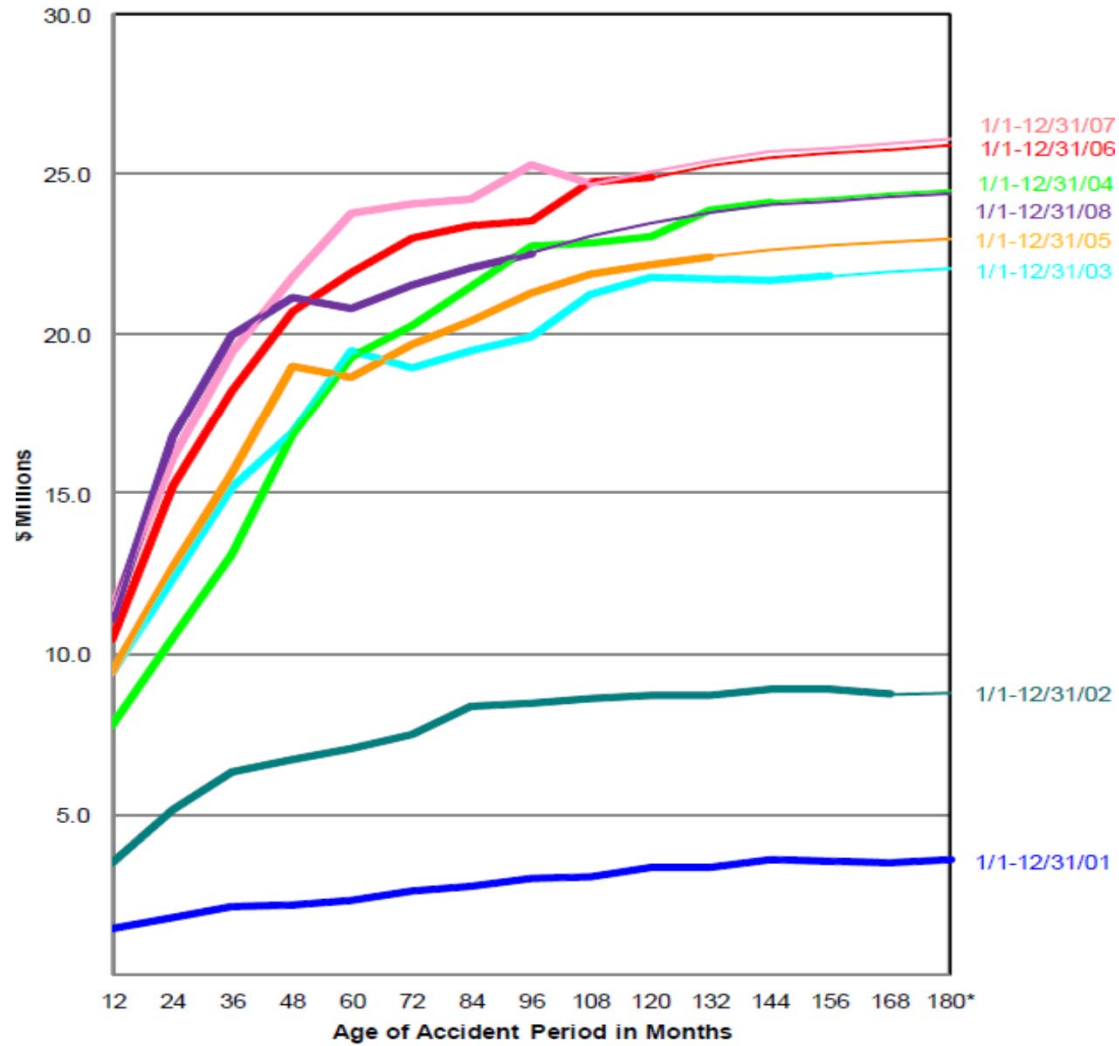


Figure 3

**NY TRANSPORTATION WORKERS' COMPENSATION TRUST**  
**HISTORICAL AND EXPECTED DEVELOPMENT OF INCURRED LOSSES**  
(Unlimited Losses Including ALAE)  
(Gross of Recoveries)

