

**NEW YORK COMPENSATION INSURANCE RATING BOARD**



**2011 Loss Cost Revision**

**Effective October 1, 2011**

**© 2011 New York Compensation Insurance Rating Board**

All rights reserved. No portion of this filing may be reproduced by any means, or stored in a retrieval system for subsequent reproduction, without the written permission of the New York Compensation Insurance Rating Board



## **NEW YORK WORKERS COMPENSATION**

### **DERIVATION OF APPROVED OCTOBER 1, 2011 LOSS COST REVISION**

**Proposed Loss Cost Level Change: +10.4%  
Filing of May 13, 2011**

**Approved Loss Cost Level Change: +9.1%  
Opinion and Decision of July 15, 2011**

**The Rating Board submitted the 2011 General Loss Cost Revision to the New York State Insurance Department on May 13, 2011 requesting an average change of +10.4% in loss cost level to become effective October 1, 2011.**

**The May 13, 2011 loss cost revision included the Rating Board's estimate of the impact of the latest increases in the maximum weekly benefit as set forth in the 2007 reform legislation, as well as the estimated impact of recent changes to the State's medical fee schedules. The filing contained experience on the basis of two policy years, which is the same experience base that was introduced in the 2009 revision. Financial data was used in the determination of the frequency and severity trend factors. This methodology was first utilized in 2009 and continues to be the most responsive procedure for the determination of prospective trends.**

**A public hearing regarding the Rating Board's filing was called by the Superintendent of Insurance and was held on June 23, 2011 at which the Rating Board, several carriers and other interested parties provided testimony. The Workers' Compensation Law requires the Superintendent to hold a public hearing if a rate service organization makes a loss cost filing for workers compensation that is an increase of seven percent or more over the loss costs from the prior year.**

**Subsequent to the hearing, an amended filing was submitted by the Rating Board for an average loss cost change of +9.1%. The amended filing reflects a different method of combining the private carrier and State Fund experience in the calculation of the severity and frequency trend projections, as was suggested by the Insurance Department. The amended filing was approved on July 15, 2011.**

**The attached actuarial exhibits provide specific information on all components of the approved 2011 loss cost revision.**

**The Insurance Department's approval letter and Opinion & Decision is also attached and can be found following the actuarial exhibits.**

**The detailed Filing Memorandum that accompanied the Rating Board's original filing submission is also provided as additional information.**

**New York Workers Compensation**

**Approved 2011 Loss Cost Revision**

**List of Exhibits**

**Principal Exhibits**

- Exhibit A - Summary - All Elements**
- Exhibit B - Determination of Policy Year 2009 Loss Cost Indication**
- Exhibit C - Determination of Policy Year 2008 Loss Cost Indication**
- Exhibit D - On-Level Factors**
- Exhibit E - Trend Factors**
- Exhibit F - Loss Adjustment Expense**
- Exhibit G - Legislative Changes**
- Exhibit H - Terrorism and Natural Catastrophes**
- Exhibit I - Industry Group Differentials**
- Exhibit J - Pure Premium Multipliers**
- Exhibit K - Loss Cost Level Changes by Industry Group**
- Exhibit L - Loss Cost Swing Limits by Industry Group**

**Supporting Exhibits**

- Exhibit AA - Test of Loss Cost Level**
- Exhibit BB, Sheet 1 - Private Carrier Policy Year Premium Development Factors**
- Exhibit BB, Sheets 2 – 2D - Private Carrier Policy Year Loss Development Factors**
- Exhibit CC, Sheet 1 - Large Deductible Policy Year Premium Development Factors**
- Exhibit CC, Sheets 2 – 2A - Large Deductible Policy Year Loss Development Factors**
- Exhibit DD, Sheet 1 - State Ins. Fund Policy Year Premium Development Factors**
- Exhibit DD, Sheets 2 – 2D - State Insurance Fund Policy Year Loss Development Factors**
- Exhibit EE, Sheets 1 – 5 - Trend Analysis**

**Appendices**

- Appendix A - Construction Class Territory Differentials**

**Insurance Department Letter of Approval**

**Insurance Department Opinion and Decision**

## WORKERS COMPENSATION - NEW YORK

## GENERAL LOSS COST REVISION - OCTOBER 1, 2011

## SUMMARY - ALL ELEMENTS

	<b>2 Policy Years</b>
1. Loss Cost change indicated by Policy Year 2009 Experience (Exhibit B)	1.042
2. Loss Cost change indicated by Policy Year 2008 Experience (Exhibit C)	1.049
3. Average Loss Cost change indicated by Experience $[(1)+(2)] / 2$	1.046
4. Projected change in Loss Costs (Trend Exhibit E)	1.020
5. Change in Loss Adjustment Expenses (Exhibit F)	0.992
6. Indicated Change in Loss Costs Based on Experience [(3) x (4) x (5)]	1.058
7. Legislative Changes (Exhibit G)	1.033
8. Indicated Total Loss Cost Change [(6) x (7)]	1.093
9. Change in Catastrophe Provision (Exhibit H)	1.000
10. Catastrophe Provision loss cost as percent of total loss costs	0.024
11. Total Proposed Premium Level Change [(8) x (1.0 - (10))] + [(9) x (10)]	<b>1.091</b>

NEW YORK WORKERS COMPENSATION

Determination of Change in Manual Loss Cost Level

**Experience of All Carriers**

Policy Year 2009 Experience

	Valued as of <u>12/31/2010</u> (1)	To 9/30/2011 <u>Levels #</u> (2)	Development <u>Factors *</u> (3)	Adjusted Data <u>(1) x (2) x (3)</u> (4)	Excl. Lge. Ded. Loss Cost <u>Change</u> (5)	Lge. Ded. Loss Cost <u>Change</u> (6)
<b>1. Expected Total Losses**</b>						
a. Excl. Large Ded.	1,527,969,550	1.116	0.956	1,630,184,601		
b. Large Deductible	683,909,628	1.116	1.019	777,744,765		
c. SIF	1,025,829,307	1.116	0.966	1,105,901,439		
d. Total Std. Ed. Prem. a+c	2,553,798,857			2,736,086,040		
<b>2. Case Basis Indemnity Losses</b>						
a. Excl. Large Ded.	374,258,577	0.825	2.712	837,366,140	0.514	-----
b. Large Deductible	179,687,243	0.825	3.084	457,178,252	-----	0.588
c. SIF	255,853,102	0.825	2.235	471,761,138	0.427	-----
d. Total Ind. Losses a+c	630,111,679			1,309,127,278	0.478	-----
<b>3. Case Basis Medical Losses</b>						
a. Excl. Large Ded.	338,539,397	0.950	2.166	696,612,517	0.427	-----
b. Large Deductible	149,117,725	0.950	2.402	340,271,737	-----	0.438
c. SIF	208,296,049	0.950	1.893	374,589,200	0.339	-----
d. Total Med. Losses a+c	546,835,446			1,071,201,717	0.392	-----
<b>4. Indicated Change in Indemnity &amp; Medical Loss Costs</b>					0.870	1.026
Col.(5) = (2d) + (3d); Col. (6) = (2b) + (3b)						
<b>5. Loss Cost Change, incl. Loss Adjustment Expense</b>			1.189		1.034	1.220
(4) x						
<b>6. Weights Based on Net Earned Premium</b>					0.957	0.043
<b>7. Final Policy Year 2009 Loss Cost Indication</b>						<b>1.042</b>
[Col (5), (5)*(6)] + [Col (6), (5)*(6)]						

# See Exhibit D

\* Development Factors are from Exhibit BB for private carriers; Exhibit CC for Large Deductible; Exhibit DD for SIF.

\*\* Expected Losses represent standard premium at NYCIRB DSR (loss cost) level

NEW YORK WORKERS COMPENSATION

Determination of Change in Manual Loss Cost Level

**Experience of All Carriers**

Policy Year 2008 Experience

	Valued as of <u>12/31/2010</u> (1)	To 9/30/2011 <u>Levels #</u> (2)	Development <u>Factors *</u> (3)	Adjusted Data <u>(1) x (2) x (3)</u> (4)	Excl. Lge. Ded. Loss Cost <u>Change</u> (5)	Lge. Ded Loss Cost <u>Change</u> (6)
<b>1. Expected Total Losses**</b>						
a. Excl. Large Ded.	1,554,107,809	1.064	0.975	1,612,231,442		
b. Large Deductible	583,833,224	1.064	0.993	616,850,160		
c. SIF	1,077,249,838	1.064	0.987	1,131,293,308		
d. Total Std. Ed. Prem. a+c	2,631,357,648			2,743,524,750		
<b>2. Case Basis Indemnity Losses</b>						
a. Excl. Large Ded.	542,791,653	0.855	1.899	881,300,953	0.547	-----
b. Large Deductible	233,872,276	0.855	2.001	400,121,553	-----	0.649
c. SIF	376,321,765	0.855	1.453	467,510,173	0.413	-----
d. Total Ind. Losses a+c	919,113,418			1,348,811,126	0.492	-----
<b>3. Case Basis Medical Losses</b>						
a. Excl. Large Ded.	397,811,164	0.950	1.796	678,745,408	0.421	-----
b. Large Deductible	160,462,191	0.950	1.897	289,176,938	-----	0.469
c. SIF	250,519,335	0.950	1.553	369,603,701	0.327	-----
d. Total Med. Losses a+c	648,330,499			1,048,349,109	0.382	-----
<b>4. Indicated Change in Indemnity &amp; Medical Loss Costs</b>					0.874	1.118
Col.(5) = (2d) + (3d); Col. (6) = (2b) + (3b)						
<b>5. Loss Cost Change, incl. Loss Adjustment Expense</b> (4) x			1.189		1.039	1.329
<b>6. Weights Based on Net Earned Premium</b>					0.964	0.036
<b>7. Final Policy Year 2008 Loss Cost Indication</b>						<b>1.049</b>
[Col (5), (5)*(6)] + [Col (6), (5)*(6)]						

# See Exhibit D

\* Development Factors are from Exhibit BB for private carriers; Exhibit CC for Large Deductible; Exhibit DD for SIF.

\*\* Expected Losses are derived from standard premium at NYCIRB level, adjusted by the latest approved expected loss & LAE ratio of 0.759.

Underlying standard earned premium excludes expense constant premium of	\$52,598,925
Underlying large deductible premium excludes expense constant premium of	\$1,964,275
Underlying SIF standard earned premium excludes expense constant premium of	\$41,116,400

**New York Workers Compensation**

**Determination of On-level Factors**

**Section A - Factor Adjusting 2008 Policy Year Loss Costs to Present Level**

	(1)	(2)	(3)	(4)	(5)
Date	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Cumulative Index/ Sum Column (4)
NR 10/01/07	Base	1.000	0.750	0.750	<b>1.064</b>
NR 10/01/08	0.926	0.926	0.250	0.232	
NR 10/01/09	1.046	0.969			
NR 10/01/10	1.079	1.045			
				0.982	

**Section B - Factor Adjusting 2009 Policy Year Loss Costs to Present Level**

	(1)	(2)	(3)	(4)	(5)
Date	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Cumulative Index/ Sum Column (4)
NR 10/01/08	0.926	1.000	0.750	0.750	<b>1.116</b>
NR 10/01/09	1.046	1.046	0.250	0.262	
NR 10/01/10	1.079	1.129			
				1.012	

**New York Workers Compensation**

**Determination of On-level Factors**

**Section C - Factor Adjusting 2008 Policy Year Indemnity Losses To Present Benefit Level**

	(1)	(2)	(3)	(4)	(5)
Date	Benefit Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Cumulative Index/ Sum Column (4)
07/01/07	Base	1.000	0.124	0.124	<b>1.112*</b>
07/01/08	1.035	1.035	0.749	0.775	
07/01/09	1.028	1.064	0.127	0.135	
07/01/10	1.081	1.150			
				1.034	

\*Selected: 0.855 (See Sheet 4 and explanatory memorandum)

**Section D - Factor Adjusting 2009 Policy Year Indemnity Losses To Present Benefit Level**

	(1)	(2)	(3)	(4)	(5)
Date	Benefit Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Cumulative Index/ Sum Column (4)
07/01/08	Base	1.000	0.124	0.124	<b>1.073*</b>
07/01/09	1.028	1.028	0.749	0.770	
07/01/10	1.081	1.111	0.127	0.141	
				1.035	

\*Selected: 0.825 (See Sheet 4 and explanatory memorandum)

New York Workers Compensation

Determination of Onlevel Factors

Section G - Selection of Indemnity Onlevel Factors

**Indemnity Onlevel Selection**

	Assumption	Indemnity Onlevel Factors		Development Adjustment
		PY 08	PY 09	
A	All Carriers' reserves of post reform losses are low reflecting: Post reform durations (i.e. duration caps)	<b>1.306</b>	<b>1.261</b>	Yes
B	All Carriers' reserves of post reform losses based on pre-reform benefits i.e. pre-reform durations (i.e. lifetime)	<b>0.736</b>	<b>0.710</b>	No

Selected Onlevels Using 25/75 Split:

	<u>PY 2008</u>	<u>PY 2009</u>	<u>Weights</u>
(1) Method A	1.306	1.261	
(2) LDF Adjustment	0.928	0.928	
(3) Adjusted Method A	1.212	1.170	25%
(4) Method B	0.736	0.710	75%
(5) Final ONLEVEL FACTOR	<b>0.855</b>	<b>0.825</b>	

**New York Workers Compensation**

**Determination of On-level Factors**

**Section E - Factor Adjusting 2008 Policy Year Medical Losses To Present Benefit Level**

	(1)	(2)	(3)	(4)	(5)
Date	Benefit Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Cumulative Index/ Sum Column (4)
10/01/07	Base	1.000	1.000	1.000	<b>0.950</b>
12/01/10	0.950	0.950			
				1.000	

**Section F - Factor Adjusting 2009 Policy Year Medical Losses To Present Benefit Level**

	(1)	(2)	(3)	(4)	(5)
Date	Benefit Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Cumulative Index/ Sum Column (4)
10/01/07	Base	1.000	1.000	1.000	<b>0.950</b>
12/01/10	0.950	0.950			
				1.000	

Development: Reform Adjustment Summary

Paid + Case		1st to 19th			19th to Ult			1st to Ult Adjustment	Total Full Year Adjsutment	% of year impacted	Total Adjustment	Final Statewide Adjustemnt
		Original	Restated	Adjustment	Original	Restated	Adjustment					
Policy	PC	2.618	2.436	0.931	1.035	1.016	0.982	0.914	-8.6%	100%	-8.6%	-7.2%
Year	SIF	2.174	2.099	0.966	1.029	1.013	0.984	0.950	-5.0%	100%	-5.0%	0.928

Adjusting the Loss Development Factors is implemented by re-stating the indemnity Paid+Case Loss Development Triangle by assuming that cases with capped duration after the reform would no longer develop past the point in which they are capped. The re-stating process is described in the example below.

Re-stating the LDFs: Example

(1) Original Factor: Private Carriers: PY 1997 8th to 9th link ratio	1.014
(2) Development portion	0.014
(3) % of Non Sched out of total PPD	66.7%
(4) % of PPD out of total indemnity	86.6%
(5) % Non Scheduled out of indemnity (3)x(4)	57.8%
(6) Development portion that is NSPPD (2)x(5)	0.008
(7) Development portion that is other than NSPPD (2)-(6)	0.006
(8)* % of cases effected by limited duration	55%
(9) Restated NSPPD Development portion (6) x [1-(8)]	0.004
(10) Restated total development 1+(9)+(7)	1.010

\* row (8) assumes at this point in the development, 55% are cases are now limited, whereas before they were still developing. 45% of the cases are still developing at this point in the triangle, even after the reform, as they still haven't reached the maximum duration.

## WORKERS COMPENSATION - NEW YORK

## DETERMINATION OF TREND FACTOR

	Average Annual <u>Change</u>
<b>(A)</b> Annual Loss Trend (See Exhibit EE, Sheet 5)	
(1) Selected Indemnity Claim Cost Trend	1.059
(2) Selected Indemnity Claim Frequency Trend	0.976
(3) Indemnity Loss Trend [(1) x (2)]	1.034
(4) Selected Medical Claim Cost Trend	1.067
(5) Selected Medical Claim Frequency Trend	0.976
(6) Medical Loss Trend [(4) x (5)]	1.041
(7) Indemnity Weight*	0.560
(8) Medical Weight*	0.440
(9) Indicated Annual Loss Trend [(3)x(7) + (6)x(8)]	1.037
<b>(B)</b> Annual Wage Trend (Selected)	1.031
<b>(C)</b> Annual Loss/Wage Trend (A9) / (B)	1.006
<b>(D)</b> Selected Loss/Wage Trend	1.006
<b>(E)</b> Trended to Average Accident Date (D) <sup>3.25</sup>	1.020
<b>(F)</b> Final Loss/Wage Trend Factor	<b>1.020</b>

\* Policy Year 2009 adjusted ultimate losses - See Exhibit B

New York Workers Compensation

Loss Adjustment Expense Analysis (Private Carrier Experience)

Paid Defense & Cost Containment Expense by Policy Year @12/10						Paid Defense & Cost Containment Expense by Accident Year @12/10					
PY	Paid DCCE	DCCE Factor to Ult.	DCCE @ Ult	Ultimate Indem.+ Med. Loss *	Paid DCCE Ratio to Loss	AY	Paid DCCE	DCCE Factor to Ult.	DCCE @ Ult	Ultimate Indem.+ Med. Loss *	Paid DCCE Ratio to Loss
1995	49,667,608	1.084	53,839,687	565,371,809	0.095	1996	48,251,553	1.083	52,256,432	512,992,799	0.102
1996	49,791,494	1.094	54,471,894	527,269,606	0.103	1997	53,343,534	1.093	58,304,483	855,861,752	0.068
1997	55,097,127	1.104	60,827,228	863,211,283	0.070	1998	55,752,949	1.106	61,662,762	910,125,109	0.068
1998	63,004,128	1.119	70,501,619	969,085,549	0.073	1999	67,994,421	1.124	76,425,729	1,034,294,196	0.074
1999	70,596,297	1.141	80,550,375	1,050,117,992	0.077	2000	70,323,498	1.148	80,731,376	1,078,077,098	0.075
2000	70,179,145	1.168	81,969,241	1,044,603,005	0.078	2001	69,452,483	1.181	82,023,382	991,222,914	0.083
2001	67,595,741	1.202	81,250,081	939,738,147	0.086	2002	65,523,074	1.221	80,003,673	965,775,399	0.083
2002	66,556,488	1.230	81,864,480	999,640,752	0.082	2003	67,244,343	1.256	84,458,895	1,003,755,883	0.084
2003	67,736,143	1.291	87,447,361	1,013,449,987	0.086	2004	64,685,223	1.322	85,513,865	949,911,112	0.090
2004	63,543,599	1.366	86,800,556	963,049,542	0.090	2005	62,740,652	1.412	88,589,801	996,448,283	0.089
2005	63,362,237	1.472	93,269,213	1,012,951,606	0.092	2006	64,814,121	1.542	99,943,375	1,027,225,601	0.097
2006	65,011,366	1.617	105,123,379	1,065,083,986	0.099	2007	67,790,654	1.735	117,616,785	1,202,133,971	0.098
2007	68,271,016	1.882	128,486,052	1,309,545,570	0.098	2008	64,758,804	2.114	136,900,112	1,418,819,152	0.096
2008	62,155,047	2.431	151,098,919	1,502,461,527	0.101	2009	50,609,935	3.058	154,765,181	1,521,137,743	0.102
2009	37,558,415	4.123	154,853,345	1,517,001,244	0.102	2010	17,234,207	8.901	153,401,677	1,571,274,363	0.098

