

# NY Transportation Workers' Compensation Trust

Dear Members:

As you are aware, the Board of Trustees for the NY Transportation Trust, voluntarily terminated active coverage of the NY Transportation Trust effective January 1, 2009. An assessment is necessary as a result of a projected deficit in meeting the obligations of the Trust to continue to pay existing claims and future claims for injuries that occurred prior to the termination of coverage under the Trust.

We would like to provide you with an update on the financial status of your inactive NY Transportation Workers' Compensation Trust. As we have reported to you in previous communications, the past five years have been a tumultuous time for workers' compensation self-insured groups in New York State.

Although the Trust is inactive, we employers are still responsible for the runoff and completion of all outstanding workers' compensation claims of our injured employees during the Trust's active years. Significantly, since the Trust became inactive on January 1, 2009, the number of open claims has declined from 1,020 to approximately 197.

Since becoming inactive, however, the Trust's cash and investments have been reduced by the claims activity in the runoff period, as well as unanticipated assessments from the Workers Compensation Board in 2008, 2009 and 2010. The Trust took steps to recover those assessments, including litigation to end "group-to-group assessments" and to obtain refunds of other State assessments. Despite our efforts, the Courts denied our claims and foreclosed any such recoveries. Consequently, the Trust has been unable to recover millions of dollars in assessments it paid to the Workers Compensation Board since 2008.

As a result of these and other developments, the Trust presently reports a deficit. Therefore, in the review of the most up-to-date financial and actuarial information, the NY Transportation Trust Board of Trustees, as prescribed by NY State Workers' Compensation Board guidelines, voted to levy an assessment upon the members of the Trust, in accordance with the NY Transportation Trust Agreement to cover the projected deficit.

Accordingly, SAFE, LLC as the administrator of the NY Transportation Trust is enclosing the following member specific information:

1. Member's Pro Rata Deficit Allocation (Schedule 1).
2. Invoice of member's Pro Rata Deficit Allocation.
3. Attachment A-Payment Plan Option
4. FAQs, including an explanation of how the member's Pro Rata Deficit Allocation were calculated. Copies of various documents (i.e., Trust Agreement) related to the Trust can be obtained from the SAFE, LLC website address:

www.safetpa.com by clicking "NYT Trust" in the upper right corner and then entering the password: nytdocs.

Please follow the instructions below for the completion and return of the required payment on or before August 1, 2014.

1. Carefully review this letter, the enclosed invoice and the information contained therein with any individuals you deem necessary (i.e., officers of corporation, partners, and attorney).
2. Once you have chosen a payment plan option on Attachment A:
  - Make a check out to the name of the Trust as is set forth in the heading of this letter for the first payment due;
  - Make a copy of the check for your records; and,
  - Send the check for the first payment to:

SAFE, LLC  
620 Erie Boulevard West  
Suite 100  
Syracuse, NY 13204  
(315)701-1600

In accordance with New York State law and the Trust's operative documents and agreements, each member of the New York Transportation Trust is jointly and severally responsible for all liabilities of the group, including but not limited to, outstanding and estimated future liabilities and assessments. Consequently, we must remind all members that they can be held jointly and severally liable for the entire amount of the deficit for any contribution year in which they participated in New York Transportation Trust.

There is a scheduled informational NY Transportation Member meeting June 25, 2014 at 10:00am at the Doubletree by Hilton Hotel in East Syracuse, New York. The NY Transportation Trust Board of Trustees, SAFE, LLC and representatives of the Trust will be present to answer any questions you may have. Please RSVP to SAFE at gemerson@safetpa.com no later than June 18, 2014.

Sincerely,

New York Transportation Board of Trustees

Cc: NYSWCB