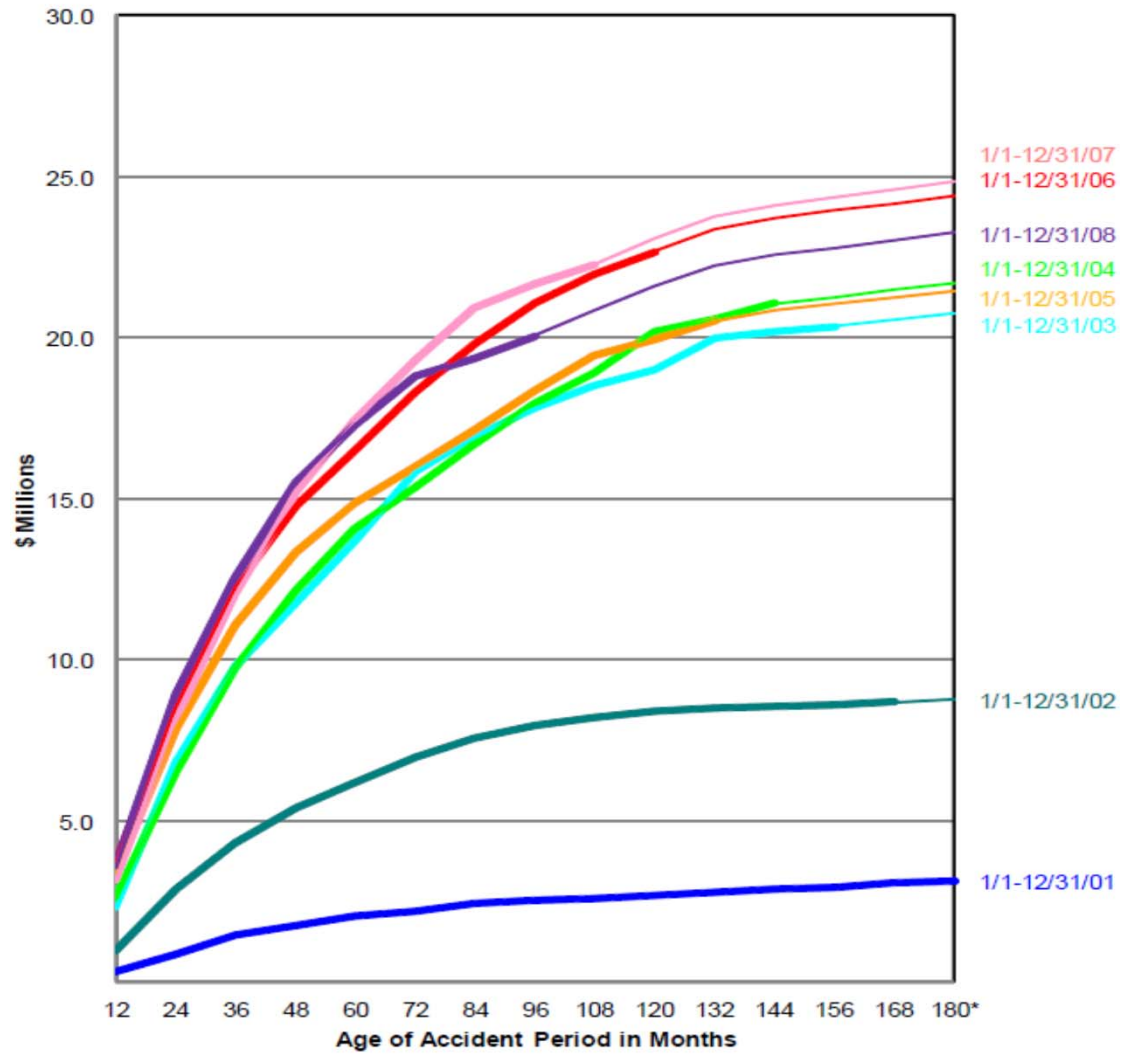


\* Additional development of 2.0% is expected after 180 months.



Figure 4

**NY TRANSPORTATION WORKERS' COMPENSATION TRUST**  
**HISTORICAL AND EXPECTED DEVELOPMENT OF PAID LOSSES**  
(Unlimited Losses Including ALAE)  
(Gross of Recoveries)



\* Additional development of 9.0% is expected after 180 months.