Source: New York Financial Data Calls					Source: New York Financial Data Calls
* Indemnity losses are adjusted to the current benefit level.	All Year Average	0.089			* Indemnity losses are adjusted to the current benefit level.
	Average 2005-2009	0.098			Average 2006-2010
	Average 2007-2009	0.100			Average 2008-2010
					0.098
					0.099

Adjusting and Other Expenses Incurred					
CY	Incurred Losses	AOE Incurred	Adjustments for Large Deductibles		Inc. AOE Ratio to Loss *
			Adj. to AOE	Adj. to Loss	
	(1)	(2)	(3)	(4)	(5)
1996	11,140,964,000	1,272,801,000	0.0075	0.69	0.084
1997	10,772,792,000	1,047,294,000	0.0075	0.67	0.070
1998	12,240,243,000	1,772,564,000	0.0100	0.66	0.102
1999	12,190,030,000	1,191,923,000	0.0100	0.66	0.071
2000	13,036,758,000	1,271,399,000	0.0080	0.66	0.070
2001	16,499,675,000	1,572,009,000	0.0080	0.66	0.068
2002	19,625,724,000	1,733,224,000	0.0080	0.63	0.061
2003	20,131,432,000	1,503,135,000	0.0070	0.64	0.052
2004	21,158,156,700	1,891,204,800	0.0040	0.64	0.060
2005	21,516,206,058	1,986,173,553	0.0070	0.65	0.065
2006	19,786,622,352	1,948,192,140	0.0080	0.65	0.069
2007	18,513,969,963	1,746,118,572	0.0090	0.67	0.069
2008	21,961,316,000	1,920,800,000	0.0090	0.67	0.065
2009	17,604,683,000	1,936,449,000	0.0090	0.67	0.080
2010	20,487,721,000	1,858,147,000	0.0090	0.67	0.067

Source: Insurance Expense Exhibit				
* (5) = ((2)/(1)+(3)) x (4)	All Year Average *	0.080		
	5 Year Average *	0.080		
	3 Year Average *	0.080		
	* Adj for reform by factor of 0.879			
	Final DCCE	0.100		
	(3 yr avg PY & AY)			
	Final AOE	<u>0.080</u>		
	Total LAE	0.180		
	Current LAE	0.189		
	<b>Change in LAE</b>	<b>0.992</b>		

**New York Workers Compensation**

**Statutory Benefits and Regulatory Change Summary**

A.	Maximum Weekly Benefit (Exhibit G, Sheet 1a)	1.014
B.	Hospital Inpatient Fee Schedule (See Exhibit G, Sheet 9)	1.005
C.	E & M Physician Fee Changes (see Exhibit G, Sheet 10)	1.014
D.	<b>Total Loss Cost Impact</b>	<b>1.033</b>

New York Workers Compensation

Proposed Benefit Changes

<u>Date</u> (1)	<u>Proposed Max. Benefit</u> (2)	<u>Est. Increase in Cost Actual %</u> (3)	<u>Cumulative Impact</u> (4)	<u>Weight in Filing Effective Period</u> (5)	<u>Filing Impact</u> (6) [(4)-1]x(5)
July 1, 2011	\$773	0.8%	1.008	0.281	0.2%
July 1, 2012	\$804	0.8%	1.016	0.688	1.1%
July 1, 2013	\$836	0.8%	1.024	0.031	0.1%
				Total Filing Impact	1.4%

New York Workers Compensation

Maximum @ July 1, 2011 = 2/3 SAWW Per Week

1 Injury Type	<u>Death</u>		<u>Permanent Total</u>		<u>Perm Partial - Major</u>		<u>Perm Partial - Minor</u>		<u>Temporary</u>	
	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>
2 Effective Date	July 1, 2010	July 1, 2011	July 1, 2010	July 1, 2011	July 1, 2010	July 1, 2011	July 1, 2010	July 1, 2011	July 1, 2010	July 1, 2011
3 % Compensation	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
4 Minimum Comp	\$30.00	\$30.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
5 Maximum Comp	\$739.83	\$772.96	\$739.83	\$772.96	\$739.83	\$772.96	\$739.83	\$772.96	\$739.83	\$772.96
6 Eff Wkly Wage for Min (4)/(3)	\$45.00	\$45.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
7 Eff Wkly Wage for Max (5)/(3)	\$1,109.75	\$1,159.44	\$1,109.75	\$1,159.44	\$1,109.75	\$1,159.44	\$1,109.75	\$1,159.44	\$1,109.75	\$1,159.44
8 Avg Weekly Wage	\$1,265.73	\$1,265.73	\$1,265.73	\$1,265.73	\$628.49	\$628.49**	\$628.49	\$628.49**	\$1,265.73	\$1,265.73
9 Ratio to Avg -Min- (6)/(8)	0.04	0.04	0.12	0.12	0.24	0.24	0.24	0.24	0.12	0.12
10 Ratio to Avg -Max- (7)/(8)	0.88	0.92	0.88	0.92	1.77	1.84	1.77	1.84	0.88	0.92
11 "B" Value for (9)	0.0041	0.0041	0.0570	0.0570	0.4159	0.4159	0.4159	0.4159	0.0570	0.0570
12 "B" Value for (10)	29.2941	32.2954	29.2941	32.2954	79.5084	81.7352	79.5084	81.7352	29.2941	32.2954
13 Difference (12) - (11)	29.2900	32.2913	29.2371	32.2384	79.0925	81.3194	79.0925	81.3194	29.2371	32.2384
14 "A" Value for (9)	0.1922	0.1922	0.8293	0.8293	2.7504	2.7504	2.7504	2.7504	0.8293	0.8293
15 "A" Value for (10)	49.7065	53.0424	49.7065	53.0424	90.9067	92.1410	90.9067	92.1410	49.7065	53.0424
16 Difference 100 - (15)	50.2935	46.9576	50.2935	46.9576	9.0933	7.8590	9.0933	7.8590	50.2935	46.9576
17 (9) x (14)	0.0077	0.0077	0.0995	0.0995	0.6601	0.6601	0.6601	0.6601	0.0995	0.0995
18 Product (10) x (16)	44.2582	43.2010	44.2582	43.2010	16.0951	14.4606	16.0951	14.4606	44.2582	43.2010
19 'Limit' Factor {(13) + (17) + (18)}	73.5559	75.5000	73.5949	75.5389	95.8477	96.4401	95.8477	96.4401	73.5949	75.5389
20 Eff. Avg. Weekly Wage (8) x (19)	\$931.02	\$955.63	\$931.51	\$956.12	\$602.39	\$606.11	\$602.39	\$606.11	\$931.51	\$956.12
21 Average Weekly Benefit	\$620.68	\$637.08	\$621.01	\$637.41	\$401.59	\$404.07	\$401.59	\$404.07	\$621.01	\$637.41
22 Indicated Change in Costs	-	2.6%	-	2.6%	-	0.6%	-	0.6%	-	2.6%

\*\* PPD average wage adjusted for average % disability rating.

New York Incurred Losses *	July 1, 2010	Benefit Change	July 1, 2011
Death	\$426,833,742	2.6%	\$437,931,419
Permanent Total	\$955,774,348	2.6%	\$980,624,481
Permanent Partial - Major	\$4,923,635,000	0.6%	\$4,953,176,810
Permanent Partial - Minor	\$222,849,653	0.6%	\$224,186,751
Temporary	\$812,371,253	2.6%	\$833,492,906
Total Indemnity	\$7,341,463,996	1.2%	\$7,429,412,367

\* Policy Year 2003-2008 Unit Statistical Plan data for all carriers, on level and developed to estimated ultimate.

Indemnity Losses as Percent of Total Losses #	0.562
Medical Losses as Percent of Total Losses #	0.438

# 2010 Loss Cost Filing

Estimated Claim Cost Effect of Benefit Change = 0.7%  
 $\{(0.562 \times 1.012 + (0.438 \times 1.00)) - 1.00\}$

Factor to Reflect Expected Increase in System Utilization 1.10

Estimated Rate Level Effect of Benefit Change = 0.8%

Estimated Premium Effect of Benefit Change = \$27,482,173

New York Workers Compensation

Maximum @ July 1, 2012 = 2/3 SAWW Per Week

1	Injury Type	<u>Death</u>		Permanent Total		<u>Perm Partial - Major</u>		Perm Partial - Minor		Temporary	
		<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>
2	Effective Date	July 1, 2011	July 1, 2012	July 1, 2011	July 1, 2012	July 1, 2011	July 1, 2012	July 1, 2011	July 1, 2012	July 1, 2011	July 1, 2012
3	% Compensation	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
4	Minimum Comp	\$30.00	\$30.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
5	Maximum Comp	\$772.96	\$803.88	\$772.96	\$803.88	\$772.96	\$803.88	\$772.96	\$803.88	\$772.96	\$803.88
6	Eff Wkly Wage for Min (4)/(3)	\$45.00	\$45.00	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99
7	Eff Wkly Wage for Max (5)/(3)	\$1,159.38	\$1,205.76	\$1,159.38	\$1,205.76	\$1,159.38	\$1,205.76	\$1,159.38	\$1,205.76	\$1,159.38	\$1,205.76
8	Avg Weekly Wage	\$1,316.36	\$1,316.36	\$1,316.36	\$1,316.36	\$653.62	\$653.62 **	\$653.62	\$653.62 **	\$1,316.36	\$1,316.36
9	Ratio to Avg -Min- (6)/(8)	0.03	0.03	0.11	0.11	0.23	0.23	0.23	0.23	0.11	0.11
10	Ratio to Avg -Max- (7)/(8)	0.88	0.92	0.88	0.92	1.77	1.84	1.77	1.84	0.88	0.92
11	"B" Value for (9)	0.0022	0.0022	0.0456	0.0456	0.3634	0.3634	0.3634	0.3634	0.0456	0.0456
12	"B" Value for (10)	29.2941	32.2954	29.2941	32.2954	79.5084	81.7352	79.5084	81.7352	29.2941	32.2954
13	Difference (12) - (11)	29.2920	32.2932	29.2485	32.2498	79.1450	81.3718	79.1450	81.3718	29.2485	32.2498
14	"A" Value for (9)	0.1346	0.1346	0.7306	0.7306	2.5271	2.5271	2.5271	2.5271	0.7306	0.7306
15	"A" Value for (10)	49.7065	53.0424	49.7065	53.0424	90.9067	92.1410	90.9067	92.1410	49.7065	53.0424
16	Difference 100 - (15)	50.2935	46.9576	50.2935	46.9576	9.0933	7.8590	9.0933	7.8590	50.2935	46.9576
17	(9) x (14)	0.0040	0.0040	0.0804	0.0804	0.5812	0.5812	0.5812	0.5812	0.0804	0.0804
18	Product (10) x (16)	44.2582	43.2010	44.2582	43.2010	16.0951	14.4606	16.0951	14.4606	44.2582	43.2010
19	'Limit' Factor {(13) + (17) + (18)	73.5542	75.4983	73.5871	75.5312	95.8213	96.4137	95.8213	96.4137	73.5871	75.5312
20	Eff. Avg. Weekly Wage (8) x (1	\$968.24	\$993.83	\$968.67	\$994.26	\$626.31	\$630.18	\$626.31	\$630.18	\$968.67	\$994.26
21	Average Weekly Benefit	\$645.52	\$662.59	\$645.81	\$662.87	\$417.56	\$420.14	\$417.56	\$420.14	\$645.81	\$662.87
22	Indicated Change in Costs	-	2.6%	-	2.6%	-	0.6%	-	0.6%	-	2.6%

\*\* PPD average wage adjusted for average % disability rating.

New York Incurred Losses *	July 1, 2011	Benefit Change	July 1, 2012
Death	\$437,931,419	2.6%	\$449,317,636
Permanent Total	\$980,624,481	2.6%	\$1,006,120,718
Permanent Partial - Major	\$4,953,176,810	0.6%	\$4,982,895,871
Permanent Partial - Minor	\$224,186,751	0.6%	\$225,531,871
Temporary	\$833,492,906	2.6%	\$855,163,721
<b>Total Indemnity</b>	<b>\$7,429,412,367</b>	<b>1.2%</b>	<b>\$7,519,029,818</b>

\* Policy Year 2003-2008 Unit Statistical Plan data for all carriers, on level and developed to estimated ultimate.

Indemnity Losses as Percent of Total Losses #	0.569
Medical Losses as Percent of Total Losses #	0.431

# 2010 Loss Cost Filing

Estimated Claim Cost Effect of Benefit Change = 0.7%  
 $\{(0.569 \times 1.012 + (0.431 \times 1.00)) - 1.00\}$

Factor to Reflect Expected Increase in System Utilizatio 1.10

**Estimated Rate Level Effect of Benefit Change = 0.8%**

**Estimated Premium Effect of Benefit Change = \$27,482,173**

New York Workers Compensation

Maximum @ July 1, 2013 = 2/3 SAWW Per Week

1 Injury Type	<u>Death</u>		Permanent Total		<u>Perm Partial - Major</u>		Perm Partial - Minor		Temporary	
	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>
2 Effective Date	July 1, 2012	July 1, 2013	July 1, 2012	July 1, 2013	July 1, 2012	July 1, 2013	July 1, 2012	July 1, 2013	July 1, 2012	July 1, 2013
3 % Compensation	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
4 Minimum Comp	\$30.00	\$30.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
5 Maximum Comp	\$803.88	\$836.03	\$803.88	\$836.03	\$803.88	\$836.03	\$803.88	\$836.03	\$803.88	\$836.03
6 Eff Wkly Wage for Min (4)/ (3)	\$45.00	\$45.00	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99
7 Eff Wkly Wage for Max (5)/ (3)	\$1,205.76	\$1,253.99	\$1,205.76	\$1,253.99	\$1,205.76	\$1,253.99	\$1,205.76	\$1,253.99	\$1,205.76	\$1,253.99
8 Avg Weekly Wage	\$1,369.01	\$1,369.01	\$1,369.01	\$1,369.01	\$679.77	\$679.77 **	\$679.77	\$679.77 **	\$1,369.01	\$1,369.01
9 Ratio to Avg -Min- (6)/(8)	0.03	0.03	0.11	0.11	0.22	0.22	0.22	0.22	0.11	0.11
10 Ratio to Avg -Max- (7)/(8)	0.88	0.92	0.88	0.92	1.77	1.84	1.77	1.84	0.88	0.92
11 "B" Value for (9)	0.0022	0.0022	0.0456	0.0456	0.3172	0.3172	0.3172	0.3172	0.0456	0.0456
12 "B" Value for (10)	29.2941	32.2954	29.2941	32.2954	79.5084	81.7352	79.5084	81.7352	29.2941	32.2954
13 Difference (12) - (11)	29.2920	32.2932	29.2485	32.2498	79.1912	81.4181	79.1912	81.4181	29.2485	32.2498
14 "A" Value for (9)	0.1346	0.1346	0.7306	0.7306	2.3209	2.3209	2.3209	2.3209	0.7306	0.7306
15 "A" Value for (10)	49.7065	53.0424	49.7065	53.0424	90.9067	92.1410	90.9067	92.1410	49.7065	53.0424
16 Difference 100 - (15)	50.2935	46.9576	50.2935	46.9576	9.0933	7.8590	9.0933	7.8590	50.2935	46.9576
17 (9) x (14)	0.0040	0.0040	0.0804	0.0804	0.5106	0.5106	0.5106	0.5106	0.0804	0.0804
18 Product (10) x (16)	44.2582	43.2010	44.2582	43.2010	16.0951	14.4606	16.0951	14.4606	44.2582	43.2010
19 'Limit' Factor {(13) + (17) + (18)	73.5542	75.4983	73.5871	75.5312	95.7969	96.3893	95.7969	96.3893	73.5871	75.5312
20 Eff. Avg. Weekly Wage (8) x (1)	\$1,006.97	\$1,033.58	\$1,007.42	\$1,034.03	\$651.20	\$655.23	\$651.20	\$655.23	\$1,007.42	\$1,034.03
21 Average Weekly Benefit	\$671.35	\$689.09	\$671.65	\$689.39	\$434.15	\$436.84	\$434.15	\$436.84	\$671.65	\$689.39
22 Indicated Change in Costs	-	2.6%	-	2.6%	-	0.6%	-	0.6%	-	2.6%

\*\* PPD average wage adjusted for average % disability rating.

New York Incurred Losses *	July 1, 2012	Benefit Change	July 1, 2013
Death	\$449,317,636	2.6%	\$460,999,895
Permanent Total	\$1,006,120,718	2.6%	\$1,032,279,857
Permanent Partial - Major	\$4,982,895,871	0.6%	\$5,012,793,246
Permanent Partial - Minor	\$225,531,871	0.6%	\$226,885,062
Temporary	\$855,163,721	2.6%	\$877,397,978
<b>Total Indemnity</b>	<b>\$7,519,029,818</b>	<b>1.2%</b>	<b>\$7,610,356,038</b>

\* Policy Year 2003-2008 Unit Statistical Plan data for all carriers, on level and developed to estimated ultimate.

Indemnity Losses as Percent of Total Losses #	0.576
Medical Losses as Percent of Total Losses #	0.424

# 2006 General Rate Revision Filing

Estimated Claim Cost Effect of Benefit Change = 0.7%  
 $((0.576 \times 1.012 + (0.424 \times 1.00)) - 1.00)$

Factor to Reflect Expected Increase in System Utilization = 1.10

**Estimated Rate Level Effect of Benefit Change = 0.8%**

**Estimated Premium Effect of Benefit Change = \$27,482,173**

**New York Workers' Compensation  
Hospital Inpatient Data****Hospital Inpatient Fee Schedule Change**

(1) Impact on Hospital Inpatient costs	15%
(2) Inpatient Hospital costs as percentage of Medical costs	8%
(3) Impact on Medical Costs (1) x (2)	1.2%
(4) Medical costs as percentage of overall system costs *	44%
(5) Overall Impact (3) x (4)	0.5%

\* NY Financial Calls

**Physician Fee Schedule  
Evaluation and Mangement Services  
Increase Effective 12/1/2010**

(1)	Increase in E&M Costs	30%
(2)	E&M Percentage of Physician Costs*	20%
(3)	Impact on Physician Costs (1) x (2)	6.0%
(4)	Physician as a percentage of Medical Costs**	52.6%
(5)	Impact on Medical Costs (3) x (4)	3.2%
(6)	Medical percentage of New York system costs***	43.8%
(7)	Overall Cost Impact (5) x (6)	1.4%

\* Based on NCCI sample medical transaction data in various states as well as information from several NY carriers.

