

**New York Transportation
Workers' Compensation Trust
June 25, 2014 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
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Agenda

Background

Runoff Status

Claim Overview

Financial Review

Assessment Methodology

Questions & Answers

Website Information



Background

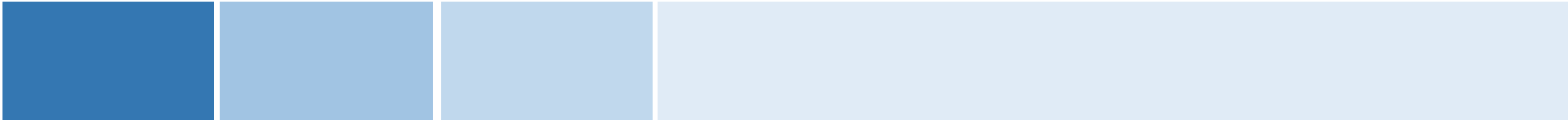
- **Trust Established:** December 1, 2000
- **Trust Terminated:** December 31, 2008
- **Total No. of Members:** 1,345

- **Accounting Firm:**

PWC	2000-2006
UHY, LLC	2006-Present
- **Actuary:** Milliman USA all years
- **Administrator / TPA:**

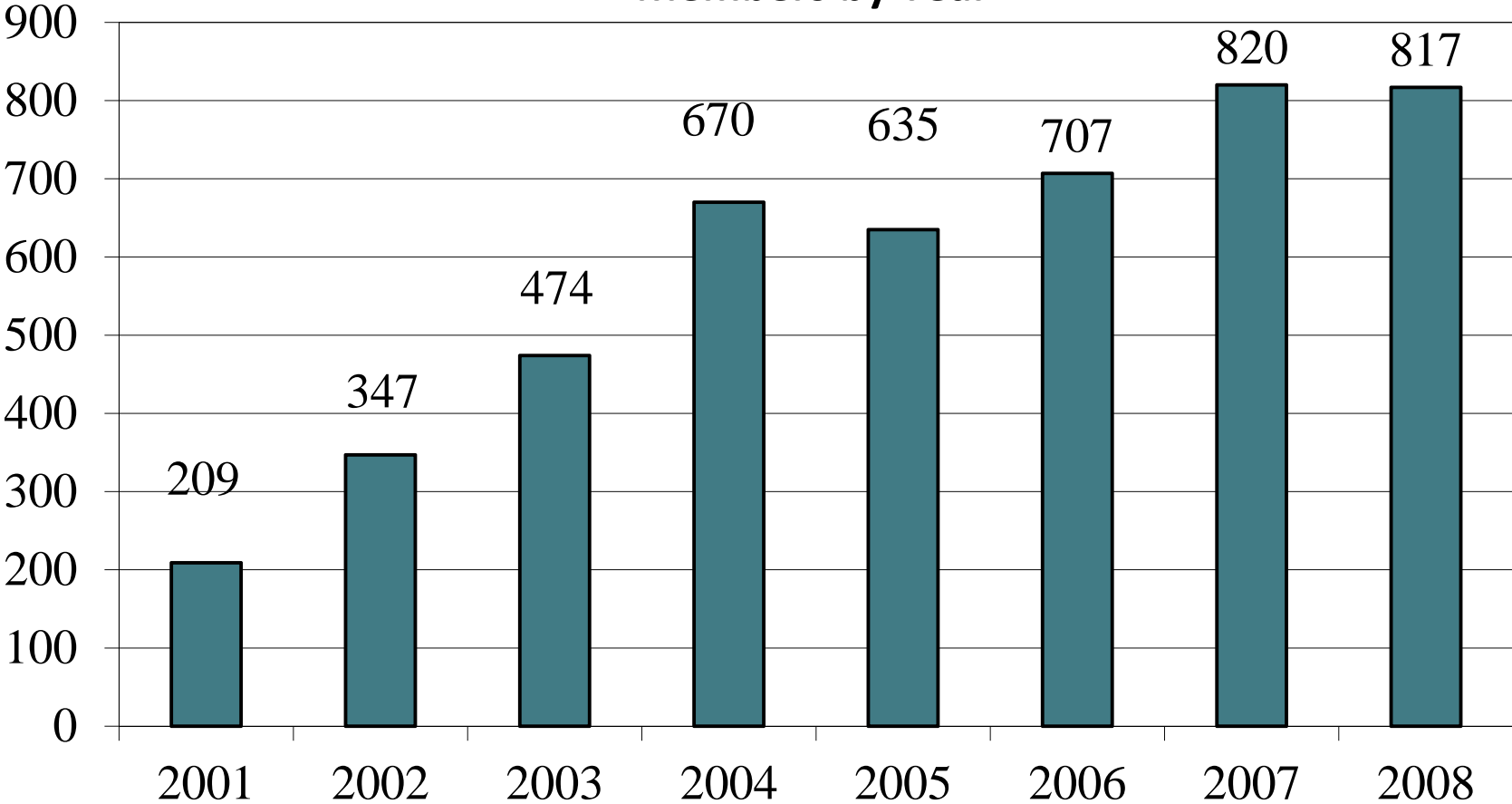
First Cardinal/Glacier Bay	12/1/2000 to 1/1/2014
S.A.F.E., LLC	1/1/2014 to Present