Table 7

**NY TRANSPORTATION WORKERS' COMPENSATION TRUST**

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

Accident Period	Incurred Loss Development	Paid Loss Development	Incurred Bornhuetter- Ferguson	Paid Bornhuetter- Ferguson	Selected Estimated Ultimate Incurred Losses
1/1-12/31/01	\$ 2,709,305	\$ 2,796,156	\$ 2,719,824	\$ 2,830,117	\$ 2,763,851 *
1/1-12/31/02	7,059,468	7,544,492	7,073,902	7,567,058	7,311,230 *
1/1-12/31/03	16,182,436	17,026,334	16,254,246	17,201,647	16,666,166 *
1/1-12/31/04	20,762,699	20,020,522 <	20,888,805	20,244,840	20,664,761 *
1/1-12/31/05	19,132,185	19,339,449	19,200,140	19,441,345	19,278,280 *
1/1-12/31/06	22,887,832	23,344,019	22,918,755	23,381,159	23,132,941 *
1/1-12/31/07	23,032,420	23,954,628	23,223,068	24,161,541	23,592,914 *
1/1-12/31/08	24,035,837	24,571,107	24,176,403	24,628,947	24,353,074 *
<b>Total</b>	<b>\$135,802,182</b>	<b>\$138,596,707</b>	<b>\$136,455,143</b>	<b>\$139,456,654</b>	<b>\$137,763,217</b>

\* Selected the average of the methods.

Figure 5

**NY TRANSPORTATION WORKERS' COMPENSATION TRUST**  
**SELECTED ESTIMATED ULTIMATE INCURRED LOSSES**  
(Limited to Specific Retentions)  
(Net of Recoveries)