\*\* Based on NCCI sample medical transaction data

\*\*\* Based on NY Financial Call Data

**New York Workers Compensation  
Terrorism and Catastrophe Charges**

**In the October 1, 2008 loss cost filing, the charge for terrorism was changed to reflect the higher carrier retentions required by the enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA). The charge for natural disasters and catastrophic industrial accidents was also changed at that time.**

**In this filing, no changes to these catastrophe charges are being proposed. Consequently, the currently approved loss cost for terrorism will remain at \$ .038 per \$100 of payroll (2.9% of premium for per capita classes) and the current loss cost for natural disasters and catastrophic industrial accidents will remain at \$ .008 per \$100 of payroll (0.7% of premium for per capita classes).**

New York Workers Compensation

Determination of Industry Group Differentials

<u>Industry Group</u>	<u>Policy Year</u>	<u>Expected Losses On 10/2010 Level</u>	<u>Incurred USP Losses on 10/2010 Level</u>	<u>Loss Ratio</u>	<u>Number of Compensable Cases</u>	<u>Group Credibility</u>	<u>Cred. Wt'd Loss Ratio</u>	<u>Indicated Ind. Group Differential</u>	<u>Differential Adjustment Factor</u>	<u>Final Ind. Group Differential</u>
Food&Bev Mfg.	2006	\$73,143,298	\$48,579,297		1,310					
	2007	\$76,649,738	\$55,243,689		1,214					
	2008	\$76,601,886	\$67,326,484		1,153					
	Total	\$226,394,923	\$171,149,471	0.756	3,677	0.554	0.786	0.954	1.004	<b>0.957</b>
Chemical Mfg.	2006	\$25,392,713	\$17,684,473		404					
	2007	\$26,633,037	\$21,758,625		405					
	2008	\$25,184,478	\$24,747,740		383					
	Total	\$77,210,228	\$64,190,838	0.831	1,192	0.315	0.826	1.002	1.015	<b>1.018</b>
All Other Mfg.	2006	\$245,396,823	\$190,415,356		4,654					
	2007	\$251,713,504	\$218,361,061		4,262					
	2008	\$251,069,090	\$238,331,615		3,692					
	Total	\$748,179,417	\$647,108,032	0.865	12,608	1.000	0.865	1.050	0.980	<b>1.028</b>
Contracting	2006	\$804,001,267	\$670,167,483		6,246					
	2007	\$866,109,136	\$787,841,626		6,397					
	2008	\$942,812,897	\$676,766,453		6,404					
	Total	\$2,612,923,300	\$2,134,775,562	0.817	19,047	1.000	0.817	0.992	0.992	<b>0.984</b>
Stores&Dealers	2006	\$320,053,372	\$217,738,771		6,333					
	2007	\$345,292,193	\$279,974,316		6,386					
	2008	\$336,924,001	\$294,370,540		6,018					
	Total	\$1,002,269,567	\$792,083,627	0.790	18,737	1.000	0.790	0.959	0.998	<b>0.958</b>
Prof&Office	2006	\$488,987,720	\$331,795,895		7,767					
	2007	\$528,451,352	\$461,057,357		8,695					
	2008	\$516,116,827	\$487,512,349		8,125					
	Total	\$1,533,555,898	\$1,280,365,600	0.835	24,587	1.000	0.835	1.014	1.004	<b>1.018</b>
Services	2006	\$855,201,216	\$590,707,061		14,898					
	2007	\$928,437,052	\$804,248,481		15,102					
	2008	\$991,396,507	\$900,239,658		15,436					
	Total	\$2,775,034,776	\$2,295,195,200	0.827	45,436	1.000	0.827	1.004	1.013	<b>1.017</b>
Miscellaneous	2006	\$175,484,010	\$129,294,414		2,917					
	2007	\$189,100,013	\$142,433,684		2,852					
	2008	\$194,389,674	\$192,092,827		2,831					
	Total	\$558,973,696	\$463,820,926	0.830	8,600	0.847	0.829	1.006	0.985	<b>0.991</b>
Mar,Adm, Fed	2006	\$8,191,380	\$7,227,783		126					
	2007	\$8,397,494	\$5,992,446		80					
	2008	\$8,842,199	\$5,891,745		86					
	Total	\$25,431,073	\$19,111,975	0.752	292	0.156	0.812	0.986	1.012	<b>0.997</b>
All Ind Groups	2006	\$2,995,851,799	\$2,203,610,534		44,655					
	2007	\$3,220,783,520	\$2,776,911,286		45,393					
	2008	\$3,343,337,559	\$2,887,279,410		44,128					
	Total	\$9,559,972,878	\$7,867,801,230	0.823	134,176	1.000	0.824	1.000	1.000	<b>1.000</b>

Cred. Std. 12,000

New York Workers Compensation

Industry Group Differential Adjustment Factor Calculation

Industry Group	Indemnity Losses	Medical Losses	Total Losses	Avg. Annual Wage Trend	Effect of Med/Ind Wage trends On Ind. Group *
(1)	(2)	(3)	(4)	(5)	(6)
1	\$99,739,579	\$71,409,891	\$171,149,471	1.032	1.0325
2	\$37,515,319	\$26,675,519	\$64,190,838	1.020	1.0615
3	\$380,571,790	\$266,536,241	\$647,108,032	1.059	0.9739
4	\$1,401,913,601	\$732,861,961	\$2,134,775,562	1.044	1.0066
5	\$412,468,680	\$379,614,947	\$792,083,627	1.039	1.0175
6	\$679,983,526	\$600,382,074	\$1,280,365,600	1.033	1.0302
7	\$1,257,851,267	\$1,037,343,934	\$2,295,195,200	1.024	1.0518
8	\$247,594,934	\$216,225,992	\$463,820,926	1.053	0.9882
9	\$8,992,971	\$10,119,004	\$19,111,975	1.028	1.0416
Total	\$4,526,631,668	\$3,341,169,562	\$7,867,801,230	1.036	0.9994

(7) Annual Indemnity Trend from 10/2011 loss cost revision. 1.036

(8) Annual Medical Trend from 10/2011 loss cost revision. 1.047

\* Effect by Group (6) = Medical Loss Trend (8) ^2.25 / Group Wage Trend (5) ^2.25  
Effect for Total (6) = Indemnity Loss Trend (8) ^2.25 / Total Wage Trend (5) ^2.25

Industry Group	Factors to Adjust Indicated Differentials *	Normalized Adjustment Factors
(9)	(10)	(11)
1	1.0132	<b>1.004</b>
2	1.0252	<b>1.015</b>
3	0.9889	<b>0.980</b>
4	1.0019	<b>0.992</b>
5	1.0081	<b>0.998</b>
6	1.0138	<b>1.004</b>
7	1.0231	<b>1.013</b>
8	0.9942	<b>0.985</b>
9	1.0218	<b>1.012</b>
Total	1.0096	<b>1.000</b>

\* Factors weighted on total losses

WORKERS COMPENSATION - NEW YORK

PURE PREMIUM CORRECTION FACTORS AND MULTIPLIERS

Provision for Losses in 10/01/10 Loss Costs Including LTF, RLAF, & Wage Factor (a)	Needed Provision for Losses on 2011 Level (b)	Needed Provision for Losses on 2011 Level (c)	Including RLAF & Change in Trend/Wage Factor	Policy Year Extension at 10/1/11 Final Pure Premiums	Pure Premium Correction Factors (2)/(4)	10/1/2011 Pure Premium Multipliers (3)/(4)
(1)	(1a)	(2)	(3)	(4)	(5)	(6)
Serious	1,782,024,230	1,885,535,760	1,923,246,475	1,833,085,060	1.0492	1.0745
Non-Serious	205,999,798	222,041,856	231,589,656	211,663,632	1.0941	1.1205
Medical	1,413,873,565	1,532,452,809	1,520,445,735	1,457,518,779	1.0432	1.0683
	3,401,897,593	3,640,030,425	3,675,281,866	3,502,267,471		

Industry Group	Industry Group Differential	Industry Group Off-Balance(d)	Pure Premium Multipliers		
			Serious	Non-Serious	Medical
1 - Food & Beverage Manufacturing	0.957	1.02802	1.0745	1.1205	1.0683
2 - Chemical Manufacturing	1.018	1.08148	1.0745	1.1205	1.0683
3 - All Other Manufacturing	1.028	0.96574	1.0745	1.1205	1.0683
4 - Contracting	0.984	1.09280	1.0745	1.1205	1.0683
5 - Stores & Dealers	0.958	0.95118	1.0745	1.1205	1.0683
6 - Professional & Office	1.018	1.07009	1.0745	1.1205	1.0683
7 - Services - All Other	1.017	0.96494	1.0745	1.1205	1.0683
- Servants Per Capita (e)	1.017	0.96494	1.0422	1.0868	1.0362
8 - Miscellaneous	0.991	0.98299	1.0745	1.1205	1.0683
9 - Maritime, Admiralty & Federal - N.Y.	0.997	1.02357	1.0745	1.1205	1.0683
- U.S.(f)	0.997	1.02357	1.0517	1.0725	1.0767

Manual Loss Cost = { (Final Pure Premiums X Pure Premium Multipliers) X Change in LAE of 0.992 X Industry Group Differentials X Industry Group Off-Balance X (g) }, subject to swing limits of +/- 25% of the industry group change.

- (a) Obtained by multiplying Policy Year 2008 payrolls for all carriers by present Underlying Pure Premiums and Loss Trend/Wage Factor, and Rate Level Adjustment Factor from the 2010 Loss Cost Revision. Includes a test correction factor of 0.9678403.
- (b) Column (1) Total was multiplied by the Policy Year indication excluding any benefit level changes (1.07), and the Serious, Non-Serious, and Medical were then made proportional to the Policy Year 2008 Unit Statistical Report data.
- (c) Column (1a) multiplied by the Serious Indemnity Benefit Change (1.02), the Non Serious Indemnity Benefit Change (1.043), and the Medical Legislative Change (0.992).
- (d) Reflects balancing factor and the premium effect of limiting each class loss cost change to within 25% of its industry group change.
- (e) Not subject to Wage Factor of 1.031.
- (f) All U.S. Multipliers include a factor of 0.998 to reflect the difference between U.S.L. Assessment for Special Funds (1.2) and New York Assessments (1.202).
- (g) For classes eligible for the New York Construction Classification Premium Adjustment Program, an off-balance factor of 1.039 has been applied. For classes subject to the Payroll Limitation Law, a factor of 1.00 has been applied.

WORKERS COMPENSATION - NEW YORK

CHANGES IN CLASSIFICATION LOSS COSTS – OCTOBER 1, 2011  
BY INDUSTRY GROUP

Set forth below are the percentage changes in manual loss cost level for each industry group and the number of classifications for which loss costs were increased or decreased, as well as those for which no change was developed.

Industry Group	Percentage Change In Manual Loss Cost Level	Decreased	Unchanged	Increased	Total # of Classes
1. Food & Beverage Mfg.	+4.5 %	9	0	15	24
2. Chemical Mfg.	+10.6 %	3	0	22	25
3. All Other Mfg.	+12.8 %	24	1	171	196
4. Contracting	+7.5 %	22	1	64	87
5. Stores & Dealers	+4.8 %	10	3	31	44
6. Professional and Office	+10.9 %	3	0	20	23
7. Services	+11.2 %	9	0	70	79
8. Miscellaneous	+8.3 %	11	3	41	55
9. Maritime, Admiralty & Federal	+8.9 %	15	0	23	38
TOTAL	+9.3 %	106	8	457	571

WORKERS COMPENSATION - NEW YORK

SWING LIMITS IN CLASSIFICATION LOSS COSTS – OCTOBER 1, 2011  
BY INDUSTRY GROUP

The manual loss costs were calculated to fall within the following swing limits:

Industry Group	Upper Limit*	Lower Limit*
1. Food & Beverage Mfg.	29.6 %	-20.4 %
2. Chemical Mfg.	36.3 %	-13.7 %
3. All Other Mfg.	37.4 %	-12.6 %
4. Contracting	32.6 %	-17.4 %
5. Stores & Dealers	29.7 %	-20.3 %
6. Professional and Office	36.3 %	-13.7 %
7. Services	36.2 %	-13.8 %
8. Miscellaneous	33.3 %	-16.7 %
9. Maritime, Admiralty & Federal	34.0 %	-16.0 %

\* Upper and lower limits are +/-25% of the respective industry group change as shown in Exhibit K.

The classifications which have been limited are listed below:

List of Classifications Limited by Upper Swing

1925	3129
2303	4034
2640	4053
2759	4061
2790	4583
2816	7231
3004	7242
3018	7368
3060	8293
3111	8745

List of Classifications Limited by Lower Swing

4828	7047
5059	7538
5508	7601
5651	7855
5709	9102
6233	9534

WORKERS COMPENSATION -- NEW YORK

LOSS COST LEVEL TEST \*

Excluding the Experience of Self-Insured Risks

<u>Industry Group</u> (1)	<u>Premium at</u> <u>10/1/2010</u> <u>Loss Costs</u> (2)	<u>Premium at</u> <u>10/1/2011</u> <u>Loss Costs</u> (3)	<u>Loss Cost</u> <u>Level Change</u> <u>(3)/(2)</u> (4)
1 Food & Beverage Mfg.	\$80,371,732	\$84,021,915	1.045
2 Chemical Mfg	\$28,736,942	\$31,778,313	1.106
3 All Other Mfg.	\$274,529,059	\$309,658,710	1.128
4 Contracting	\$975,559,664	\$1,049,195,446	1.075
5 Stores & Dealers	\$351,364,102	\$368,138,732	1.048
6 Professional and Office	\$614,135,660	\$681,237,297	1.109
7 Services	\$1,052,511,206	\$1,170,387,567	1.112
8 Miscellaneous	\$172,892,946	\$187,205,492	1.083
9 Maritime, Admiralty & Federal	\$7,781,957	\$8,472,749	1.089
A. Total Loss Cost Change	\$3,557,883,269	\$3,890,096,221	1.093
B. Change in Catastrophe Provisions (Exhibit H)			1.000
C. Overall Change [ (A) x .976 ] + [ (B) x .(1.0-.976) ]			1.091

\* Based on Policy Year 2008 New York Unit Statistical Plan Experience.

WORKERS COMPENSATION - NEW YORK

Development Factors - Premiums

Private Carriers Excluding Large Deductible Experience

Policy Year		1st Report	2nd Report	3rd Report	4th Report	5th Report	6th Report	
2000	Dev. 5/6					1,707,669,494	1,707,928,434	1.000
2001	Dev. 5/6					1,646,478,086	1,645,649,713	0.999
2002	Dev. 5/6					1,638,882,698	1,638,475,683	1.000
2003	Dev. 5/6					1,706,042,303	1,694,545,499	0.993
2004	Dev. 5/6					1,701,869,479	1,678,028,876	0.986
2001	Dev. 4/5				1,646,468,266	1,646,220,879		1.000
2002	Dev. 4/5				1,640,582,622	1,638,882,698		0.999
2003	Dev. 4/5				1,702,624,867	1,706,042,303		1.002
2004	Dev. 4/5				1,730,904,366	1,735,541,399		1.003
2005	Dev. 4/5				1,780,237,128	1,759,301,510		0.988
2002	Dev. 3/4			1,638,345,109	1,640,404,412			1.001
2003	Dev. 3/4			1,705,067,127	1,702,624,867			0.999
2004	Dev. 3/4			1,863,548,271	1,730,904,366			0.929
2005	Dev. 3/4			1,902,378,227	1,805,889,514			0.949
2006	Dev. 3/4			1,988,383,568	1,965,215,602			0.988
2003	Dev. 2/3		1,723,038,560	1,704,686,616				0.989
2004	Dev. 2/3		1,883,519,605	1,863,575,604				0.989
2005	Dev. 2/3		1,917,357,516	1,902,048,014				0.992
2006	Dev. 2/3		2,094,474,379	2,024,280,038				0.966
2007	Dev. 2/3		2,055,412,220	2,013,641,871				0.980
2004	Dev. 1/2	1,921,626,196	1,883,249,022					0.980
2005	Dev. 1/2	2,018,498,770	1,917,479,105					0.950
2006	Dev. 1/2	2,223,849,227	2,094,087,613					0.942
2007	Dev. 1/2	2,261,395,392	2,081,170,871					0.920
2008	Dev. 1/2	2,124,850,282	1,994,780,588					0.939
		1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/Ult.	
All Year Average								
Age to Age		0.946	0.983	0.973	0.998	0.996	1.000	
Age to Ult.		0.899	0.951	0.967	0.994	0.996	1.000	
4 Year Average								
Age to Age		0.938	0.982	0.966	0.998	0.995	1.000	
Age to Ult.		0.884	0.942	0.959	0.993	0.995	1.000	
3 Year Average								
Age to Age		0.934	0.979	0.955	0.998	0.993	1.000	
Age to Ult.		0.865	0.927	0.946	0.991	0.993	1.000	
2 Year Average								
Age to Age		0.930	0.973	0.969	0.996	0.990	1.000	
Age to Ult.		0.865	0.930	0.955	0.986	0.990	1.000	
Selected Development to Ultimate*		0.956	0.975	0.985	0.996	0.997	1.000	
* Development based on average of all year factors above and all year factors excluding a large carrier shown below:								
Factors to ultimate excluding large carrier		1.012	0.998	1.002	0.997	0.997	1.000	

WORKERS COMPENSATION - NEW YORK  
Policy Year Development Factors - Indemnity Losses (Case Basis)

		Private Carriers Excluding Large Deductible Experience										
Policy Year		1st Report	2nd Report	3rd Report	4th Report	5th Report	6th Report	7th Report	8th Report	9th Report	10th Report	
1996	Dev. 9/10									557,580,547	564,733,312	1.013
1997	Dev. 9/10									582,944,526	597,057,453	1.024
1998	Dev. 9/10									655,192,480	664,523,497	1.014
1999	Dev. 9/10									711,993,033	721,053,407	1.013
2000	Dev. 9/10									680,917,567	703,001,583	1.032
1997	Dev. 8/9								575,153,918	582,944,526	1.014	
1998	Dev. 8/9								637,216,178	655,192,480	1.028	
1999	Dev. 8/9								698,970,767	711,993,033	1.019	
2000	Dev. 8/9								685,025,403	704,261,318	1.028	
2001	Dev. 8/9								588,928,807	605,136,636	1.028	
1998	Dev. 7/8						625,156,505		637,208,820	1.019		
1999	Dev. 7/8						674,609,212		698,970,767	1.036		
2000	Dev. 7/8						661,495,708		685,025,403	1.036		
2001	Dev. 7/8						598,281,268		606,312,221	1.013		
2002	Dev. 7/8						588,769,245		609,016,100	1.034		
1999	Dev. 6/7						650,876,209	674,609,212	1.036			
2000	Dev. 6/7						639,169,820	661,495,708	1.035			
2001	Dev. 6/7						567,556,155	598,281,268	1.054			
2002	Dev. 6/7						578,909,840	601,397,246	1.039			
2003	Dev. 6/7						557,127,125	576,150,989	1.034			
2000	Dev. 5/6					604,752,599	639,138,944	1.057				
2001	Dev. 5/6					524,946,927	567,556,155	1.081				
2002	Dev. 5/6					551,287,558	578,909,840	1.050				
2003	Dev. 5/6					539,217,657	567,059,971	1.052				
2004	Dev. 5/6					482,182,520	516,734,494	1.072				
2001	Dev. 4/5				510,823,466	524,946,927	1.028					
2002	Dev. 4/5				509,531,146	551,287,558	1.082					
2003	Dev. 4/5				506,927,549	539,217,657	1.064					
2004	Dev. 4/5				461,389,849	486,995,098	1.055					
2005	Dev. 4/5				457,938,776	493,921,793	1.079					
2002	Dev. 3/4			468,164,751	509,520,475	1.088						
2003	Dev. 3/4			456,659,881	506,927,549	1.110						
2004	Dev. 3/4			414,340,846	461,389,849	1.114						
2005	Dev. 3/4			421,187,474	461,864,544	1.097						
2006	Dev. 3/4			444,855,642	495,619,910	1.114						
2003	Dev. 2/3		374,386,647	456,656,956	1.220							
2004	Dev. 2/3		343,273,511	414,340,846	1.207							
2005	Dev. 2/3		351,113,493	420,917,826	1.199							
2006	Dev. 2/3		357,076,172	449,837,244	1.260							
2007	Dev. 2/3		449,320,579	552,191,298	1.229							
2004	Dev. 1/2	241,173,443	343,273,511	1.423								
2005	Dev. 1/2	248,630,869	351,113,493	1.412								
2006	Dev. 1/2	251,165,706	356,889,612	1.421								
2007	Dev. 1/2	309,939,540	453,378,374	1.463								
2008	Dev. 1/2	377,028,508	542,791,653	1.440								
		1st/Ult.	2nd/Ult.	1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/7th	7th/8th	8th/9th	9th/10th
5 Year Average		2.632	1.838	1.432	1.223	1.105	1.062	1.062	1.040	1.028	1.023	1.019
4 Year Average		2.703	1.885	1.434	1.224	1.109	1.070	1.064	1.041	1.030	1.026	1.021
3 Year Average		2.663	1.848	1.441	1.229	1.108	1.066	1.058	1.042	1.028	1.025	1.020
2 Year Average		2.734	1.883	1.452	1.245	1.106	1.067	1.062	1.037	1.024	1.028	1.023
Latest Year		2.809	1.951	1.440	1.229	1.114	1.079	1.072	1.034	1.034	1.028	1.032
Mid 3 of 5		2.605	1.824	1.428	1.219	1.107	1.066	1.060	1.037	1.030	1.025	1.017

Loss Development to Ultimate\* 2.712

\*Loss development based on 3 Mid of 5 Year average for 1st to 10th maturities and 3 Year average for 10th to 20th.