- **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

NY Transportation Workers Compensation Trust

Months of Remaining Cash Available

As of May 31, 2014

A. All cash and investments less the collateralized amount of security deposit

Total cash and investments	\$4,671,820
Less: Collateralized amount of the security deposit	\$1,125,000
	<u>\$3,546,820</u>

B. Monthly net claims expended

\$203,330

C. Estimated monthly operating fees expended

\$63,807

D. Estimated average monthly member assessment to be received

\$0

\$267,137

Estimated remaining months of cash available to pay expenses

13.28



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

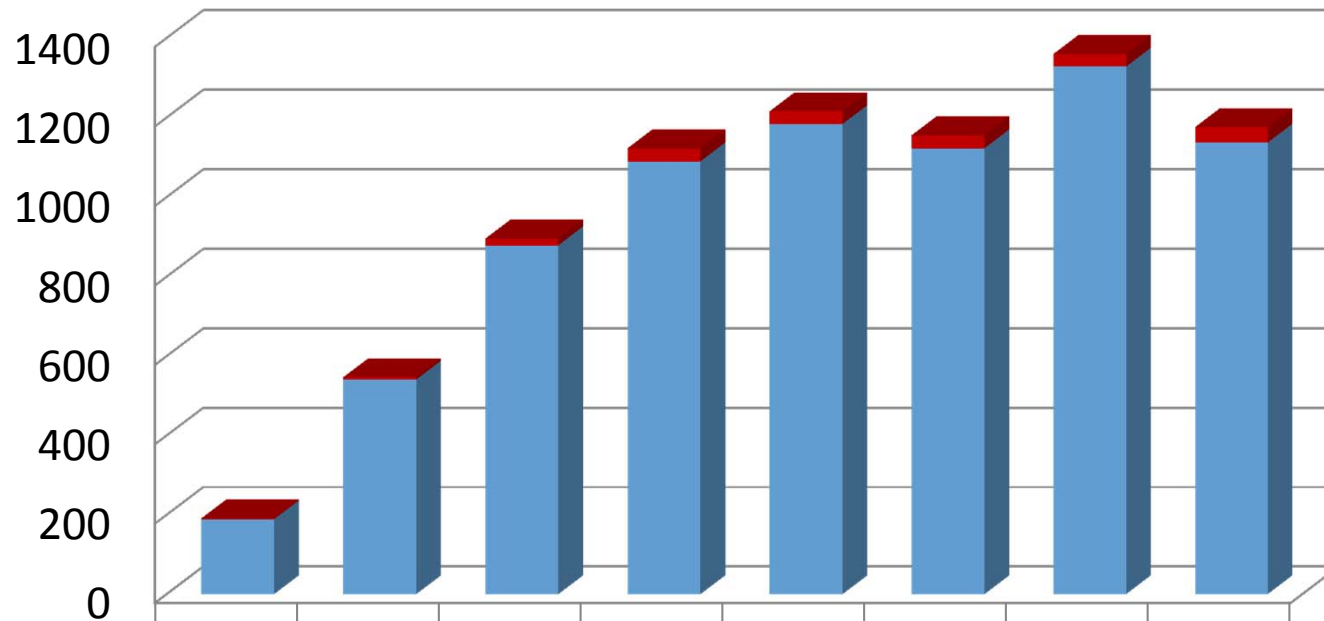
As of June 1, 2014

Total No. of Claims 7,471

No. of Open Claims 194

(60 are 15-8)