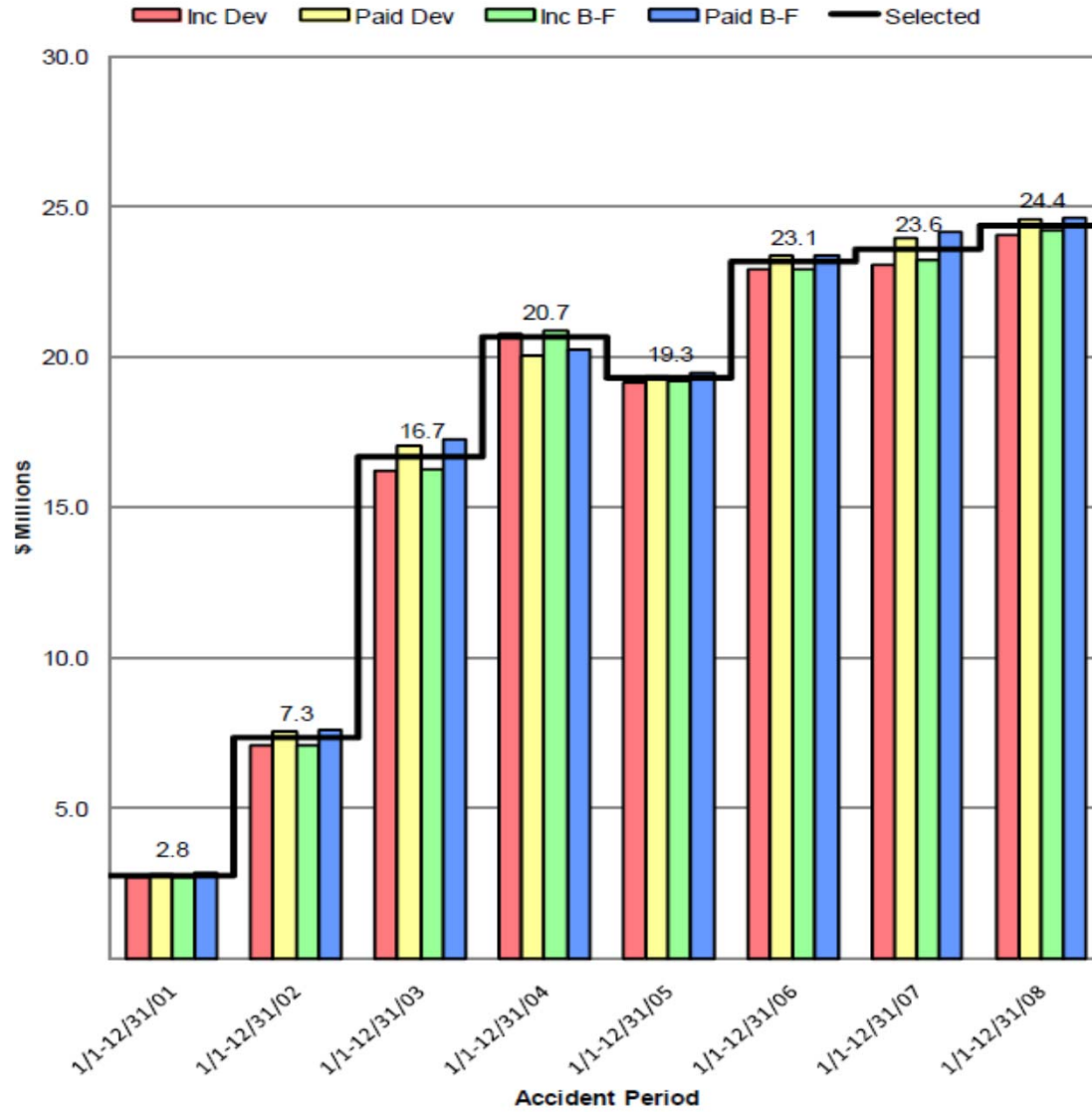


Figure 6

**NY TRANSPORTATION WORKERS' COMPENSATION TRUST**

**HISTORICAL PROFITABILITY ANALYSIS**  
(Excluding