Note: Policy years 2000 and 2001 adjusted for Cat48 losses.

WORKERS COMPENSATION - NEW YORK

Policy Year Development Factors - Indemnity Losses (Case Basis)

Private Carriers Excluding Large Deductible Experience

Policy Year		10th Report	11th Report	12th Report	13th Report	14th Report	15th Report	16th Report	17th Report	18th Report	19th Report	
1987	Dev. 18/19									635,662,692	640,991,518	1.008
1988	Dev. 18/19									677,418,811	679,494,674	1.003
1989	Dev. 18/19									751,379,935	754,305,126	1.004
1990	Dev. 18/19									866,315,406	870,976,505	1.005
1991	Dev. 18/19									819,281,041	822,867,847	1.004
1988	Dev. 17/18							670,735,071		677,418,811		1.010
1989	Dev. 17/18							747,245,405		751,379,935		1.006
1990	Dev. 17/18							862,213,953		866,315,406		1.005
1991	Dev. 17/18							828,226,155		831,420,473		1.004
1992	Dev. 17/18							777,821,539		787,215,264		1.012
1989	Dev. 16/17							743,260,795	747,245,405			1.005
1990	Dev. 16/17							853,711,850	862,213,953			1.010
1991	Dev. 16/17							821,415,744	828,226,155			1.008
1992	Dev. 16/17							778,426,398	788,053,378			1.012
1993	Dev. 16/17							736,157,981	749,116,677			1.018
1990	Dev. 15/16						845,776,732	853,711,850				1.009
1991	Dev. 15/16						812,604,205	821,415,744				1.011
1992	Dev. 15/16						773,693,183	778,426,398				1.006
1993	Dev. 15/16						741,122,210	750,072,092				1.012
1994	Dev. 15/16						692,835,425	698,487,958				1.008
1991	Dev. 14/15					806,545,959	812,604,205					1.008
1992	Dev. 14/15					764,240,317	773,693,183					1.012
1993	Dev. 14/15					733,653,010	741,122,210					1.010
1994	Dev. 14/15					703,777,729	708,785,656					1.007
1995	Dev. 14/15					629,484,409	631,814,812					1.004
1992	Dev. 13/14				759,396,859	764,240,317						1.006
1993	Dev. 13/14				724,532,892	733,653,010						1.013
1994	Dev. 13/14				696,652,763	703,777,729						1.010
1995	Dev. 13/14				641,369,406	645,524,422						1.006
1996	Dev. 13/14				566,963,028	573,743,514						1.012
1993	Dev. 12/13			721,677,944	724,532,892							1.004
1994	Dev. 12/13			680,978,751	696,652,763							1.023
1995	Dev. 12/13			639,735,718	641,369,406							1.003
1996	Dev. 12/13			579,293,667	584,012,458							1.008
1997	Dev. 12/13			587,767,724	596,416,256							1.015
1994	Dev. 11/12		676,183,423	680,978,751								1.007
1995	Dev. 11/12		627,165,959	639,735,718								1.020
1996	Dev. 11/12		577,015,882	579,293,667								1.004
1997	Dev. 11/12		603,865,329	607,431,828								1.006
1998	Dev. 11/12		654,601,608	657,502,590								1.004
1995	Dev. 10/11	621,293,597	627,165,959									1.009
1996	Dev. 10/11	564,733,312	577,015,882									1.022
1997	Dev. 10/11	597,057,453	603,865,329									1.011
1998	Dev. 10/11	664,523,497	670,655,290									1.009
1999	Dev. 10/11	706,371,115	710,775,872									1.006
Development				10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th
5 Year Average				1.011	1.008	1.011	1.009	1.008	1.009	1.011	1.007	1.005
4 Year Average				1.012	1.009	1.012	1.010	1.008	1.009	1.012	1.007	1.004
3 Year Average				1.009	1.005	1.009	1.009	1.007	1.009	1.013	1.007	1.004
2 Year Average				1.008	1.005	1.012	1.009	1.006	1.010	1.015	1.008	1.005
Latest Year				1.006	1.004	1.015	1.012	1.004	1.008	1.018	1.012	1.004
Mid 3 of 5				1.010	1.006	1.009	1.009	1.008	1.009	1.010	1.007	1.004

WORKERS COMPENSATION - NEW YORK

Policy Year Development Factors - Indemnity Losses (Case Basis)

Private Carriers Excluding Large Deductible Experience

Policy Year	19th Report	20th Report	21st Report	22nd Report	23th Report	24th Report	25th Report	26th Report	27th Report	28th Report
1978	Dev. 27/28									
1979	Dev. 27/28									
1980	Dev. 27/28									
1981	Dev. 27/28									
1982	Dev. 27/28									
1979	Dev. 26/27									
1980	Dev. 26/27									
1981	Dev. 26/27									
1982	Dev. 26/27									
1983	Dev. 26/27									
1980	Dev. 25/26									
1981	Dev. 25/26									
1982	Dev. 25/26									
1983	Dev. 25/26									
1984	Dev. 25/26									
1981	Dev. 24/25									
1982	Dev. 24/25									
1983	Dev. 24/25									
1984	Dev. 24/25									
1985	Dev. 24/25									
1982	Dev. 23/24									
1983	Dev. 23/24									
1984	Dev. 23/24									
1985	Dev. 23/24									
1986	Dev. 23/24									
1983	Dev. 22/23									
1984	Dev. 22/23									
1985	Dev. 22/23									
1986	Dev. 22/23									
1987	Dev. 22/23									
1984	Dev. 21/22									
1985	Dev. 21/22									
1986	Dev. 21/22									
1987	Dev. 21/22									
1988	Dev. 21/22									
1985	Dev. 20/21									
1986	Dev. 20/21									
1987	Dev. 20/21									
1988	Dev. 20/21									
1989	Dev. 20/21									
1986	Dev. 19/20									
1987	Dev. 19/20	640,991,518	644,121,700	1.005						
1988	Dev. 19/20	679,494,674	681,807,333	1.003						
1989	Dev. 19/20	754,305,126	758,436,101	1.005						
1990	Dev. 19/20	860,328,735	867,039,110	1.008						
Development			19th/20th	20th/Ult.*						
5 Year Average				1.035						
4 Year Average			1.005	1.035						
3 Year Average			1.005	1.035						
2 Year Average			1.007	1.035						
Latest Year			1.008	1.035						
Mid 3 of 5				1.035						

\* From Exhibit BB, Sheet 2F

WORKERS COMPENSATION - NEW YORK

Policy Year Development Factors - Medical Losses (Case Basis)

Private Carriers Excluding Large Deductible Experience

Policy Year		1st Report	2nd Report	3rd Report	4th Report	5th Report	6th Report	7th Report	8th Report	9th Report	10th Report	
1996	Dev. 9/10									277,598,851	281,106,387	1.013
1997	Dev. 9/10									303,795,097	311,860,926	1.027
1998	Dev. 9/10									353,964,407	362,532,852	1.024
1999	Dev. 9/10									387,098,058	394,613,981	1.019
2000	Dev. 9/10									375,412,641	383,531,120	1.022
1997	Dev. 8/9								299,715,808	303,795,097		1.014
1998	Dev. 8/9								346,315,749	353,964,407		1.022
1999	Dev. 8/9								374,833,965	387,098,058		1.033
2000	Dev. 8/9								373,662,715	387,634,719		1.037
2001	Dev. 8/9								345,213,192	353,907,397		1.025
1998	Dev. 7/8						341,723,618	346,309,091				1.013
1999	Dev. 7/8						361,466,653	374,833,965				1.037
2000	Dev. 7/8						357,679,443	373,662,715				1.045
2001	Dev. 7/8						341,929,224	354,512,688				1.037
2002	Dev. 7/8						352,823,192	368,644,245				1.045
1999	Dev. 6/7						350,765,559	361,465,519		1.031		
2000	Dev. 6/7						345,338,068	357,679,443		1.036		
2001	Dev. 6/7						326,254,167	341,929,224		1.048		
2002	Dev. 6/7						348,606,696	360,975,057		1.035		
2003	Dev. 6/7						360,674,388	371,037,921		1.029		
2000	Dev. 5/6					323,176,399	345,325,797					1.069
2001	Dev. 5/6					309,689,068	326,254,167					1.053
2002	Dev. 5/6					338,223,634	348,606,696					1.031
2003	Dev. 5/6					349,395,132	366,387,180					1.049
2004	Dev. 5/6					311,562,621	325,350,561					1.044
2001	Dev. 4/5			298,029,441	309,689,068			1.039				
2002	Dev. 4/5			313,259,821	338,223,634			1.080				
2003	Dev. 4/5			327,732,575	349,395,132			1.066				
2004	Dev. 4/5			303,884,008	315,023,020			1.037				
2005	Dev. 4/5			331,824,118	355,863,754			1.072				
2002	Dev. 3/4			298,219,880	313,239,304			1.050				
2003	Dev. 3/4			301,108,756	327,732,575			1.088				
2004	Dev. 3/4			283,695,300	303,884,008			1.071				
2005	Dev. 3/4			309,393,885	334,787,730			1.082				
2006	Dev. 3/4			323,199,279	358,766,143			1.110				
2003	Dev. 2/3		269,089,280	301,103,689		1.119						
2004	Dev. 2/3		258,388,409	283,695,300		1.098						
2005	Dev. 2/3		282,483,340	309,282,378		1.095						
2006	Dev. 2/3		289,714,316	326,082,402		1.126						
2007	Dev. 2/3		357,495,007	421,525,852		1.179						
2004	Dev. 1/2	214,146,231	258,387,257		1.207							
2005	Dev. 1/2	236,414,483	282,491,403		1.195							
2006	Dev. 1/2	242,211,868	289,387,686		1.195							
2007	Dev. 1/2	296,397,524	360,693,543		1.217							
2008	Dev. 1/2	325,058,352	397,390,549		1.223							
		1st/Ult.	2nd/Ult.	1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/7th	7th/8th	8th/9th	9th/10th
5 Year Average		2.022	1.675	1.207	1.123	1.080	1.059	1.049	1.036	1.035	1.026	1.021
4 Year Average		2.074	1.717	1.208	1.125	1.088	1.064	1.044	1.037	1.041	1.029	1.023
3 Year Average		2.069	1.707	1.212	1.133	1.088	1.058	1.041	1.037	1.042	1.032	1.022
2 Year Average		2.119	1.737	1.220	1.153	1.096	1.055	1.047	1.032	1.041	1.031	1.021
Latest Year		2.176	1.779	1.223	1.179	1.110	1.072	1.044	1.029	1.045	1.025	1.022
Mid 3 of 5		2.023	1.677	1.206	1.114	1.080	1.059	1.049	1.034	1.040	1.027	1.022

Loss Development to Ultimate\* 2.166

\*Loss development based on 3 Mid of 5 Year average for 1st to 10th maturities and 3 Year average for 10th to 20th.

Note: Policy years 2000 and 2001 adjusted for Cat48 losses.

WORKERS COMPENSATION - NEW YORK

Policy Year Development Factors - Medical Losses (Case Basis)

Private Carriers Excluding Large Deductible Experience

Policy Year		10th Report	11th Report	12th Report	13th Report	14th Report	15th Report	16th Report	17th Report	18th Report	19th Report	
1987	Dev. 18/19									252,642,215	257,250,870	1.018
1988	Dev. 18/19									294,209,432	297,274,846	1.010
1989	Dev. 18/19									335,298,854	338,655,312	1.010
1990	Dev. 18/19									371,453,632	376,341,564	1.013
1991	Dev. 18/19									335,319,310	335,401,305	1.000
1988	Dev. 17/18								293,013,290	294,209,432	1.004	
1989	Dev. 17/18								331,844,734	335,298,854	1.010	
1990	Dev. 17/18								368,014,197	371,453,632	1.009	
1991	Dev. 17/18								336,816,540	341,160,149	1.013	
1992	Dev. 17/18								320,433,082	324,853,312	1.014	
1989	Dev. 16/17							327,234,874	331,844,734	1.014		
1990	Dev. 16/17							362,023,011	368,014,197	1.017		
1991	Dev. 16/17							334,148,255	336,816,540	1.008		
1992	Dev. 16/17							320,960,686	324,599,638	1.011		
1993	Dev. 16/17							315,442,153	318,908,474	1.011		
1990	Dev. 15/16						358,618,937	362,023,011	1.009			
1991	Dev. 15/16						330,007,719	334,148,255	1.013			
1992	Dev. 15/16						316,367,765	320,960,686	1.015			
1993	Dev. 15/16						320,059,827	323,380,346	1.010			
1994	Dev. 15/16						293,155,791	297,037,115	1.013			
1991	Dev. 14/15					328,437,740	330,007,719	1.005				
1992	Dev. 14/15					311,522,270	316,367,765	1.016				
1993	Dev. 14/15					316,211,262	320,059,827	1.012				
1994	Dev. 14/15					298,350,682	301,049,429	1.009				
1995	Dev. 14/15					302,146,140	302,082,367	1.000				
1992	Dev. 13/14				308,143,026	311,522,270	1.011					
1993	Dev. 13/14				311,327,292	316,211,262	1.016					
1994	Dev. 13/14				293,605,321	298,350,682	1.016					
1995	Dev. 13/14				304,993,927	309,724,777	1.016					
1996	Dev. 13/14				284,962,686	286,964,097	1.007					
1993	Dev. 12/13			306,821,458	311,327,292	1.015						
1994	Dev. 12/13			288,688,135	293,605,321	1.017						
1995	Dev. 12/13			300,571,961	304,993,927	1.015						
1996	Dev. 12/13			287,805,760	292,550,799	1.016						
1997	Dev. 12/13			311,505,409	315,484,021	1.013						
1994	Dev. 11/12		286,183,634	288,688,135	1.009							
1995	Dev. 11/12		298,394,675	300,571,961	1.007							
1996	Dev. 11/12		286,828,580	287,805,760	1.003							
1997	Dev. 11/12		318,388,310	321,700,068	1.010							
1998	Dev. 11/12		358,218,685	359,461,477	1.003							
1995	Dev. 10/11	294,059,949	298,394,675	1.015								
1996	Dev. 10/11	281,106,387	286,828,580	1.020								
1997	Dev. 10/11	311,860,926	318,388,310	1.021								
1998	Dev. 10/11	362,532,852	366,657,098	1.011								
1999	Dev. 10/11	384,940,630	390,719,856	1.015								
Development				10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th
5 Year Average				1.016	1.006	1.015	1.013	1.008	1.012	1.012	1.010	1.010
4 Year Average				1.017	1.006	1.015	1.014	1.009	1.013	1.012	1.012	1.008
3 Year Average				1.016	1.005	1.015	1.013	1.007	1.013	1.010	1.012	1.008
2 Year Average				1.013	1.007	1.015	1.012	1.005	1.012	1.011	1.014	1.007
Latest Year				1.015	1.003	1.013	1.007	1.000	1.013	1.011	1.014	1.000
Mid 3 of 5				1.017	1.006	1.015	1.014	1.009	1.012	1.012	1.011	1.011

WORKERS COMPENSATION - NEW YORK  
Policy Year Development Factors - Medical Losses (Case Basis)  
Private Carriers Excluding Large Deductible Experience

Policy Year		19th Report	20th Report	21st Report	22nd Report	23th Report	24th Report	25th Report	26th Report	27th Report	28th Report
1978	Dev. 27/28										
1979	Dev. 27/28										
1980	Dev. 27/28										
1981	Dev. 27/28										
1982	Dev. 27/28										
1979	Dev. 26/27										
1980	Dev. 26/27										
1981	Dev. 26/27										
1982	Dev. 26/27										
1983	Dev. 26/27										
1980	Dev. 25/26										
1981	Dev. 25/26										
1982	Dev. 25/26										
1983	Dev. 25/26										
1984	Dev. 25/26										
1981	Dev. 24/25										
1982	Dev. 24/25										
1983	Dev. 24/25										
1984	Dev. 24/25										
1985	Dev. 24/25										
1982	Dev. 23/24										
1983	Dev. 23/24										
1984	Dev. 23/24										
1985	Dev. 23/24										
1986	Dev. 23/24										
1983	Dev. 22/23										
1984	Dev. 22/23										
1985	Dev. 22/23										
1986	Dev. 22/23										
1987	Dev. 22/23										
1984	Dev. 21/22										
1985	Dev. 21/22										
1986	Dev. 21/22										
1987	Dev. 21/22										
1988	Dev. 21/22										
1985	Dev. 20/21										
1986	Dev. 20/21										
1987	Dev. 20/21										
1988	Dev. 20/21										
1989	Dev. 20/21										
1986	Dev. 19/20										
1987	Dev. 19/20	257,250,870	259,553,551	1.009							
1988	Dev. 19/20	297,274,846	299,149,461	1.006							
1989	Dev. 19/20	338,655,312	342,467,859	1.011							
1990	Dev. 19/20	371,245,355	371,688,387	1.001							
Development				19th/20th		20th/Ult.*					
5 Year Average						1.073					
4 Year Average				1.007		1.073					
3 Year Average				1.006		1.073					
2 Year Average				1.006		1.073					
Latest Year				1.001		1.073					
Mid 3 of 5						1.073					