Closure ratio 97%



■ Open Claims

■ Total Claims

Year
1

Year
2

Year
3

Year
4

Year
5

Year
6

Year
7

Year
8

189

541

879

1090

1184

1123

1328

1137

2

6

17

33

32

33

32

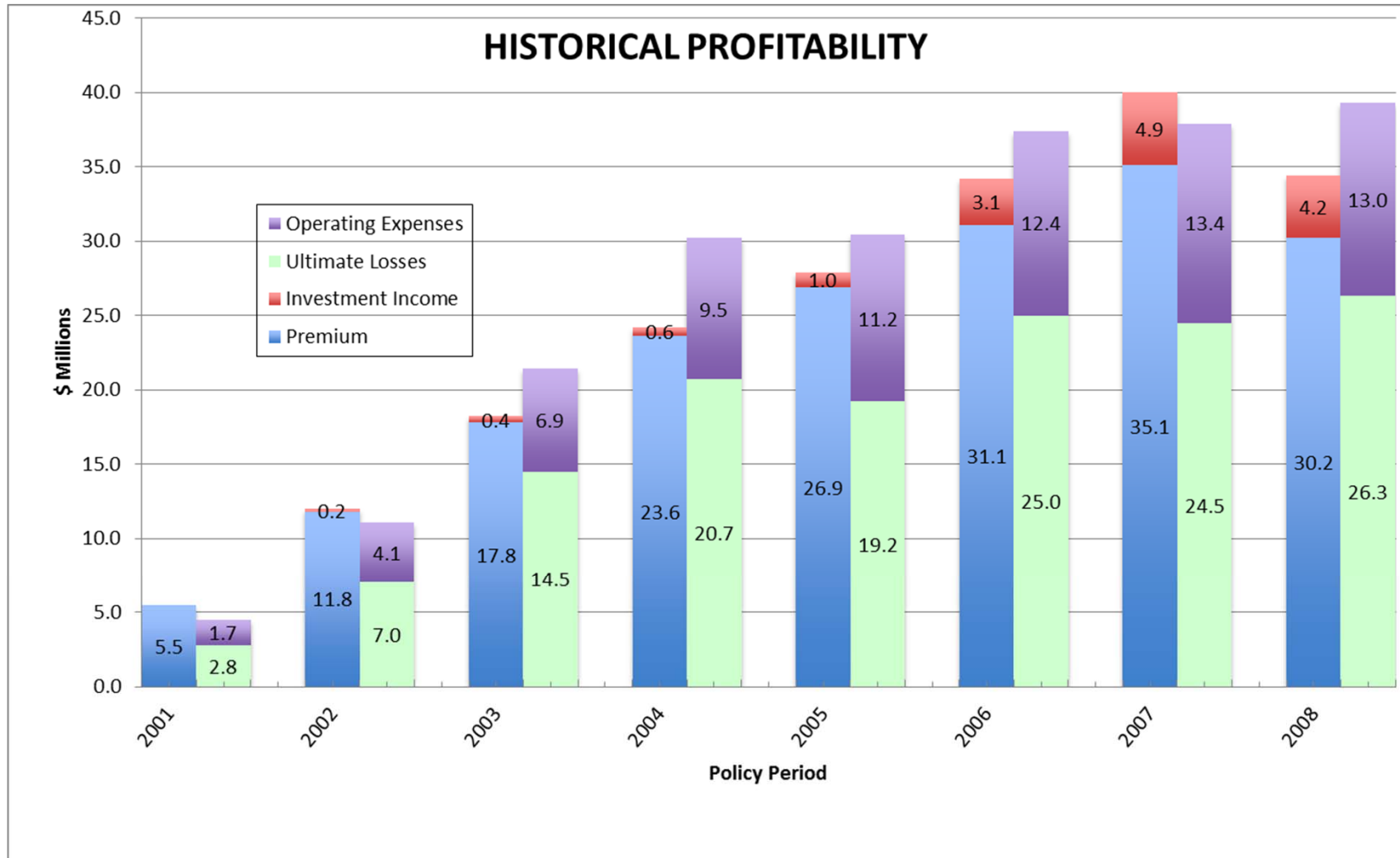
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Claim Overview

- Changes that Impacted the total cost per claim
 - Average weekly benefit rate increased from \$400 per week to \$550 per week at the time the Trust closed in 2008
 - Consequential sites and conditions are more routinely accepted (i.e. psychiatric conditions, additional body parts and chronic pain)
 - Medical interventions have increased (higher utilization of medications and surgical interventions)
 - SAFE has a dedicated adjuster to this account. The adjuster, supervisor and administration meet monthly for claim closure strategies