Investment Income)

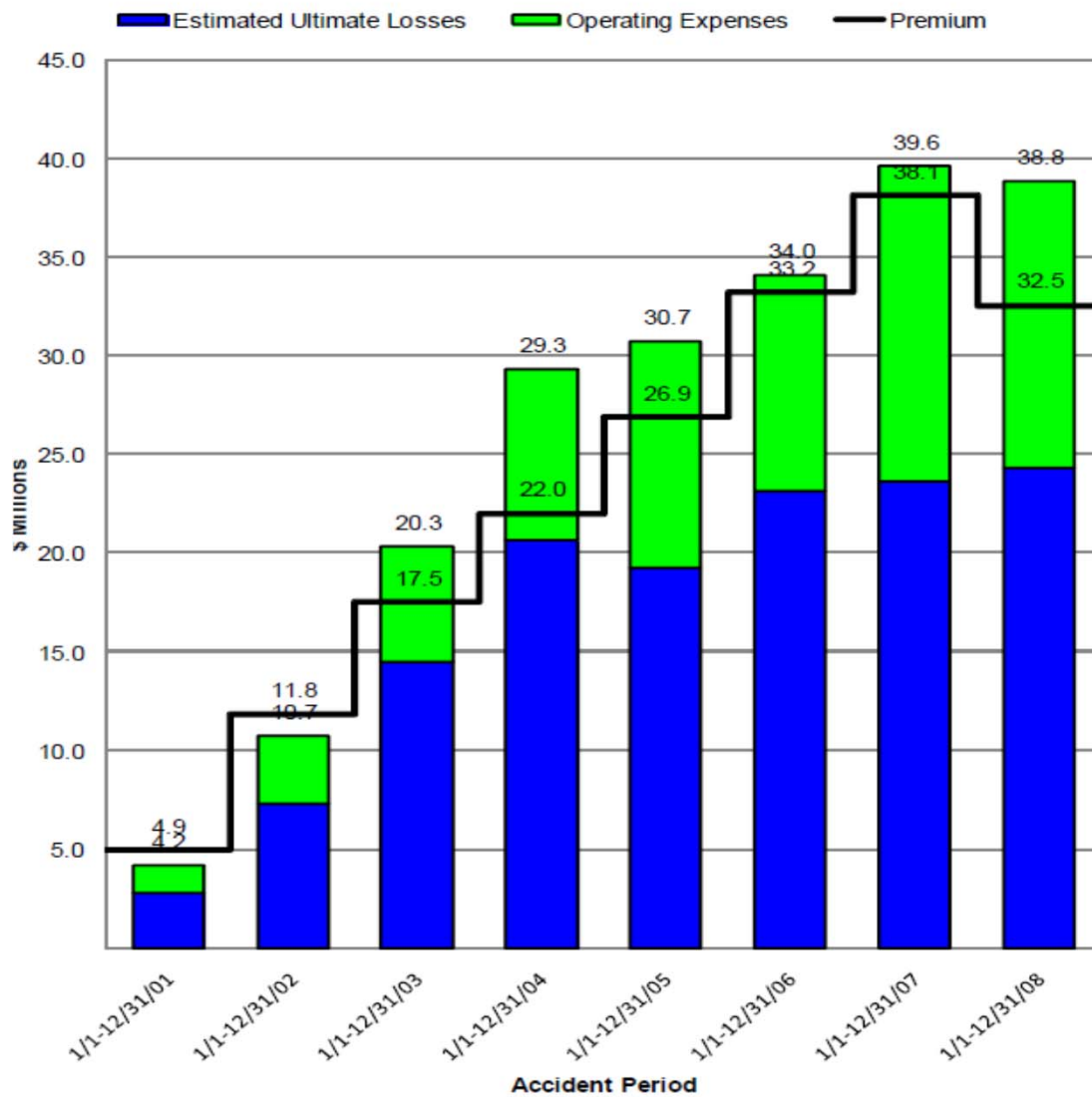
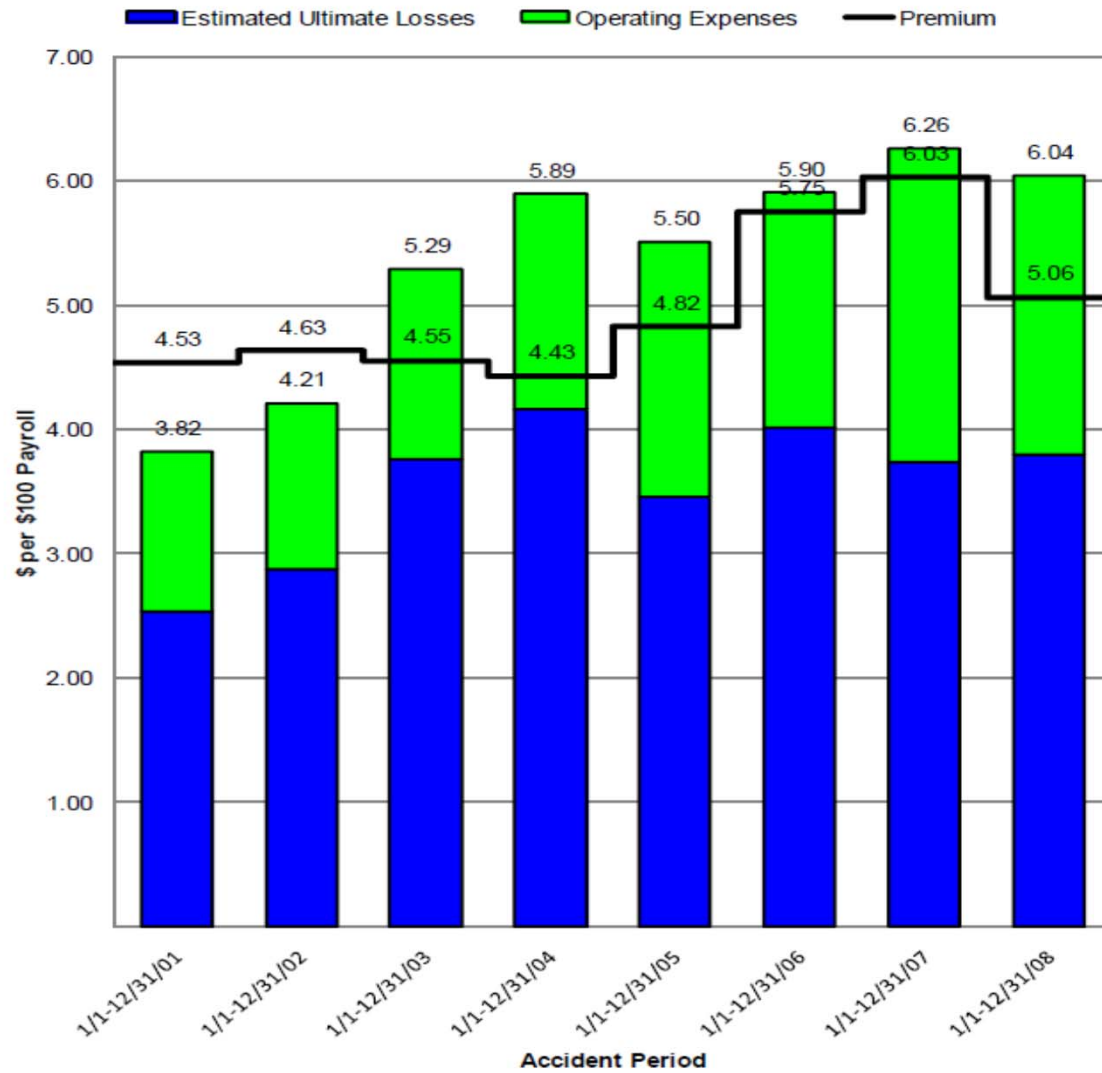
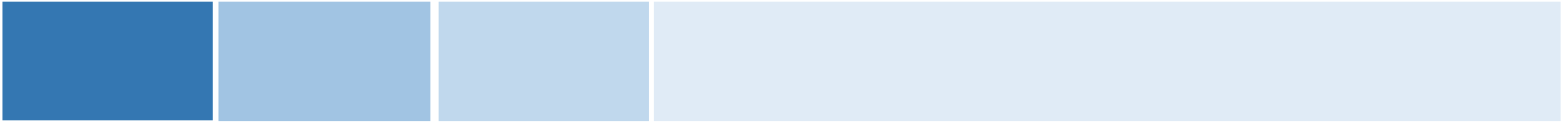