\* From Exhibit BB, Sheet 2F

WORKERS COMPENSATION - NEW YORK

Policy Year Loss Development Factors from 20th Report (Case Basis) to Ultimate Incurred  
Private Carriers Excluding Large Deductible Experience

	<u>INDEMNITY</u>	<u>MEDICAL</u>
1. Case incurred losses for Policy Year 1987 valued as of 12/31/07*	644,106,518	330,918,423
2. Case incurred losses for Policy Year 1988 valued as of 12/31/08*	681,807,333	323,380,567
3. Case incurred losses for Policy Year 1989 valued as of 12/31/09	748,920,995	335,426,275
4. Average ((1)+(2)+(3))/3	691,611,615	329,908,422
5. Ratio of (4) / (3)	0.923	0.984
6. Total incurred losses for Policy Year 1987 valued as of 12/31/07*	653,803,391	337,591,732
7. Total incurred losses for Policy Year 1988 valued as of 12/31/08*	695,752,523	330,066,932
8. Total incurred losses for Policy Year 1989 valued as of 12/31/09	764,638,808	340,699,379
9. Average ((6)+(7)+(8))/3	704,731,574	336,119,348
10. Factor from case to total incurred basis at 20th report (9)/(4)	1.019	1.019
11. Change in total incurred losses from 12/31/06 to 12/31/07 for all Policy Years 1986 and prior*	6,405,798	26,234,257
12. Change in total incurred losses from 12/31/07 to 12/31/08 for all Policy Years 1987 and prior*	23,472,441	13,514,072
13. Change in total incurred losses from 12/31/08 to 12/31/09 for all Policy Years 1988 and prior*	12,133,569	16,188,425
14. Average ((11)+(12)+(13))/3	14,003,936	18,645,585
15. Development factor from 20th to ultimate [(3)*(5)*(10) +(14)] / [(3)*(5)]	1.039	1.075
16. Case incurred losses for Policy Year 1988 valued as of 12/31/08**	863,849,891	360,175,951
17. Case incurred losses for Policy Year 1989 valued as of 12/31/09**	918,177,140	370,310,608
18. Case incurred losses for Policy Year 1990 valued as of 12/31/10	867,039,110	371,688,387
19. Average of (16) through (18)	883,022,047	367,391,649
20. Ratio of (19) / (18)	1.018	0.988
21. Total incurred losses for Policy Year 1988 valued as of 12/31/08**	881,518,447	367,623,114
22. Total incurred losses for Policy Year 1989 valued as of 12/31/09**	937,447,179	376,132,114
23. Total incurred losses for Policy Year 1990 valued as of 12/31/10	888,490,450	387,307,221
24. Average of (21) through (23)	902,485,358	377,020,816
25. Factor from case to total incurred basis at 20th report (24) / (19)	1.022	1.026
26. Change in total incurred losses from 12/31/07 to 12/31/08 for all Policy Years 1987 and prior**	29,739,583	15,050,966
27. Change in total incurred losses from 12/31/08 to 12/31/09 for all Policy Years 1988 and prior**	15,373,232	18,030,401
28. Change in total incurred losses from 12/31/09 to 12/31/10 for all Policy Years 1989 and prior**	23,048,924	25,441,461
29. Average of (26) through (28)	22,720,579	19,507,610
30. Development factor from 20th to ultimate [(18)*(20)*(25)+(29)] / [(18)*(20)]	1.048	1.079
31. Average development factor from 20th to ultimate [(15) + (30)] / 2	1.044	1.077
32. Factor 19th to ultimate @10/1/10 adjusted to 20th to ultimate	1.026	1.068
33. Final development factor from 20th to ultimate [(31)+(32)]/2	1.035	1.073

\* Adjusted to the level of Policy Year 1989

\*\* Adjusted to the level of Policy Year 1990

WORKERS COMPENSATION - NEW YORK  
Development Factors - Premiums  
Large Deductible Experience Only

Policy Year		1st Report	2nd Report	3rd Report	4th Report	5th Report	6th Report	
2000	Dev. 5/6					753,750,148	753,930,768	1.000
2001	Dev. 5/6					954,826,099	961,467,986	1.007
2002	Dev. 5/6					907,687,756	906,778,777	0.999
2003	Dev. 5/6					1,023,064,631	1,008,234,580	0.986
2004	Dev. 5/6					1,044,910,137	1,041,378,602	0.997
2001	Dev. 4/5				953,412,410	954,826,949		1.001
2002	Dev. 4/5				911,243,398	907,687,756		0.996
2003	Dev. 4/5				1,030,403,608	1,023,064,945		0.993
2004	Dev. 4/5				1,069,006,287	1,044,996,663		0.978
2005	Dev. 4/5				1,008,162,859	1,004,712,109		0.997
2002	Dev. 3/4			903,918,163	911,569,062			1.008
2003	Dev. 3/4			1,037,632,559	1,030,403,608			0.993
2004	Dev. 3/4			1,072,054,925	1,069,006,757			0.997
2005	Dev. 3/4			1,009,073,812	1,008,162,859			0.999
2006	Dev. 3/4			999,167,041	1,004,508,642			1.005
2003	Dev. 2/3		1,017,491,353	1,038,035,539				1.020
2004	Dev. 2/3		1,089,138,822	1,072,054,925				0.984
2005	Dev. 2/3		1,003,076,914	1,009,074,102				1.006
2006	Dev. 2/3		989,008,655	999,167,041				1.010
2007	Dev. 2/3		905,954,779	898,751,091				0.992
2004	Dev. 1/2	969,563,240	1,089,138,822		1.123			
2005	Dev. 1/2	1,008,171,937	1,003,076,914		0.995			
2006	Dev. 1/2	1,000,311,132	989,008,655		0.989			
2007	Dev. 1/2	895,208,255	905,954,779		1.012			
2008	Dev. 1/2	754,239,383	760,903,527		1.009			
		1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/Ult.	
<b>All Year Average</b>								
Age to Age		1.026	1.002	1.000	0.993	0.998	1.000	
Age to Ult.		1.019	0.993	0.991	0.991	0.998	1.000	
<b>4 Year Average</b>								
Age to Age		1.001	0.998	0.999	0.991	0.997	1.000	
Age to Ult.		0.986	0.985	0.987	0.988	0.997	1.000	
<b>3 Year Average</b>								
Age to Age		1.003	1.003	1.000	0.989	0.994	1.000	
Age to Ult.		0.989	0.986	0.983	0.983	0.994	1.000	
<b>2 Year Average</b>								
Age to Age		1.011	1.001	1.002	0.988	0.992	1.000	
Age to Ult.		0.994	0.983	0.982	0.980	0.992	1.000	
Premium Development to Ultimate*		1.019	0.993	0.991	0.991	0.998	1.000	

\*Premium development based on all year average

WORKERS COMPENSATION - NEW YORK

Policy Year Development Factors - Indemnity Losses (Case Basis)

		Experience from Large Deductible Policies Only										
Policy Year		1st Report	2nd Report	3rd Report	4th Report	5th Report	6th Report	7th Report	8th Report	9th Report	10th Report	
1996	Dev. 9/10									257,185,775	256,241,526	0.996
1997	Dev. 9/10									279,741,180	282,860,135	1.011
1998	Dev. 9/10									304,613,578	312,762,959	1.027
1999	Dev. 9/10									317,782,269	325,450,460	1.024
2000	Dev. 9/10									377,779,208	388,001,607	1.027
1997	Dev. 8/9								275,911,664	280,837,442		1.018
1998	Dev. 8/9								294,146,555	304,613,578		1.036
1999	Dev. 8/9								308,661,946	317,782,269		1.030
2000	Dev. 8/9								371,612,388	380,038,073		1.023
2001	Dev. 8/9								419,590,622	428,342,373		1.021
1998	Dev. 7/8							287,001,471	295,510,786		1.030	
1999	Dev. 7/8							299,704,866	308,661,946		1.030	
2000	Dev. 7/8							357,401,281	371,625,377		1.040	
2001	Dev. 7/8							407,585,268	423,020,257		1.038	
2002	Dev. 7/8							348,041,711	361,130,883		1.038	
1999	Dev. 6/7						288,964,129	301,985,590		1.045		
2000	Dev. 6/7						337,359,035	357,401,281		1.059		
2001	Dev. 6/7						389,989,048	407,585,268		1.045		
2002	Dev. 6/7						341,525,463	353,911,514		1.036		
2003	Dev. 6/7						345,652,918	363,484,177		1.052		
2000	Dev. 5/6					311,283,712	337,362,422		1.084			
2001	Dev. 5/6					377,995,128	389,989,048		1.032			
2002	Dev. 5/6					331,699,987	341,525,463		1.030			
2003	Dev. 5/6					333,226,950	351,544,847		1.055			
2004	Dev. 5/6					324,307,355	351,939,255		1.085			
2001	Dev. 4/5				364,515,750	377,995,128		1.037				
2002	Dev. 4/5				306,962,189	331,699,987		1.081				
2003	Dev. 4/5				313,583,196	333,226,950		1.063				
2004	Dev. 4/5				305,106,959	324,338,980		1.063				
2005	Dev. 4/5				278,147,842	304,248,938		1.094				
2002	Dev. 3/4			267,733,720	306,962,189		1.147					
2003	Dev. 3/4			282,866,660	313,583,196		1.109					
2004	Dev. 3/4			275,715,476	305,106,959		1.107					
2005	Dev. 3/4			243,825,920	278,147,842		1.141					
2006	Dev. 3/4			240,043,660	280,035,078		1.167					
2003	Dev. 2/3		227,955,227	282,866,660		1.241						
2004	Dev. 2/3		227,277,587	275,715,476		1.213						
2005	Dev. 2/3		201,936,408	243,825,920		1.207						
2006	Dev. 2/3		192,670,671	240,043,660		1.246						
2007	Dev. 2/3		207,679,506	265,154,270		1.277						
2004	Dev. 1/2	150,773,241	227,277,587		1.507							
2005	Dev. 1/2	134,881,933	201,936,408		1.497							
2006	Dev. 1/2	127,469,225	192,670,671		1.512							
2007	Dev. 1/2	129,582,091	207,679,506		1.603							
2008	Dev. 1/2	142,736,832	233,872,276		1.638							
Development		1st/Ult.	2nd/Ult.	1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/7th	7th/8th	8th/9th	9th/10th
5 Year Average		3.004	1.937	1.551	1.237	1.134	1.068	1.057	1.047	1.035	1.026	1.017
4 Year Average		3.061	1.958	1.563	1.236	1.131	1.075	1.051	1.048	1.037	1.028	1.022
3 Year Average		3.114	1.966	1.584	1.243	1.138	1.073	1.057	1.044	1.039	1.025	1.026
2 Year Average		3.347	2.065	1.621	1.262	1.154	1.079	1.070	1.044	1.038	1.022	1.026
Latest Year		3.603	2.200	1.638	1.277	1.167	1.094	1.085	1.052	1.038	1.021	1.027
Mid 3 of 5		2.961	1.921	1.541	1.233	1.132	1.069	1.057	1.047	1.035	1.025	1.021
Loss Development to Ultimate		3.084										

\*Loss development to ultimate based on 3 Mid of 5 Year average for 1st to 10th maturities and 3 Year average of non-deductible experience for 10th to ultimate.

WORKERS COMPENSATION - NEW YORK

Policy Year Development Factors - Medical Losses (Case Basis)

		Experience from Large Deductible Policies Only										
Policy Year		1st Report	2nd Report	3rd Report	4th Report	5th Report	6th Report	7th Report	8th Report	9th Report	10th Report	
1996	Dev. 9/10									128,636,918	130,675,955	1.016
1997	Dev. 9/10									154,361,026	158,100,654	1.024
1998	Dev. 9/10									162,412,883	165,918,747	1.022
1999	Dev. 9/10									174,345,981	176,981,106	1.015
2000	Dev. 9/10									214,621,451	221,023,991	1.030
1997	Dev. 8/9								152,709,015	154,917,469		1.014
1998	Dev. 8/9								156,921,629	162,412,883		1.035
1999	Dev. 8/9								168,032,725	174,345,981		1.038
2000	Dev. 8/9								212,721,665	216,884,139		1.020
2001	Dev. 8/9								243,263,967	251,361,761		1.033
1998	Dev. 7/8							154,754,301	157,755,715		1.019	
1999	Dev. 7/8							162,446,112	168,032,725		1.034	
2000	Dev. 7/8							202,889,896	212,754,769		1.049	
2001	Dev. 7/8							234,839,519	245,735,425		1.046	
2002	Dev. 7/8							209,187,430	216,216,328		1.034	
1999	Dev. 6/7						157,943,173	163,619,634		1.036		
2000	Dev. 6/7						191,456,508	202,889,896		1.060		
2001	Dev. 6/7						222,178,487	234,839,519		1.057		
2002	Dev. 6/7						206,439,527	212,852,964		1.031		
2003	Dev. 6/7						216,240,658	227,717,417		1.053		
2000	Dev. 5/6					178,153,594	191,458,494					1.075
2001	Dev. 5/6					211,981,236	222,178,487					1.048
2002	Dev. 5/6					198,338,873	206,439,527					1.041
2003	Dev. 5/6					209,808,260	219,441,533					1.046
2004	Dev. 5/6					213,782,932	228,906,131					1.071
2001	Dev. 4/5				195,651,428	211,981,236						1.083
2002	Dev. 4/5				180,225,998	198,338,873						1.101
2003	Dev. 4/5				198,259,117	209,808,260						1.058
2004	Dev. 4/5				202,883,048	213,790,861						1.054
2005	Dev. 4/5				193,147,476	207,100,675						1.072
2002	Dev. 3/4			164,213,811	180,225,998							1.098
2003	Dev. 3/4			181,584,740	198,259,117							1.092
2004	Dev. 3/4			186,118,777	202,883,048							1.090
2005	Dev. 3/4			179,289,656	193,147,476							1.077
2006	Dev. 3/4			175,355,912	197,117,363							1.124
2003	Dev. 2/3		161,354,566	181,584,740		1.125						
2004	Dev. 2/3		163,660,687	186,118,777		1.137						
2005	Dev. 2/3		162,676,951	179,289,656		1.102						
2006	Dev. 2/3		156,536,306	175,355,912		1.120						
2007	Dev. 2/3		161,476,071	190,717,552		1.181						
2004	Dev. 1/2	130,708,142	163,660,687		1.252							
2005	Dev. 1/2	127,491,262	162,676,951		1.276							
2006	Dev. 1/2	123,346,757	156,536,306		1.269							
2007	Dev. 1/2	130,201,791	161,476,071		1.240							
2008	Dev. 1/2	125,649,846	160,462,191		1.277							
Development		1st/Ult.	2nd/Ult.	1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/7th	7th/8th	8th/9th	9th/10th
5 Year Average		2.241	1.774	1.263	1.133	1.096	1.074	1.056	1.047	1.036	1.028	1.021
4 Year Average		2.275	1.797	1.266	1.135	1.096	1.071	1.052	1.050	1.041	1.032	1.023
3 Year Average		2.225	1.763	1.262	1.134	1.097	1.061	1.053	1.047	1.043	1.030	1.022
2 Year Average		2.250	1.787	1.259	1.151	1.101	1.063	1.059	1.042	1.040	1.027	1.023
Latest Year		2.432	1.904	1.277	1.181	1.124	1.072	1.071	1.053	1.034	1.033	1.030
Mid 3 of 5		2.242	1.771	1.266	1.127	1.093	1.071	1.055	1.049	1.038	1.029	1.021
Loss Development to Ultimate		2.402										

\*Loss development to ultimate based on 3 Mid of 5 Year average for 1st to 10th maturities and 3 Year average of non-deductible experience for 10th to ultimate.