Financial Review

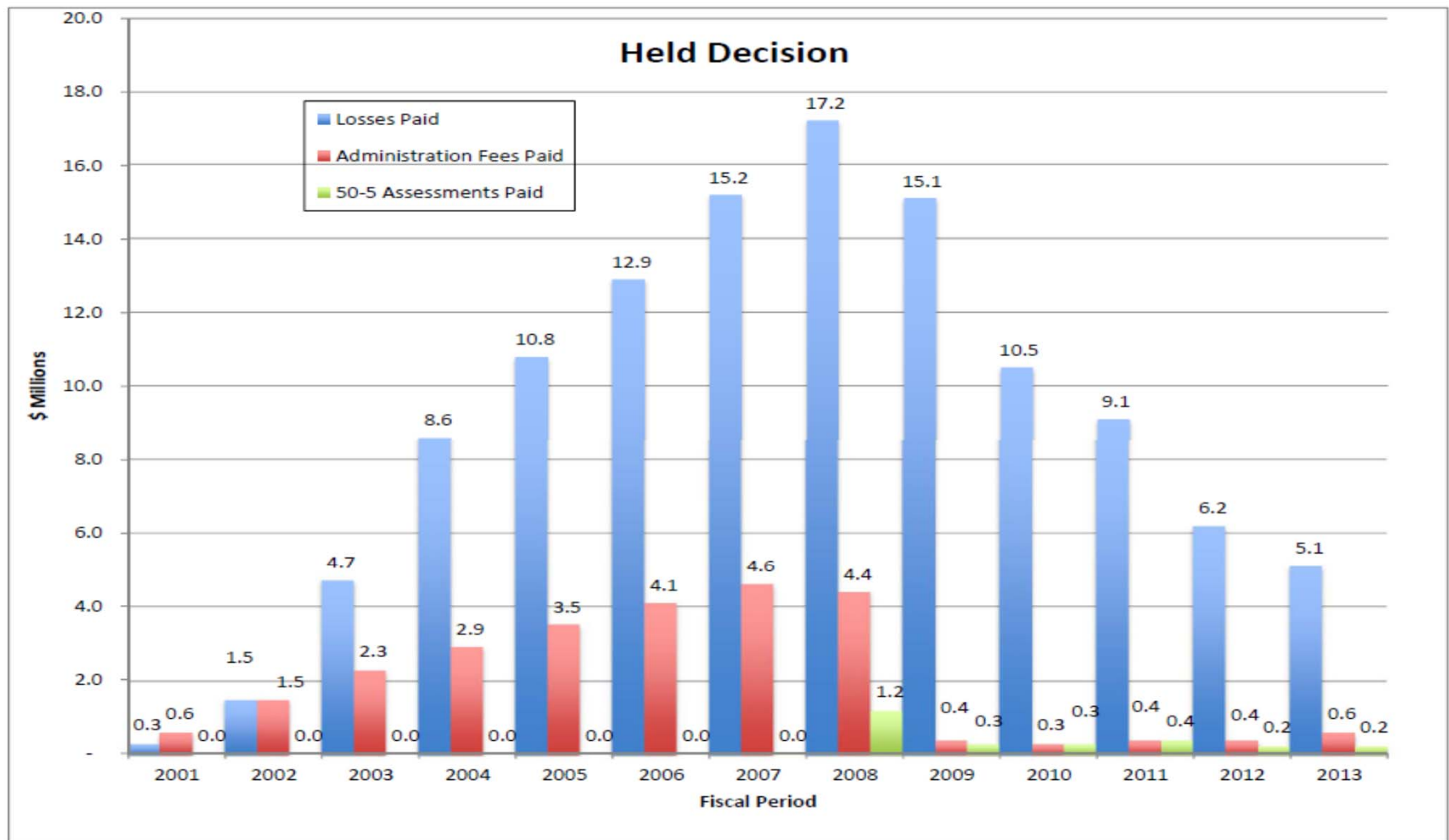


Financial Review

NY Transportation Workers Compensation Trust Balance Sheet History

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>	<u>December 31, 2008</u>	<u>December 31, 2007</u>
ASSETS							
Cash and cash equivalents	\$ 426,325	920,508	1,599,418	1,265,234	1,468,139	5,180,150	5,490,318
Investments	4,057,638	9,651,153	14,767,406	24,207,945	39,204,996	54,787,359	50,808,607
Restricted Investments	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	-0-	-0-
Contributions Receivable	-0-	-0-	-0-	-0-	17,581	507,113	374,404
New York State assessment credits	48,923	339,833	534,714	677,601	-0-	-0-	-0-
Prepaid expenses and other assets	120,912	21,128	20,621	39,517	150,728	71,526	74,045
Accrued interest receivable	60,518	129,154	179,504	287,763	447,009	541,947	515,787
Reinsurance receivable & recoverable	4,030,583	5,344,598	5,715,131	4,158,697	2,738,151	2,704,548	3,545,919
TOTAL ASSETS \$	9,869,899	17,531,374	23,941,794	31,761,757	45,151,604	63,792,643	60,809,080
LIABILITIES							
Unpaid losses and loss adjustment expenses	26,980,363	35,428,551	45,764,884	52,332,351	56,111,560	61,218,430	49,963,358
Accrued New York State Assessments	-0-	-0-	-0-	-0-	30,945,705	6,915,327	6,149,894
Uncertain tax position liability	-0-	-0-	-0-	182,000	158,000	-0-	-0-
Accrued expenses	80,846	275,602	67,861	220,766	306,269	140,232	59,932
Contributions received in advance and refunds payable	-0-	-0-	-0-	-0-	69,192	57,281	2,011,135
Members dividend payable	-0-	-0-	-0-	-0-	-0-	-0-	1,756,699
TOTAL LIABILITIES \$	27,061,209	35,704,153	45,832,745	52,735,117	87,590,726	68,331,270	59,941,018
DEFICIT							
Accumulated other comprehensive income	366,336	966,020	1,527,528	1,885,601	1,948,519	-0-	-0-
Accumulated equity (deficit)	(17,557,646)	(19,138,799)	(23,418,479)	(22,858,961)	(44,387,641)	(4,538,627)	868,062
	(17,191,310)	(18,172,779)	(21,890,951)	(20,973,360)	(42,439,122)	(4,538,627)	868,062