Figure 7

**NY TRANSPORTATION WORKERS' COMPENSATION TRUST**

**HISTORICAL PROFITABILITY ANALYSIS**  
(Excluding Investment Income)





# Financial Review

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

**Balance Sheets**

December 31,	2015	2014
<b>Assets</b>		
Cash	\$ 1,124,538	\$ 952,399
Investments (Note 3)	4,148,585	4,125,753
Assessments receivable, net (Note 4)	6,758,922	5,343,496
Second injury fund receivable (Note 1)	491,223	600,953
Reinsurance receivable (Note 1)	4,141,617	5,473,924
Accrued investment income	28,643	43,773
Prepaid expenses	121,945	121,945
Deferred income taxes	3,363,902	5,426,272
	<u>\$ 20,179,375</u>	<u>\$ 22,088,515</u>
<b>Liabilities and Members' Equity</b>		
<b>Liabilities:</b>		
Unpaid losses and loss adjustment expenses (Note 5):		
Case-basis reserves	\$ 12,026,600	\$ 14,759,500
Incurred but not reported	11,872,300	13,785,300
Unallocated loss adjustment expenses	987,500	1,173,000
	<u>24,886,400</u>	<u>29,717,800</u>
Accounts payable	230,253	103,446
Accrued income taxes	42,270	161,499
Accrued Workers' Compensation Board assessments	654,000	890,000
	<u>25,812,923</u>	<u>30,872,745</u>
<b>Members' equity:</b>		
Accumulated deficit	(5,684,695)	(8,895,121)
Accumulated other comprehensive income	51,147	110,891
	<u>(5,633,548)</u>	<u>(8,784,230)</u>
	<u>\$ 20,179,375</u>	<u>\$ 22,088,515</u>