WORKERS COMPENSATION - NEW YORK  
New York State Insurance Fund  
Development Factors - Premium

Policy Year		1st Report	2nd Report	3rd Report	4th Report	5th Report	6th Report
2000	Dev. 5/6					1,255,024,339	1,254,053,977
2001	Dev. 5/6					1,308,727,022	1,308,296,639
2002	Dev. 5/6					1,390,006,322	1,389,627,554
2003	Dev. 5/6					1,472,407,155	1,471,302,604
2004	Dev. 5/6					1,557,077,728	1,555,581,526
2001	Dev. 4/5				1,310,073,769	1,308,727,022	0.999
2002	Dev. 4/5				1,391,847,766	1,390,006,322	0.999
2003	Dev. 4/5				1,473,670,252	1,472,407,155	0.999
2004	Dev. 4/5				1,557,679,593	1,557,077,728	1.000
2005	Dev. 4/5				1,652,230,700	1,652,037,731	1.000
2002	Dev. 3/4			1,394,549,643	1,391,847,766	0.998	
2003	Dev. 3/4			1,476,816,924	1,473,670,252	0.998	
2004	Dev. 3/4			1,561,166,457	1,557,679,593	0.998	
2005	Dev. 3/4			1,658,178,029	1,652,230,700	0.996	
2006	Dev. 3/4			1,755,394,373	1,752,024,429	0.998	
2003	Dev. 2/3		1,485,071,748	1,476,816,924	0.994		
2004	Dev. 2/3		1,572,415,373	1,561,166,457	0.993		
2005	Dev. 2/3		1,672,006,212	1,658,178,029	0.992		
2006	Dev. 2/3		1,772,774,107	1,755,394,373	0.990		
2007	Dev. 2/3		1,629,575,235	1,614,182,152	0.991		
2004	Dev. 1/2	1,560,539,230	1,572,415,373	1.008			
2005	Dev. 1/2	1,646,831,333	1,672,006,212	1.015			
2006	Dev. 1/2	1,755,897,236	1,772,774,107	1.010			
2007	Dev. 1/2	1,648,357,313	1,629,575,235	0.989			
2008	Dev. 1/2	1,456,367,058	1,365,627,737	0.938			
		1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/Ult.
<b>5 Year Average</b>							
Age to Age		0.992	0.992	0.998	0.999	0.999	1.000
Age to Ult.		0.980	0.988	0.996	0.998	0.999	1.000
<b>4 Year Average</b>							
Age to Age		0.988	0.992	0.998	1.000	1.000	1.000
Age to Ult.		0.978	0.990	0.998	1.000	1.000	1.000
<b>3 Year Average</b>							
Age to Age		0.979	0.991	0.997	1.000	0.999	1.000
Age to Ult.		0.966	0.987	0.996	0.999	0.999	1.000
<b>2 Year Average</b>							
Age to Age		0.964	0.991	0.997	1.000	0.999	1.000
Age to Ult.		0.952	0.987	0.996	0.999	0.999	1.000
Premium Development to Ultimate*		<b>0.966</b>	<b>0.987</b>	<b>0.996</b>	<b>0.999</b>	<b>0.999</b>	<b>1.000</b>

\*Premium development based on 3 year average

WORKERS COMPENSATION - NEW YORK  
New York State Insurance Fund  
Policy Year Development Factors - Indemnity Losses (Case Basis)

Policy Year		1st Report	2nd Report	3rd Report	4th Report	5th Report	6th Report	7th Report	8th Report	9th Report	10th Report	
1996	Dev. 9/10									555,046,270	557,057,817	1.004
1997	Dev. 9/10									478,998,536	482,957,899	1.008
1998	Dev. 9/10									406,773,025	406,818,911	1.000
1999	Dev. 9/10									493,350,072	495,134,384	1.004
2000	Dev. 9/10									450,975,592	451,636,764	1.001
1997	Dev. 8/9								477,804,682	478,998,536		1.002
1998	Dev. 8/9								411,738,113	406,773,025		0.988
1999	Dev. 8/9								489,392,883	493,350,072		1.008
2000	Dev. 8/9								453,158,980	450,975,592		0.995
2001	Dev. 8/9								437,305,369	424,094,945		0.970
1998	Dev. 7/8							416,776,578	411,738,113			0.988
1999	Dev. 7/8							486,221,780	489,392,883			1.007
2000	Dev. 7/8							452,182,407	453,158,980			1.002
2001	Dev. 7/8							435,029,616	437,305,369			1.005
2002	Dev. 7/8							510,576,475	499,872,081			0.979
1999	Dev. 6/7					482,040,137	486,221,780					1.009
2000	Dev. 6/7					459,239,596	452,182,407					0.985
2001	Dev. 6/7					437,904,451	435,029,616					0.993
2002	Dev. 6/7					509,415,979	510,576,475					1.002
2003	Dev. 6/7						524,081,341	527,458,559				1.006
2000	Dev. 5/6					449,024,562	459,239,596					1.023
2001	Dev. 5/6					448,620,089	437,904,451					0.976
2002	Dev. 5/6					510,507,545	509,415,979					0.998
2003	Dev. 5/6					524,008,825	524,081,341					1.000
2004	Dev. 5/6					552,167,015	553,381,815					1.002
2001	Dev. 4/5				455,450,448	448,620,089						0.985
2002	Dev. 4/5				506,306,170	510,507,545						1.008
2003	Dev. 4/5				518,479,747	524,008,825						1.011
2004	Dev. 4/5				560,010,573	552,167,015						0.986
2005	Dev. 4/5				528,375,924	537,233,848						1.017
2002	Dev. 3/4			480,500,416	506,306,170							1.054
2003	Dev. 3/4			497,276,177	518,479,747							1.043
2004	Dev. 3/4			505,087,949	560,010,573							1.109
2005	Dev. 3/4			489,787,100	528,375,924							1.079
2006	Dev. 3/4			510,087,473	533,691,919							1.046
2003	Dev. 2/3		399,905,239	497,276,177								1.243
2004	Dev. 2/3		409,557,666	505,087,949								1.233
2005	Dev. 2/3		387,985,295	489,787,100								1.262
2006	Dev. 2/3		420,770,920	510,087,473								1.212
2007	Dev. 2/3		383,015,563	489,610,476								1.278
2004	Dev. 1/2	239,630,732	409,557,666		1.709							
2005	Dev. 1/2	250,574,204	387,985,295		1.548							
2006	Dev. 1/2	263,108,106	420,770,920		1.599							
2007	Dev. 1/2	261,186,892	383,015,563		1.466							
2008	Dev. 1/2	262,752,097	376,321,765		1.432							
Development		1st/Ult.	2nd/Ult.	1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/7th	7th/8th	8th/9th	9th/10th
5 Year Average		2.174	1.402	1.551	1.246	1.066	1.001	1.000	0.999	0.996	0.993	1.003
4 Year Average		2.111	1.397	1.511	1.246	1.069	1.006	0.994	0.997	0.998	0.990	1.003
3 Year Average		2.137	1.426	1.499	1.251	1.078	1.005	1.000	1.000	0.995	0.991	1.002
2 Year Average		2.005	1.384	1.449	1.245	1.063	1.002	1.001	1.004	0.992	0.983	1.003
Latest Year		1.995	1.393	1.432	1.278	1.046	1.017	1.002	1.006	0.979	0.970	1.001
Mid 3 of 5		2.156	1.402	1.538	1.246	1.060	1.002	1.000	1.000	0.998	0.995	1.003
Loss Development to Ultima		2.235										

\*Loss development based on 3 Mid of 5 Year average for 1st to 10th maturities and 3 Year average for 10th to ultimate.

Note: Policy years 2000 and 2001 adjusted for Cat48 losses.

WORKERS COMPENSATION - NEW YORK  
New York State Insurance Fund  
Policy Year Development Factors - Indemnity Losses (Case Basis)

Policy Year		10th Report	11th Report	12th Report	13th Report	14th Report	15th Report	16th Report	17th Report	18th Report	19th Report	19th Report
1987	Dev. 18/19									538,741,996	542,333,600	1.007
1988	Dev. 18/19									627,473,440	630,417,574	1.005
1989	Dev. 18/19									726,652,982	730,959,396	1.006
1990	Dev. 18/19									885,496,394	893,416,152	1.009
1991	Dev. 18/19									964,105,142	970,917,464	1.007
1988	Dev. 17/18								623,218,236	627,473,440	1.007	
1989	Dev. 17/18								723,782,998	726,652,982	1.004	
1990	Dev. 17/18								878,475,275	885,496,394	1.008	
1991	Dev. 17/18								959,639,669	964,105,142	1.005	
1992	Dev. 17/18								1,011,961,316	1,020,314,256	1.008	
1989	Dev. 16/17							716,962,529	723,782,998	1.010		
1990	Dev. 16/17							873,006,496	878,475,275	1.006		
1991	Dev. 16/17							947,811,982	959,639,669	1.012		
1992	Dev. 16/17							1,005,278,584	1,011,961,316	1.007		
1993	Dev. 16/17							1,003,767,121	1,009,838,657	1.006		
1990	Dev. 15/16						863,850,350	873,006,496	1.011			
1991	Dev. 15/16						945,293,540	947,811,982	1.003			
1992	Dev. 15/16						997,850,661	1,005,278,584	1.007			
1993	Dev. 15/16						996,595,915	1,003,767,121	1.007			
1994	Dev. 15/16						865,757,739	867,113,754	1.002			
1991	Dev. 14/15					935,885,167	945,293,540	1.010				
1992	Dev. 14/15					992,914,113	997,850,661	1.005				
1993	Dev. 14/15					990,544,634	996,595,915	1.006				
1994	Dev. 14/15					859,378,182	865,757,739	1.007				
1995	Dev. 14/15					678,659,430	686,479,928	1.012				
1992	Dev. 13/14				980,189,723	992,914,113	1.013					
1993	Dev. 13/14				980,064,292	990,544,634	1.011					
1994	Dev. 13/14				852,279,060	859,378,182	1.008					
1995	Dev. 13/14				672,114,638	678,659,430	1.010					
1996	Dev. 13/14				566,388,673	571,860,141	1.010					
1993	Dev. 12/13			973,538,411	980,064,292	1.007						
1994	Dev. 12/13			848,699,414	852,279,060	1.004						
1995	Dev. 12/13			667,841,486	672,114,638	1.006						
1996	Dev. 12/13			560,955,542	566,388,673	1.010						
1997	Dev. 12/13			487,335,120	492,405,785	1.010						
1994	Dev. 11/12		843,402,597	848,699,414	1.006							
1995	Dev. 11/12		663,701,091	667,841,486	1.006							
1996	Dev. 11/12		555,729,552	560,955,542	1.009							
1997	Dev. 11/12		485,625,229	487,335,120	1.004							
1998	Dev. 11/12		406,294,526	408,190,835	1.005							
1995	Dev. 10/11	657,748,046	663,701,091	1.009								
1996	Dev. 10/11	557,057,817	555,729,552	0.998								
1997	Dev. 10/11	482,957,899	485,625,229	1.006								
1998	Dev. 10/11	406,818,911	406,294,526	0.999								
1999	Dev. 10/11	495,134,384	499,144,398	1.008								
Development				10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th
5 Year Average				1.004	1.006	1.007	1.010	1.008	1.006	1.008	1.006	1.007
4 Year Average				1.002	1.006	1.008	1.010	1.008	1.005	1.008	1.006	1.007
3 Year Average				1.004	1.006	1.009	1.009	1.008	1.005	1.008	1.007	1.007
2 Year Average				1.003	1.004	1.010	1.010	1.009	1.004	1.006	1.006	1.008
Latest Year				1.008	1.005	1.010	1.010	1.012	1.002	1.006	1.008	1.007
Mid 3 of 5				1.004	1.006	1.008	1.010	1.008	1.006	1.007	1.006	1.007

WORKERS COMPENSATION - NEW YORK  
New York State Insurance Fund  
Policy Year Development Factors - Indemnity Losses (Case Basis)

Policy Year	19th Report	20th Report	21st Report	22nd Report	23th Report	24th Report	25th Report	26th Report	27th Report	28th Report
1978	Dev. 27/28									
1979	Dev. 27/28									
1980	Dev. 27/28									
1981	Dev. 27/28									
1982	Dev. 27/28									
1979	Dev. 26/27									
1980	Dev. 26/27									
1981	Dev. 26/27									
1982	Dev. 26/27									
1983	Dev. 26/27									
1980	Dev. 25/26									
1981	Dev. 25/26									
1982	Dev. 25/26									
1983	Dev. 25/26									
1984	Dev. 25/26									
1981	Dev. 24/25									
1982	Dev. 24/25									
1983	Dev. 24/25									
1984	Dev. 24/25									
1985	Dev. 24/25									
1982	Dev. 23/24									
1983	Dev. 23/24									
1984	Dev. 23/24									
1985	Dev. 23/24									
1986	Dev. 23/24									
1983	Dev. 22/23									
1984	Dev. 22/23									
1985	Dev. 22/23									
1986	Dev. 22/23									
1987	Dev. 22/23									
1984	Dev. 21/22									
1985	Dev. 21/22									
1986	Dev. 21/22									
1987	Dev. 21/22									
1988	Dev. 21/22									
1985	Dev. 20/21									
1986	Dev. 20/21									
1987	Dev. 20/21									
1988	Dev. 20/21									
1989	Dev. 20/21									
1986	Dev. 19/20									
1987	Dev. 19/20	542,333,600	547,392,404	1.009						
1988	Dev. 19/20	630,417,574	636,657,940	1.010						
1989	Dev. 19/20	730,959,396	734,674,594	1.005						
1990	Dev. 19/20	893,416,152	900,113,670	1.007						
Development			19th/20th	20th/Ult.*						
5 Year Average				1.029						
4 Year Average			1.008	1.029						
3 Year Average			1.007	1.029						
2 Year Average			1.006	1.029						
Latest Year			1.007	1.029						
Mid 3 of 5				1.029						

\* From Exhibit DD, Sheet 2F

WORKERS COMPENSATION - NEW YORK  
New York State Insurance Fund  
Policy Year Development Factors - Medical Losses (Case Basis)

Policy Year		1st Report	2nd Report	3rd Report	4th Report	5th Report	6th Report	7th Report	8th Report	9th Report	10th Report	
1996	Dev. 9/10									218,227,946	221,175,328	1.014
1997	Dev. 9/10									197,650,874	198,877,074	1.006
1998	Dev. 9/10									177,948,154	180,886,423	1.017
1999	Dev. 9/10									195,994,014	194,569,748	0.993
2000	Dev. 9/10									201,326,223	206,803,498	1.027
1997	Dev. 8/9								193,327,321	197,650,874		1.022
1998	Dev. 8/9								176,899,721	177,948,154		1.006
1999	Dev. 8/9								190,949,339	195,994,014		1.026
2000	Dev. 8/9								198,746,274	201,326,223		1.013
2001	Dev. 8/9								208,841,155	214,479,957		1.027
1998	Dev. 7/8							174,212,312	176,899,721		1.015	
1999	Dev. 7/8							189,721,819	190,949,339		1.006	
2000	Dev. 7/8							193,987,311	198,746,274		1.025	
2001	Dev. 7/8							212,903,098	208,841,155		0.981	
2002	Dev. 7/8							239,561,866	252,926,381		1.056	
1999	Dev. 6/7						190,039,181	189,721,819		0.998		
2000	Dev. 6/7						197,617,381	193,987,311		0.982		
2001	Dev. 6/7						202,031,846	212,903,098		1.054		
2002	Dev. 6/7						234,060,030	239,561,866		1.024		
2003	Dev. 6/7						256,436,567	260,733,207		1.017		
2000	Dev. 5/6					194,301,244	197,617,381		1.017			
2001	Dev. 5/6					202,503,626	202,031,846		0.998			
2002	Dev. 5/6					231,300,333	234,060,030		1.012			
2003	Dev. 5/6					251,015,932	256,436,567		1.022			
2004	Dev. 5/6					259,145,913	265,527,967		1.025			
2001	Dev. 4/5				200,280,539	202,503,626		1.011				
2002	Dev. 4/5				229,560,124	231,300,333		1.008				
2003	Dev. 4/5				245,881,503	251,015,932		1.021				
2004	Dev. 4/5				252,426,961	259,145,913		1.027				
2005	Dev. 4/5				273,944,688	285,659,366		1.043				
2002	Dev. 3/4			216,164,278	229,560,124		1.062					
2003	Dev. 3/4			237,791,147	245,881,503		1.034					
2004	Dev. 3/4			241,080,001	252,426,961		1.047					
2005	Dev. 3/4			252,498,001	273,944,688		1.085					
2006	Dev. 3/4			268,154,979	293,502,461		1.095					
2003	Dev. 2/3		205,600,073	237,791,147		1.157						
2004	Dev. 2/3		218,748,539	241,080,001		1.102						
2005	Dev. 2/3		222,685,883	252,498,001		1.134						
2006	Dev. 2/3		237,208,418	268,154,979		1.130						
2007	Dev. 2/3		263,189,804	293,984,947		1.117						
2004	Dev. 1/2	192,326,089	218,748,539		1.137							
2005	Dev. 1/2	186,292,488	222,685,883		1.195							
2006	Dev. 1/2	193,016,505	237,208,418		1.229							
2007	Dev. 1/2	212,872,377	263,189,804		1.236							
2008	Dev. 1/2	203,063,311	250,519,335		1.234							
Development		1st/Ult.	2nd/Ult.	1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/7th	7th/8th	8th/9th	9th/10th
5 Year Average		1.736	1.439	1.206	1.128	1.065	1.022	1.015	1.015	1.017	1.019	1.011
4 Year Average		1.754	1.433	1.224	1.121	1.065	1.025	1.014	1.019	1.017	1.018	1.011
3 Year Average		1.889	1.532	1.233	1.127	1.076	1.030	1.020	1.032	1.021	1.022	1.012
2 Year Average		1.876	1.519	1.235	1.124	1.090	1.035	1.024	1.021	1.019	1.020	1.010
Latest Year		1.993	1.615	1.234	1.117	1.095	1.043	1.025	1.017	1.056	1.027	1.027
Mid 3 of 5		1.753	1.438	1.219	1.127	1.065	1.020	1.017	1.013	1.015	1.020	1.012
Loss Development to Ultima		1.893										

\*Loss development based on 3 Mid of 5 Year average for 1st to 10th maturities and 3 Year average for 10th to ultimate.

Note: Policy years 2000 and 2001 adjusted for Cat48 losses.

WORKERS COMPENSATION - NEW YORK  
New York State Insurance Fund  
Policy Year Development Factors - Medical Losses (Case Basis)

Policy Year		10th Report	11th Report	12th Report	13th Report	14th Report	15th Report	16th Report	17th Report	18th Report	19th Report	
1987	Dev. 18/19									193,760,376	198,535,014	1.025
1988	Dev. 18/19									221,037,029	222,269,830	1.006
1989	Dev. 18/19									247,214,230	251,465,152	1.017
1990	Dev. 18/19									317,781,505	316,700,608	0.997
1991	Dev. 18/19									330,224,268	335,994,818	1.017
1988	Dev. 17/18								220,497,151	221,037,029		1.002
1989	Dev. 17/18								249,685,530	247,214,230		0.990
1990	Dev. 17/18								311,578,246	317,781,505		1.020
1991	Dev. 17/18								330,752,852	330,224,268		0.998
1992	Dev. 17/18								335,957,660	339,471,512		1.010
1989	Dev. 16/17							248,301,253	249,685,530			1.006
1990	Dev. 16/17							314,685,613	311,578,246			0.990
1991	Dev. 16/17							323,357,762	330,752,852			1.023
1992	Dev. 16/17							330,904,888	335,957,660			1.015
1993	Dev. 16/17							347,322,002	347,414,387			1.000
1990	Dev. 15/16						319,871,483	314,685,613		0.984		
1991	Dev. 15/16						317,772,771	323,357,762		1.018		
1992	Dev. 15/16						325,867,921	330,904,888		1.015		
1993	Dev. 15/16						341,051,309	347,322,002		1.018		
1994	Dev. 15/16						302,751,069	306,898,193		1.014		
1991	Dev. 14/15				315,111,863	317,772,771		1.008				
1992	Dev. 14/15				324,486,012	325,867,921		1.004				
1993	Dev. 14/15				339,348,918	341,051,309		1.005				
1994	Dev. 14/15				298,742,179	302,751,069		1.013				
1995	Dev. 14/15				272,014,709	273,758,784		1.006				
1992	Dev. 13/14				321,877,894	324,486,012		1.008				
1993	Dev. 13/14				339,661,274	339,348,918		0.999				
1994	Dev. 13/14				296,298,356	298,742,179		1.008				
1995	Dev. 13/14				272,451,157	272,014,709		0.998				
1996	Dev. 13/14				230,557,650	232,040,385		1.006				
1993	Dev. 12/13			335,140,036	339,661,274		1.013					
1994	Dev. 12/13			296,280,063	296,298,356		1.000					
1995	Dev. 12/13			268,660,131	272,451,157		1.014					
1996	Dev. 12/13			225,349,885	230,557,650		1.023					
1997	Dev. 12/13			204,274,857	205,815,001		1.008					
1994	Dev. 11/12		292,805,892	296,280,063	1.012							
1995	Dev. 11/12		266,997,905	268,660,131	1.006							
1996	Dev. 11/12		222,946,670	225,349,885	1.011							
1997	Dev. 11/12		201,559,217	204,274,857	1.013							
1998	Dev. 11/12		182,757,197	183,790,804	1.006							
1995	Dev. 10/11	257,738,083	266,997,905	1.036								
1996	Dev. 10/11	221,175,328	222,946,670	1.008								
1997	Dev. 10/11	198,877,074	201,559,217	1.013								
1998	Dev. 10/11	180,886,423	182,757,197	1.010								
1999	Dev. 10/11	194,569,748	198,550,106	1.020								
Development				10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th
5 Year Average				1.017	1.010	1.012	1.004	1.007	1.010	1.007	1.004	1.012
4 Year Average				1.013	1.009	1.011	1.003	1.007	1.016	1.007	1.005	1.009
3 Year Average				1.014	1.010	1.015	1.004	1.008	1.016	1.013	1.009	1.010
2 Year Average				1.015	1.010	1.016	1.002	1.010	1.016	1.008	1.004	1.007
Latest Year				1.020	1.006	1.008	1.006	1.006	1.014	1.000	1.010	1.017
Mid 3 of 5				1.014	1.010	1.012	1.004	1.006	1.016	1.007	1.003	1.013