TOTAL LIABILITIES AND DEFICIT \$	9,869,899	17,531,374	23,941,794	31,761,757	45,151,604	63,792,643	60,809,080

Financial Review



Assessment Methodology

Assessment of Membership to run out Trust:

Estimated Loss and ALAE Reserves including IBNR (high end)	\$ 28,944,245
ULAE Reserves	\$ 2,200,000
NYS Assessment	\$ 1,531,150
ALP Fee	\$ 2,000,000
Total funds required to run off Trust	<u>\$ 34,675,395</u>
Available Cash	\$ 175,739
Investments FMV*	\$ 5,094,209
Accrued Investment Income	\$ 55,182
Total funds available to run off Trust	<u>\$ 5,325,130</u>
Assessment Required	<u>\$ 29,350,265</u>
Rounded	\$ 29,400,000
Factor for Uncollectable Accounts 10%	\$ 2,940,000
Total Assessment	<u><u>\$ 32,340,000</u></u>

*Includes \$1,125,000 collateralized for WCB Security Deposit

Assessment Methodology

NY Transportation Workers Compensation Trust

Historical Profitability Analysis
As of March 31, 2014

	Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J
Policy Year	Contributions per Audited Financials/Glacier Bay Spreadsheet	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
2001	5,450,225	1,352,741	51,378	356,193	1,708,934	3,741,291	815,114	2,796,885	2.00%	129,292
2002	11,805,921	3,174,274	230,667	892,945	4,067,219	7,738,702	-	7,011,553	5.01%	727,149
2003	17,769,583	5,066,247	800,654	1,841,643	6,907,890	10,861,693	-	14,460,884	10.33%	(3,599,191)
2004	23,599,837	6,858,566	1,759,518	2,641,695	9,500,261	14,099,576	-	20,743,032	14.81%	(6,643,456)
2005	26,904,471	8,719,898	2,703,827	2,450,527	11,170,425	15,734,046	-	19,241,944	13.74%	(3,507,898)
2006	31,123,294	9,179,376	1,736,742	3,183,411	12,362,787	18,760,507	-	24,996,675	17.85%	(6,236,168)
2007	35,076,108	10,246,300	5,743,498	3,122,335	13,368,635	21,707,473	-	24,517,090	17.51%	(2,809,617)
2008	30,202,623	9,682,588	4,805,572	3,343,107	13,025,695	17,176,928	-	26,250,634	18.75%	(9,073,706)
Total	181,932,062	54,279,990	17,831,856	17,831,856	72,111,846	109,820,216	815,114	140,018,697	100.00%	(31,013,595)

