

Questions from NYT Information meeting 6/29/16

- What is the bad debt write off in the financials:

The bad debt expensed as of 12/31/15 and 12/31/14 totals \$2,705,000. This is a book entry to set up an allowance for doubtful accounts, none of the accounts in the allowance have been written off to date. All members who have not paid have either been referred to the Trust collection attorney for the commencement of suit, or to the collection agency. A 100% allowance was set up for members who did not pass one of three tests. (1) Inactive status on DOS Website, (2) Do not have current WCB coverage, (3) Mailings are being returned undeliverable. A 25% allowance has setup for members who passed the three tests but have not paid.

- Why low collection percentages:

Certain members have chosen not to pay. The Board of Trustees has engaged a collections attorney and a collection agency to collect from members who have not made payment.

- How many bankrupt:

This is being determined by the collection attorney

- How many default judgements:

No default judgements have been entered; motions for default judgment are expected to be filed in the near future.

- Should we expect to see an increase of productivity now going forward:

Lawsuits have been filed; we anticipate an increase in collections

- Companies that are paying want to know who is not paying. Competitors not paying:

Filed lawsuits will be available on the website by member name and assessment amount

- What's the benefit to continue paying:

Benefits to continue paying are many: every dollar paid will be credited by the Workers Compensation Board; if the WCB takes over the Trust assessments will increase; additionally, the Board of Trustees and members will remain in control of the Trust

- Are we paying claims of members who are not paying the assessment:

Yes, please see Joint & Several liability on the FAQ's on the website

- Status of open claims:

Please see monthly claims status report on the website

- Status of collections:

Please see member meeting presentation on website.

- Where is the claim audit:

The Board of Trustees has the claim audit and is reviewing its results and SAFE's response to same; at the conclusion of that process the Board of Trustees will consider whether to release a redacted, HIPAA-conforming version of same.

- List of Trustee names and phone numbers:

List of Trustees and addresses are available on the website

- List by company of collection status. Name doesn't have to be included:

List by company of filed lawsuits are available on the website

- Release information or not and how to release information:

The Board of Trustees is determining what information can be released to the membership

- If you pay for 4 years would a release be offered?

Limited releases are available to the extent of amount paid by member; WCB has instructed that full and final releases will only be given if an ALP is secured.

- Provide timeline of collection efforts:

The collection attorney provides an update monthly to the Board of Trustees

- What's the attorney fee for collection:

20% contingency fee; Board of Trustees has approved and instructed collection attorney to seek attorneys fees from non-paying members in each lawsuit.

- Draft a letter to the WCB requesting to release funds for ALP:

Anthony Piazza, the Trustees' attorney is waiting for a response from the WCB regarding the status of the bond fund monies which could be available for an ALP; therefore, he will be drafting a letter to the Workers' Compensation Board and continues to be in talks with their senior legal counsel

- What do we have to book for our outstanding liability to tell the members accountants:

Please consult with your companies professionals

- Once the WCB takes over will my assessment increase significantly:

It is understood that, In other trusts, this has occurred

- What's it costing the Trust to keep it open:

Please see audited financials

- Is interest being applied to the people not paying:

When the collection attorney files the lawsuits they are incorporating at 9% statutory interest rate and all collections fees including attorney's fees, court costs and filing fees. Collection Agency is collecting the principal balance plus the 20% contingency fee.

- IBNR explanation:

Incurred but not reported is a term that is used in an actuarial study that predicts a future amount owed based on claims that were not reported timely or else a change in condition that affects the claim negatively. There are development factors that are applied to New York State Claims that show they can progressively increase in costs due to the nature of workers' compensation claims.

- Loss development explanation:

This is similar to IBNR, claims can develop negatively the longer an employee who has been injured on the job remains out of work or heavily treating the loss development increases.