WORKERS COMPENSATION - NEW YORK  
New York State Insurance Fund  
Policy Year Development Factors - Medical Losses (Case Basis)

Policy Year		19th Report	20th Report	21st Report	22nd Report	23th Report	24th Report	25th Report	26th Report	27th Report	28th Report
1978	Dev. 27/28										
1979	Dev. 27/28										
1980	Dev. 27/28										
1981	Dev. 27/28										
1982	Dev. 27/28										
1979	Dev. 26/27										
1980	Dev. 26/27										
1981	Dev. 26/27										
1982	Dev. 26/27										
1983	Dev. 26/27										
1980	Dev. 25/26										
1981	Dev. 25/26										
1982	Dev. 25/26										
1983	Dev. 25/26										
1984	Dev. 25/26										
1981	Dev. 24/25										
1982	Dev. 24/25										
1983	Dev. 24/25										
1984	Dev. 24/25										
1985	Dev. 24/25										
1982	Dev. 23/24										
1983	Dev. 23/24										
1984	Dev. 23/24										
1985	Dev. 23/24										
1986	Dev. 23/24										
1983	Dev. 22/23										
1984	Dev. 22/23										
1985	Dev. 22/23										
1986	Dev. 22/23										
1987	Dev. 22/23										
1984	Dev. 21/22										
1985	Dev. 21/22										
1986	Dev. 21/22										
1987	Dev. 21/22										
1988	Dev. 21/22										
1985	Dev. 20/21										
1986	Dev. 20/21										
1987	Dev. 20/21										
1988	Dev. 20/21										
1989	Dev. 20/21										
1986	Dev. 19/20										
1987	Dev. 19/20	198,535,014	189,579,503	0.955							
1988	Dev. 19/20	222,269,830	223,360,855	1.005							
1989	Dev. 19/20	251,465,152	252,304,358	1.003							
1990	Dev. 19/20	316,700,608	316,489,943	0.999							
Development				19th/20th	20th/Ult.*						
5 Year Average					1.063						
4 Year Average				0.991	1.063						
3 Year Average				1.002	1.063						
2 Year Average				1.001	1.063						
Latest Year				0.999	1.063						
Mid 3 of 5					1.063						

\* From Exhibit DD, Sheet 2F

WORKERS COMPENSATION - NEW YORK  
New York State Insurance Fund  
Policy Year Loss Development Factors from 20th Report (Case Basis) to Ultimate Incurred

	INDEMNITY	MEDICAL
1. Case incurred losses for Policy Year 1987 valued as of 12/31/07*	547,392,404	241,713,866
2. Case incurred losses for Policy Year 1988 valued as of 12/31/08*	636,657,940	241,453,084
3. Case incurred losses for Policy Year 1989 valued as of 12/31/09	734,674,594	252,304,358
4. Average ((1)+(2)+(3))/3	639,574,979	245,157,103
5. Ratio of (4) / (3)	0.871	0.972
6. Total incurred losses for Policy Year 1987 valued as of 12/31/07*	577,720,704	251,331,891
7. Total incurred losses for Policy Year 1988 valued as of 12/31/08*	673,139,109	250,913,851
8. Total incurred losses for Policy Year 1989 valued as of 12/31/09	772,671,749	263,252,191
9. Average ((6)+(7)+(8))/3	674,510,521	255,165,978
10. Factor from case to total incurred basis at 20th report (9)/(4)	1.055	1.041
11. Change in total incurred losses from 12/31/06 to 12/31/07 for all Policy Years 1986 and prior*	-48,142,488	1,568,812
12. Change in total incurred losses from 12/31/07 to 12/31/08 for all Policy Years 1987 and prior*	-23,832,860	-21,458,462
13. Change in total incurred losses from 12/31/08 to 12/31/09 for all Policy Years 1988 and prior*	-15,426,453	61,755,877
14. Average ((11)+(12)+(13))/3	-29,133,934	13,955,409
15. Development factor from 20th to ultimate [(3)*(5)*(10) +(14)] / [(3)*(5)]	1.009	1.098
16. Case incurred losses for Policy Year 1988 valued as of 12/31/08**	806,645,610	268,926,469
17. Case incurred losses for Policy Year 1989 valued as of 12/31/09**	900,711,052	278,544,011
18. Case incurred losses for Policy Year 1990 valued as of 12/31/10	900,113,670	316,489,943
19. Average of (16) through (18)	869,156,777	287,986,808
20. Ratio of (19) / (18)	0.966	0.910
21. Total incurred losses for Policy Year 1988 valued as of 12/31/08**	852,867,251	279,463,716
22. Total incurred losses for Policy Year 1989 valued as of 12/31/09**	947,295,564	290,630,419
23. Total incurred losses for Policy Year 1990 valued as of 12/31/10	943,690,789	325,590,791
24. Average of (21) through (23)	914,617,868	298,561,642
25. Factor from case to total incurred basis at 20th report (24) / (19)	1.052	1.037
26. Change in total incurred losses from 12/31/07 to 12/31/08 for all Policy Years 1987 and prior**	-30,196,234	-23,898,836
27. Change in total incurred losses from 12/31/08 to 12/31/09 for all Policy Years 1988 and prior**	-19,545,316	68,782,679
28. Change in total incurred losses from 12/31/09 to 12/31/10 for all Policy Years 1989 and prior**	19,946,273	4,858,124
29. Average of (26) through (28)	-9,931,759	16,580,656
30. Development factor from 20th to ultimate [(18)*(20)*(25)+(29)] / [(18)*(20)]	1.041	1.094
31. Average development factor from 20th to ultimate [(15) + (30)] / 2	1.025	1.096
32. Factor 19th to ultimate @ 10/1/10 adjusted to 20th to ultimate	1.032	1.030
33. Final development factor from 20th to ultimate [(31)+(32)]/2	1.029	1.063

\* Adjusted to the level of Policy Year 1989

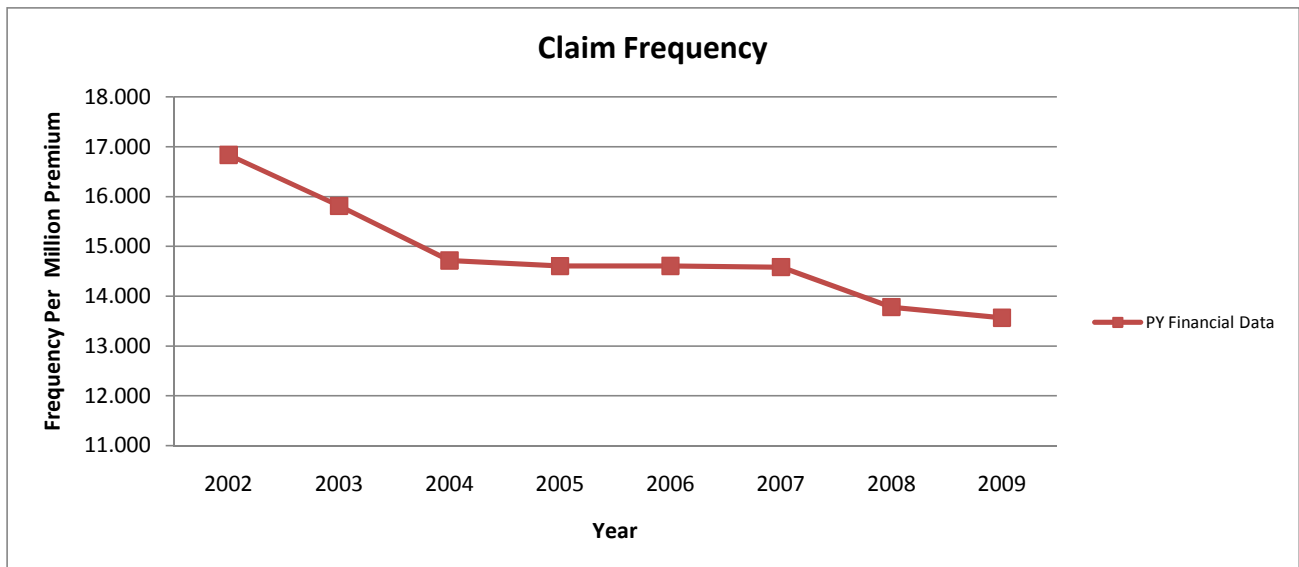
\*\* Adjusted to the level of Policy Year 1990

## Trend Analysis

### Claim Frequency - All Carriers

Frequency = developed claims counts per 1,000,000 of onleveled premium adjusted for wage growth

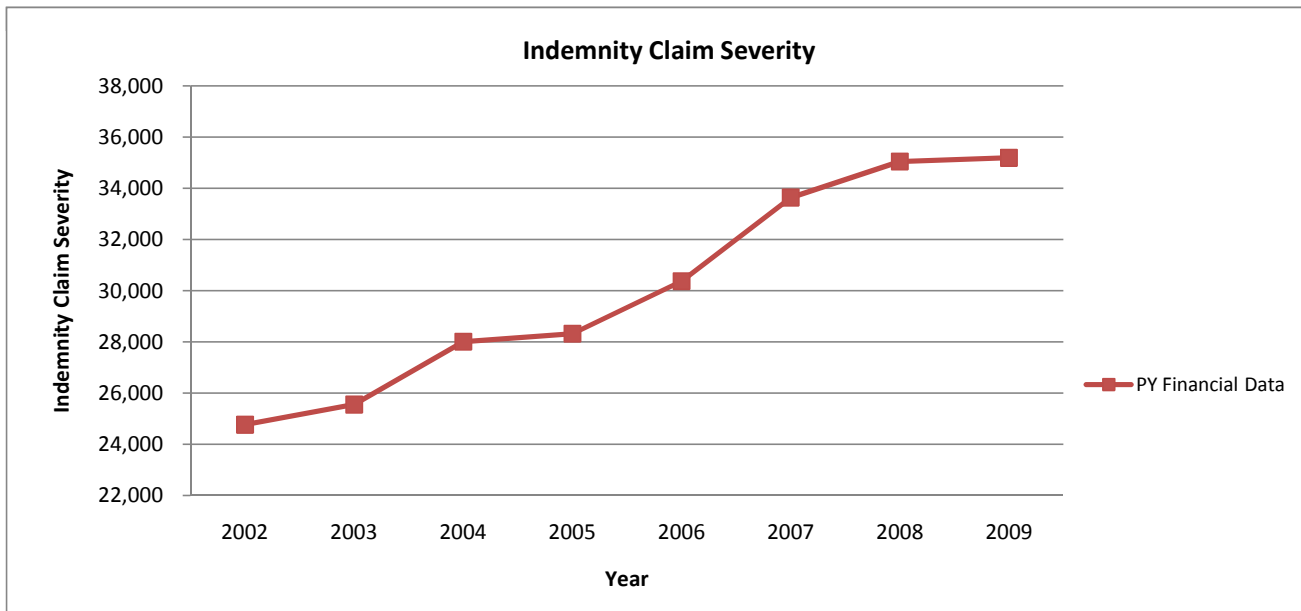
Year	Financial Trend	
	Policy Year Data	
2002	16.838	
2003	15.813	
2004	14.717	
2005	14.605	
2006	14.608	
2007	14.583	
2008	13.780	
2009	13.567	
	Trend	R squared
2005-2009	-2.0%	0.803
2002-2009	-2.6%	0.847



## Trend Analysis

### Indemnity Severity - All Carriers

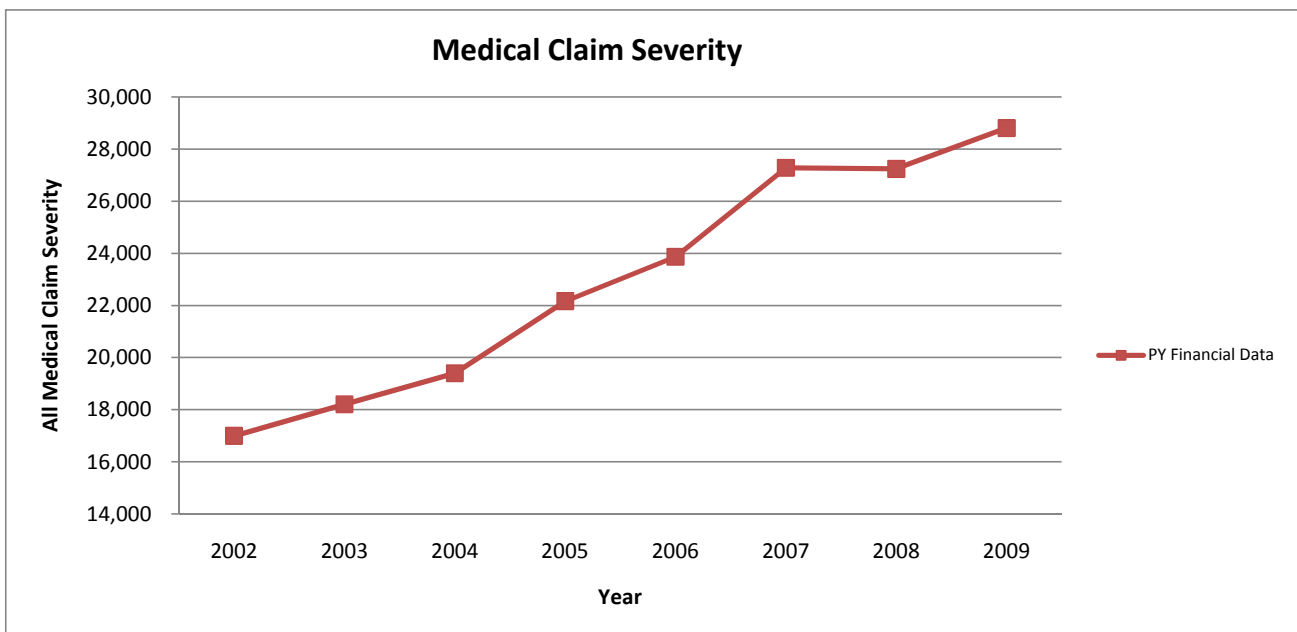
Financial Data	
Year	Indemnity Average Claim Severity (Policy Year)
2002	24,760
2003	25,549
2004	28,005
2005	28,316
2006	30,367
2007	33,639
2008	35,047
2009	35,192
	Trend      R squared
2005-2009	6.0%      0.916
2002-2009	5.7%      0.966



## Trend Analysis

### Medical Severity - All Carriers

Financial Data		
Year	Medical Average Claim Severity (Policy Year)	
2002	16,994	
2003	18,202	
2004	19,400	
2005	22,165	
2006	23,867	
2007	27,281	
2008	27,240	
2009	28,807	
	Trend	R squared
2005-2009	6.8%	0.918
2002-2009	8.4%	0.974



TREND STUDY

Analysis of New York Average Wage Trends

New York Average Weekly Wage

<u>Year</u>	<u>Actual*</u>	<u>Fitted Regression Lines</u>	
		<u>Exponential</u>	<u>Linear</u>
2006	1066.89	1097.51	1098.17
2007	1144.21	1112.51	1113.24
2008	1161.22	1127.72	1128.30
2009	1109.75	1143.14	1143.37
2010	1159.44	1158.77	1158.43
Historical Average Annual Change		1.37%	1.34%
R Squared		0.357	0.353

Projected Economic Changes\*\*

	<u>Employment</u>	<u>Total Wages</u>	<u>Average wage</u>	<u>Projected AWW</u>
2011	0.9%	3.8%	2.9%	1192.76
2012	1.2%	6.6%	5.3%	1256.41

	<u>Total</u>	<u>Annualized</u>
Projected Change 2008-2012	8.2%	2.0%
Projected Change 2009-2012	13.2%	4.2%
Average		3.1%

**Selected Annual Wage Trend 3.1%**

\* Average weekly wages from N. Y. Department of Labor for all industries

\*\* Based on New York State Assembly Economic Report

### Trend Analysis

	Private Carriers		State Insurance Fund		Combined
	(1)	(2)	(3)	(4)	(5)
	Indicated Trend weight		Indicated Trend weight		(1) x (2) + (3) x (4)
Indemnity Severity	7.8%	0.629	2.8%	0.371	5.9%
Medical Seveiry	6.8%	0.629	6.4%	0.371	6.7%
Frequency	-2.7%	0.595	-1.9%	0.405	-2.4%

NEW YORK WORKERS COMPENSATION

CONSTRUCTION CLASSIFICATION PAYROLL LIMITATIONS  
Construction Payroll Limitation Law

**Eff. 10/1/2011**  
**\$1159.44 Limitation**

		<u>Effect on Manual Rates</u>			
		<u>Statewide</u>	<u>Territory 1</u>	<u>Territory 2</u>	<u>Territory 3</u>
1	Estimated 10/10 - 10/11 Construction AWW	\$1,243	\$1,410	\$1,205	\$995
2	Ratio of Cap Amount to Construction AWW	---	0.822	0.962	1.166
3	Ratio, 'R', to Enter Wage Distribution Table	---	0.82	0.96	1.17
4	Table 'A' Value	---	0.443959	0.562077	0.700262
5	1-'A' Value	---	0.556041	0.437923	0.299738
6	'R' x ( 1-'A')	---	0.455954	0.420406	0.350693
7	Table 'B' Value	---	0.247822	0.352699	0.499043
8	1-'B' Value	---	0.752178	0.647301	0.500957
9	Indicated Off-Balance at \$1159.44 Cap: (8) - (6)x100	23.8%	29.6%	22.7%	15.0%
10	Off-Set for Effect of Cap on PY '04, '05, '06, '07 and '08 data:	0.253	0.317	0.245	0.149
11	Adjusted Indicated Off-Balance at \$1159.44 Cap SW = (9)*[1.0-(9)/(10)]; Terr. = [Terr.(9) / SW (9)]*SW (11)]	-1.4%	-1.7%	-1.3%	-0.9%
12	<b>Proposed. Off-Balance at \$1159.44 Cap</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
13	Current Off-Balance at \$1109.75 Cap	0.4%	0.5%	0.4%	0.3%

Territory 1: Counties of Bronx, Kings, Manhattan,Queens, Richmond

Territory 2: Counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, Westchester

Territory 3: All Other Counties



STATE OF NEW YORK  
INSURANCE DEPARTMENT  
25 BEAVER STREET  
NEW YORK, NEW YORK 10004

Andrew M. Cuomo  
Governor

James J. Wrynn  
Superintendent

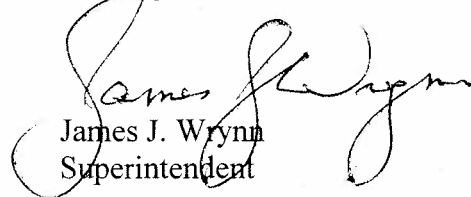
July 15, 2011

Mr. Monte Almer  
President  
New York Compensation Insurance  
Rating Board  
733 3rd Avenue  
New York, NY 10017

Dear Mr. Almer:

Enclosed please find the Opinion and Decision, dated July 15, 2011, approving NYCIRB's lost cost filing, as amended, for a 9.1% increase in lost costs with an effective date of October 1, 2011.