	Column K	Column L	Column M	Column N	Column O	Column P	Column Q	Column R	Column S	Column T
Policy Year	Estimated Underwriting Income	Investment & Other Income	Runoff Expenses w/o NYS Assessment	Runoff NYS Assessment as % to total Est Ult Inc Losses	Net Runoff Expenses~	Estimated Net Income	Max Allowed in Surplus Years	(Deficit) Years	Deficit to be Prorated to Loss Years	Total Assessment
2001	129,292	65,856	(66,203)	72,273	6,070	189,078	189,078			189,078
2002	727,149	221,791	(143,405)	181,183	37,778	911,161	911,161			911,161
2003	(3,599,191)	363,861	(215,844)	373,679	157,834	(3,393,164)		(3,393,164)	(5,724,484)	(5,724,484)
2004	(6,643,456)	606,015	(286,663)	536,013	249,350	(6,286,792)		(6,286,792)	(10,606,219)	(10,606,219)
2005	(3,507,898)	1,032,622	(326,804)	497,224	170,420	(2,645,696)		(2,645,696)	(4,463,457)	(4,463,457)
2006	(6,236,168)	3,114,534	(378,050)	645,930	267,881	(3,389,515)		(3,389,515)	(5,718,328)	(5,718,328)
2007	(2,809,617)	4,913,449	(426,064)	633,538	207,474	1,896,359	1,896,359			1,896,359
2008	(9,073,706)	4,154,720	(366,866)	678,333	311,467	(5,230,453)		(5,230,453)	(8,824,109)	(8,824,109)
Total	(31,013,595)	14,472,848	(2,209,899)	3,618,174	1,408,275	(17,949,022)	2,996,598	(20,945,620)	(35,336,598)	(32,340,000)

	Deficit	(32,340,000)
Maximum credit allowed for profitable years:		
2001	189,078	
2002	911,161	
2007	1,896,359	
	2,996,598	
Deficit to be prorated to loss years	(35,336,598)	

< Per Milliman 3/31/14 Report

~ Based upon audited financial statements as of 12/31/09, 12/31/10, 12/31/10, 12/31/12, 12/31/13, and internal financials as of 3/31/14

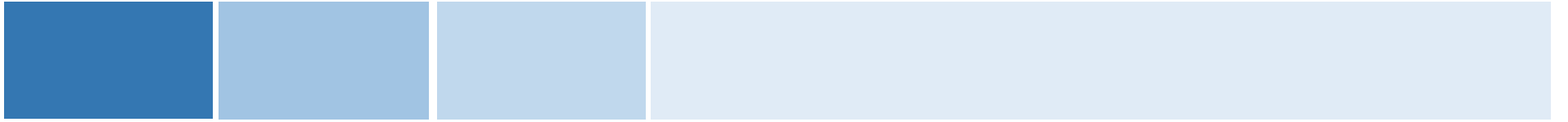
Assessment Methodology

NY Transportation Workers Compensation Trust

Schedule of Net Runoff Expenses

As of March 31, 2014

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Subtotal</u>	<u>1/1-3/31/14</u>	<u>Total</u> <u>1/1/09-3/31/14</u>
<u>Revenues:</u>								
Surcharge Income	\$ 22,001	\$ 8,982	\$ (567)	\$ -	\$ -	\$ 30,416	\$ -	\$ 30,416
Investment Income	2,082,932	1,914,281	1,306,744	839,683	621,646	6,765,286	58,396	\$ 6,823,682
Other Income	2,746	5	30	-	-	2,781	-	\$ 2,781
Total Revenues	2,107,679	1,923,268	1,306,207	839,683	621,646	6,798,483	58,396	6,856,879
<u>Expenses:*</u>								
Reinsurance Premium	56,354	(7,166)	-	-	-	49,188	-	49,188
Operating Expenses	1,449,740	724,858	666,486	658,137	863,059	4,362,280	74,726	4,437,006
Total Expenses	1,506,094	717,692	666,486	658,137	863,059	4,362,280	74,726	4,486,194
Income/(loss) before income taxes	601,585	1,205,576	639,721	181,546	(241,413)	2,387,015	(16,330)	2,370,685
Income taxes	161,661	23,925	(182,000)	94,100	27,100	124,786	36,000	160,786
Net Income (Loss)	\$ 439,924	\$ 1,181,651	\$ 821,721	\$ 87,446	\$ (268,513)	\$ 2,262,229	\$ (52,330)	\$ 2,209,899
NYS Assessment Expense	\$ 28,337,307	\$ (25,476,988)	\$ 355,585	\$ 194,881	\$ 290,910	\$ 3,701,695	\$ (83,521)	\$ 3,618,174
							Net Runoff Expenses \$ 1,408,275	



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