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

**Statements of Comprehensive Income**

For the years ended December 31,	2015	2014
<b>Revenues:</b>		
Deficit assessments	\$ 5,814,854	\$ 8,580,370
Investment income	113,740	213,043
Other income	17,841	-
	<u>5,946,435</u>	<u>8,793,413</u>
<b>Expenses:</b>		
Incurred losses and loss adjustment (Note 5)	(1,633,364)	3,713,042
Workers' Compensation Board assessments	(78,248)	50,791
Administrative fees	300,000	300,000
Trustee fees	31,500	60,168
Legal, accounting, and actuary fees	81,866	68,566
Insurance	87,781	83,164
Collection fees	96,083	9,640
Bank and investment management fees	9,201	8,618
Bad debts	1,542,000	1,147,700
Miscellaneous	9,890	13,899
	<u>446,709</u>	<u>5,455,588</u>
<b>Income before income taxes</b>	<b>5,499,726</b>	<b>3,337,825</b>
Provision for income taxes (benefit) (Note 6)	<u>2,289,300</u>	<u>(5,324,700)</u>
<b>Net income</b>	<b>3,210,426</b>	<b>8,662,525</b>
<b>Other comprehensive loss:</b>		
Unrealized holding loss on investments (net of \$39,830 and \$155,741 of income taxes)	(59,744)	(233,611)
Reclassification adjustment for gains included in net income (net of \$14,556 of income taxes for 2014)	-	(21,834)
	<u>-</u>	<u>(21,834)</u>
<b>Comprehensive income</b>	<b>\$ 3,150,682</b>	<b>\$ 8,407,080</b>



NY TRANSPORTATION WORKERS' COMPENSATION TRUST

**Statements of Changes in Members' Equity**

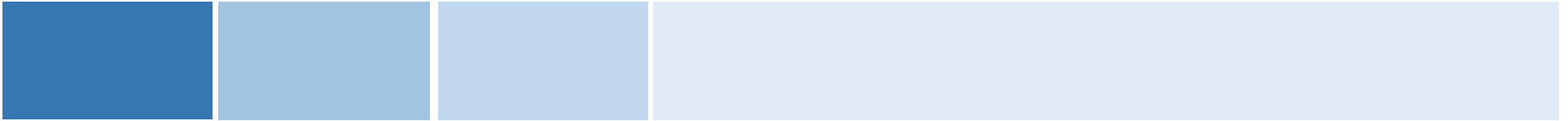
For the years ended December 31, 2015 and 2014

	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 loss:			
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)
<b>Balance at December 31, 2014</b>	<b>(8,784,230)</b>	<b>(8,895,121)</b>	<b>110,891</b>
Net income	3,210,426	3,210,426	-
Other comprehensive loss:			
Unrealized holding loss on investments (net of \$39,830 of income taxes)	(59,744)	-	(59,744)
<b>Balance at December 31, 2015</b>	<b>\$ (5,633,548)</b>	<b>\$ (5,684,695)</b>	<b>\$ 51,147</b>

NY TRANSPORTATION WORKERS' COMPENSATION TRUST

**Statements of Cash Flows**

For the years ended December 31,	2015	2014
<b>Operating activities:</b>		
Net income	\$ 3,210,426	\$ 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	2,102,200	(5,500,200)
Bad debts expense	1,542,000	1,147,700
Changes in other operating assets and liabilities:		
Assessments receivable	(2,957,426)	(6,491,196)
Second injury fund receivable	109,730	(600,953)
Reinsurance receivable	1,332,307	(1,443,341)
Accrued investment income	15,130	16,745
Prepaid expenses	-	(1,033)
Unpaid losses and loss adjustment expenses	(4,831,400)	3,701,851
Accounts payable and accrued expenses	7,578	184,099
Accrued Workers' Compensation Board assessments	(236,000)	(25,491)
<b>Net operating activities</b>	<b>294,545</b>	<b>(385,684)</b>
<b>Investing activities:</b>		
Proceeds from sale of investments	17,437,469	6,492,751
Purchase of investments	(17,559,875)	(5,580,993)
<b>Net investing activities</b>	<b>(122,406)</b>	<b>911,758</b>
Change in cash	172,139	526,074
Cash - beginning	952,399	426,325
Cash - ending	\$ 1,124,538	\$ 952,399
<b>Supplemental cash flows information:</b>		
Income taxes paid	\$ 306,353	\$ 41,196



# 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](mailto:gemerson@safetpa.com)



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