Best regards,

  
James J. Wrynn  
Superintendent

Encl.

---

In the Matter of  
Workers' Compensation Insurance Loss Cost  
Application of the New York  
Compensation Insurance Rating Board

---

**OPINION AND DECISION**

On May 13, 2011, a rate filing application for a proposed 10.7% increase in manual loss costs was submitted to the Insurance Department (Department) by the New York Compensation Insurance Rating Board (NYCIRB). This change, along with no change in the provision for catastrophes, produces an overall loss cost increase of 10.4%. A public hearing concerning the loss cost filing was held on June 23, 2011 at the New York State Insurance Department in New York City. On July 14, 2011, NYCIRB filed an amendment to the filing which reduced the overall loss cost increase from 10.4% to 9.1%. The Superintendent reviewed NYCIRB's application, as amended, and hereby approves the amended filing with an effective date of October 1, 2011.

**DISCUSSION**

The NYCIRB serves as the private rate service organization for Workers' Compensation in New York State and is licensed pursuant to Section 2313 of the Insurance Law. By statute, all Workers' Compensation insurers must report statistics to a licensed statistical agent. In turn, NYCIRB compiles and evaluates the data and proposes loss cost changes, which must have the Department's prior approval before implementation. Pursuant to Section 2305 of the Insurance Law, a public hearing must be held if the loss cost request is for an increase of 7% or more. In view of the fact that the NYCIRB filed for a loss cost increase of greater than 7%, a public hearing was held on June 23, 2011 in New York City.

The table below summarizes the rate / loss cost changes from 2000 to the present.

<u>Year</u>	<u>Rate / Loss Cost Level Change</u>
2000	-2.5%
2001	0.0%
2002	0.0%
2003	1.7%
2004	0.0%
2005	5.0%
2006	0.0%
2007	-18.4%
2008	-6.4%
2009	4.5%
2010	7.7%

The overall effect of the foregoing rate changes have resulted in an overall average rate / loss cost decrease of 10% as compared to the rates in effect prior to October 1, 2000.

#### A. Experience

In this revision, the NYCIRB has submitted case basis loss experience for Policy Years 2008 and 2009. (Case basis losses consist of paid losses plus reserves on specific claims and do not include bulk or Incurred But Not Reported loss reserves.) The submission shows a loss cost indication for Policy Year 2008 of +4.9% and a loss cost indication for Policy Year 2009 of +4.2%. Both indications rely on the use of premium and loss development factors and on-level factors to project data to ultimate values and adjust data to the current loss cost level, respectively. Such factors must be evaluated each year to assure that they are reasonable projections of past development patterns, and appropriate to apply to the current data.

This task was complicated by the gradual inclusion over time of reserves based on the post-reform environment. According to survey conducted by NYCIRB in early 2011, many carriers still are not fully reflecting the 2007 reform legislation. For this filing, NYCIRB made the following assumptions: (1) all reserves reflect post-reform maximum

weekly benefits; (2) all reserves valued as of December 31, 2010 do not reflect the elimination of the Special Disability Fund; and (3) 25% of Permanent Partial Disability (PPD) losses reflect the elimination of lifetime benefits and the application of duration caps, and 75% do not. For the portion of PPD losses estimated to reflect duration caps, the indemnity loss development pattern was accelerated to reflect the lower anticipated development for these claims. The claims still reserved at pre-reform levels were adjusted downward to fully reflect the duration caps. Finally, the medical on-level factors were decreased by 5% for policy years 2008 and 2009 to reflect the shift from voluntary to mandatory implementation of medical treatment guidelines relative to four body parts (neck, shoulder, lower back, and knee) by the Workers' Compensation Board on December 1, 2010.

#### B. Loss and Wage Trend Factor

The trend factor is based on an analysis of exponential regression lines of claim costs and frequencies. Wage data are analyzed separately, and the severity trends are shown separately for indemnity and medical claims. The indemnity and medical claim frequencies are identical, as only lost time claims are considered in the claim frequency analysis. The indemnity and medical indications are combined using a weighted average based on Policy Year 2009 ultimate on-level losses valued as of December 31, 2010.

Loss trend data comes from policy year financial data valued as of December 31, 2010 submitted to NYCIRB. Data from private carriers (excluding large deductible experience) and the State Insurance Fund (SIF) are separately adjusted to ultimate, and brought to current levels. Trends derived from this review of private carrier and SIF data are then weighted by Policy Year 2009 ultimate claim counts (for severity trends) and Policy

Year 2009 on-level premium (for frequency trend) for the trend analysis. The eight years of trend data in the current filing are 2002-2009. There is no available data for 2010.

Trend lines are calculated using exponential regression based on five and eight years of data. Historically, the trend indication has generally been based on five year exponential trend lines. The selected claim frequency and medical severity trend lines were based on the five year exponential trends, while the indemnity severity trend was based on an eight year exponential trend.

The wage factor is designed to account for rising payrolls, which exceed the corresponding increase in exposure to loss. The wage factor is based on published annual Department of Labor statistics for the historical experience period, as well as projections made in the New York State Assembly's 2011 Economic Report to trend from the historical to the prospective experience periods.

The filed indemnity claim cost trend is similar to the indication from last year's filing, while the medical claim cost trend has moderated somewhat when compared with last year's indication. The frequency numbers continue to decline, although at a lesser rate than the 2010 indication.

### C. Loss Adjustment Expense

The loss adjustment expense (LAE) provision was based on developing an ultimate ratio of paid Defense and Cost Containment Expense (DCCE) to paid losses, and a review of historical calendar year ratios of paid Adjusting and Other Expense (AOE) to paid losses. Private carrier financial data excluding large deductible experience on both policy year and accident year bases were used to determine the DCCE provision, while the AOE provision was based on a review of Insurance Expense Exhibit data. The selected DCCE provision of 0.100 was based on an average of the latest three years of policy year and accident year

ratios of ultimate DCCE to ultimate paid losses. An average of three, five, and fifteen years of ratios of calendar year paid AOE to losses all indicate an AOE provision of 0.080.

The change in the LAE factor from 1.189 to 1.180 results in a decrease of 0.8% to the loss cost level.

#### D. Legislative and Regulatory Changes

A number of legislative changes have been considered in this filing. As a result of New York Legislative Bill A.6163/S.3322, the maximum weekly benefit for injured workers is set to two-thirds of the statewide average weekly wage (SAWW) effective July 1, 2010, with additional annual revisions effective July 1 of each subsequent year tied to the change in the SAWW. The maximum weekly benefit increased from \$739.83 to \$772.96 effective July 1, 2011. NYCIRB estimates the loss cost impact of these actual and anticipated indemnity benefit changes from October 1, 2010 to average +1.4% over the prospective experience period.

Items affecting medical losses have also been reflected in this filing. The hospital inpatient fee schedule was revised effective December 2009 from a Diagnostic Related Group (DRG) to a new system based on All Patients Refined Diagnostic Related Groups (APR-DRG). The overall loss cost impact of the Hospital Inpatient Fee Schedule was stated as +0.5% in the filing. Evaluation and Management physician service fees were raised 30% by the Workers' Compensation Board on December 1, 2010. The estimated loss cost impact, which includes changes to the Chiropractor Fee Schedule, is +1.4%.

The combined effect of these legislative changes is a loss cost increase of 3.3%.

### E. Large Deductibles

In response to legislation effective July 1, 1990 the Department approved Large Deductible Programs for Workers' Compensation insurers in the State. Business written on a large deductible basis has grown significantly. When these programs were first introduced, it was believed by the industry that this business might be significantly better (in terms of underwriting results) than the business not written on this basis, and therefore should not be included with the rest of the ratemaking data. This could result from better claim control methods or the likelihood of superior risks choosing such a program. Data from recent years seem to show the reverse, that the experience indications from large deductible experience are now markedly worse than those from other business. It has always been the Department's position that large deductibles represented a portion of a continuum of risk characteristics. With this view the Department believes that large deductible experience should be included in the annual loss cost revision filing. This year, NYCIRB's filing contains large deductible data.

### F. Catastrophes

In December 2007, the Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) extended the federal backstop for terrorism exposure through December 31, 2014. In response to the increased carrier retentions required by the Act (20% of earned premium compared to 15% of earned premium through December 31, 2005), the loss cost provision for terrorism was increased to \$0.038 per \$100 of payroll as part of the October 1, 2008 loss cost filing. The current loss cost provision for natural disasters and catastrophic industrial accidents is \$0.008 per \$100 of payroll. For these hazards, payroll is a better

reflection of risk than premium, as the exposure to these hazards appears to be independent of the inherent risk of a given employment.

NYCIRB did not file for any changes in these factors in the 2011 filing.

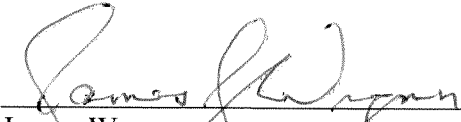
G. Assessments

A revision of the New York State Assessment was not included in this filing, as the information necessary to calculate this policy charge was not available from the Workers' Compensation Board. However, a revision to the New York State Assessment Charge will occur effective October 1, 2011.

**DECISION**

Based on the review of the loss cost filing as amended on July 14, 2011, and pursuant to the public hearing held on June 23, 2011, the Superintendent approves NYCIRB's request for an increase of 9.1% with an effective date of October 1, 2011.

DATED: July 15, 2011  
New York, New York

  
James Wrynn  
Superintendent of Insurance

# NEW YORK WORKERS COMPENSATION

October 1, 2011 Loss Cost Revision

## Explanatory Memorandum

This memorandum, together with the attached actuarial exhibits, provides supporting documentation for an overall loss cost level change of +10.4%, to become effective on October 1, 2011.

The proposed loss cost change is based on the latest statistical data reported by the Rating Board's member carriers and reflects the application of generally accepted actuarial principles and methodologies.

The elements contributing to the overall change are summarized below and are presented in detail on the following pages.

1. Change indicated by Policy Year 2009 experience	1.042
2. Change indicated by Policy Year 2008 experience	1.049
3. Average change indicated by experience $[(1) + (2)] / 2$	1.046
4. Change in prospective claim cost, frequency and wage levels	1.033
5. Change in loss adjustment expense (LAE)	0.992
6. Change due to experience, trend and LAE $(3) \times (4) \times (5)$	1.072
7. Change due to legislation and regulation	1.033
8. Indicated Manual Loss Cost Level Change $(6) \times (7)$	1.107
9. Change in catastrophe provision	1.000
10. Catastrophe loss cost as percent of total loss costs	0.024
11. Proposed Total Loss Cost Level Change $[(8) \times (1.0 - (10))] + [(9) \times (10)]$	1.104

A listing of the actuarial exhibits follows this explanatory memorandum in order to provide easy reference for reviewing the underlying support for this filing.

### 1. Experience of Policy Year 2009

The calculation of the indicated change in loss costs derived from the experience of Policy Year 2009 is presented as Exhibit B.

The experience of Policy Year 2009, valued as of December 31, 2010, has been compiled from the latest available statistical data submitted by the Rating Board's member companies. Similar to past years, large deductible experience is included in the determination of the indicated experience change. Although this experience is still viewed as unique and similar to self-insurance, its inclusion reflects the Insurance Department's long held position that this data should be included in the annual NYCIRB filing. Furthermore, at the previous direction of the Insurance Department, the policy year indication also includes the experience of the State Insurance Fund.

Beginning with policy year 2009, standard premiums are reported in the annual New York Financial Data Calls on a designated statistical reporting (DSR) level. DSR level represents standard premium reported to NYCIRB excluding the effect of carrier lost cost multipliers. As a result of removing loss cost multipliers, the premium becomes an expected loss cost level against which the actual loss experience can be measured.

With the premiums on a loss cost basis, they need to be brought to the current loss cost level. This adjustment is done in accordance with standard actuarial procedures, reflecting the latest approved loss cost level changes. This results in an overall on-level factor of 1.116 for policy year 2009. The on-level calculations can be seen in Exhibit D, Sheet 1.

Similar to previous filings, the Rating Board has utilized paid plus case losses for the policy year loss evaluation. Indemnity and medical losses were analyzed separately in recognition of the significant differences in their respective development patterns.

Losses emanating from the September 11, 2001 terrorist attacks have been excluded from the ratemaking data. Both policy year 2000 and policy year 2001 losses have been adjusted to remove the effects of the September 11, 2001 experience that was identified and reported under Catastrophe Code 48. The definition of Catastrophe Code 48 encompasses claims directly arising from the commercial airline hijackings of September 11, 2001 and the resulting subsequent events with accident dates of September 11, 2001 through September 14, 2001.

For loss development, two, three, four and five-year average link ratios, as well as a three-year average, calculated after excluding the highest and lowest points, were analyzed for both indemnity and medical. Development patterns can vary at various report levels, but especially at the more immature valuations. Consequently, this methodology uses the middle three of five factors for the first to tenth reports and three-year average factors from tenth to twentieth reports in order to smooth the impact of any variations in the observed development patterns. Separate development factors were derived for the non-large deductible experience, the large deductible experience, and the State Insurance Fund using this same methodology. This is consistent with the techniques used in previous filings.

The Rating Board has also used the same methodology as in previous filings for determining the tail factor portion of the ultimate loss development factors. This method utilizes three reports of data at two successive valuations, and averages these results with the tail factors calculated in the prior year's filing submission. The incorporation of the previous factors is appropriate in order to stabilize the effect, on development, of reserve changes occurring in older policy years.

Premium development factors for private carriers, similar to previous filings, are based on five-year averages which minimize fluctuations in the observed development patterns. In this filing, premium development for the non-large deductible experience is based on an average of the average development factors of all private carriers and factors for the private carriers excluding one large carrier's data. This exclusion and averaging were necessary because that carrier's premium development significantly skewed the overall development pattern. This large carrier's development pattern is not expected to continue in the future to the same extent as in the recent development history. For the large deductible experience, five year averages were used to determine the premium development factors, which is the same methodology that has been used in previous filings. The State Insurance Fund premium development factors are based on three year averages, which has also been the method used in prior filings.

The private carrier non-large deductible development data can be found in Exhibits BB, Sheets 1 thru 2D. For large deductible development, exhibits labeled as Exhibit CC, Sheets 1-2A are provided.

Exhibit DD, Sheets 1-2D contains the experience of the State Insurance Fund. These pages include premium development factors for the policy year, and separate indemnity and medical loss development factors. Because of the large volume of State Fund data, it is appropriate that projections of ultimate losses reflect this experience's own development patterns.

Policy year losses for the private carrier non-large deductible experience, State Fund experience and the large deductible experience are separately adjusted to an ultimate settlement basis, as described above. Losses are then adjusted to reflect the current benefit level. All losses in the experience period of policy years 2008 and 2009 have occurred subsequent to the 2007 reforms. In theory, losses that have occurred after the reform would not need to be adjusted for the full impact of the reform, as they are already at the post-reform level. In practice, however, this may not necessarily be the case. At the time of the 2010 loss cost revision, the NYCIRB had conducted a carrier survey, and it was determined that, as of 12/31/09, carriers were mostly reserving post-reform losses at the pre-reform benefit levels. It was therefore necessary to adjust post-reform losses by the full impact of the reform.

In advance of this filing, another carrier survey was conducted in early 2011. It was determined that, although, for the most part, carriers are still reserving at pre-reform benefit levels, more carriers are starting to reflect the reforms in their loss reserves. When examining the different components of the reform, it was determined that for the change in maximum weekly benefits, the reserves (as well as payments) do reflect post-reform levels. However, with respect to the elimination of the Special Disability Fund (SDF), the reserves as of 12/31/10 are at levels that are similar to where these reserves would have been set in a pre-reform environment. This is because the claims are very immature at this time and any impact of the elimination of the SDF will be reflected in the future development of these losses. As far as the PPD section of the reform (benefit duration caps), it was determined that, while many carriers are still setting reserves at pre-reform levels, some carriers do set reserves based on their estimates of post-reform benefits. The on-level *calculations* shown on Exhibit D, Sheet 2 reflect an assumption that carriers accurately reserve post-reform losses at the proper post-reform benefit levels. The displayed *selected* on-level factors reflect the following assumptions regarding loss reserves of post-reform losses:

- All reserves reflect post-reform maximum weekly benefit levels
- All reserves, at this point of their valuation, i.e., 12/31/10, do not reflect the elimination of the SDF
- 25% of losses reflect the elimination of lifetime benefits and application of duration caps on PPD losses
- 75% of losses *do not* reflect elimination of lifetime benefits and application of duration caps on PPD losses

In the selected on-level factors, the 25% of losses that are reflecting post-reform PPD benefits are not adjusted for the impact of the reform, but are expected to have a different development pattern than pre-reform losses. A development adjustment for these losses is implicitly reflected in the selected on-level factors. Exhibit D, Sheet 4 displays the assumptions with respect to how case reserves are handled post-reform, and the resultant on-level factors that have been calculated based on the aforementioned 75/25 split. Exhibit D, Sheet 5 provides the loss development adjustment that is embedded in the selected on-level factors.

Loss cost indications are calculated separately for the non-large deductible and large deductible experience and are then weighted on the basis of their respective net earned premiums to arrive at an increase of 4.2% in loss cost level based upon Policy Year 2009 experience.

## 2. Experience of Policy Year 2008

The calculation of the change in loss cost level indicated by the experience of Policy Year 2008 is presented in Exhibit C.

For policy year 2008, since a loss cost experience indication is being filed, it is first necessary to convert reported standard premium to a loss cost base. The premium as reported by the carriers is at the historical carrier rate levels. In policy year 2008, premiums are reported to the Rating Board based on the full rate level, i.e. including expenses, based on the rate level in effect for that policy year, for policies written October 1, 2008 and prior (75% of the policy year). The first step in the premium adjustment process is to remove all expenses included in the historical rates (except loss adjustment expenses (LAE), which are part of the loss costs) to bring the premium from a rate level to a loss cost level. The premiums generated by the expense constant, as well as the effect of deviations, are removed, and the remaining premiums are then multiplied by the latest approved loss and LAE ratio (.759).

For policies effective from October 1, 2008 through December 31, 2008 (25% of the policy year), premiums are reported reflecting the carriers' individual loss cost multipliers. The effect of these multipliers has been removed from this portion of the reported premium. For the private carriers, an average multiplier of 1.244, derived by weighting the approved multipliers for each carrier by their respective premiums, was used in this calculation. The actual multiplier for the State Insurance Fund was used for the Fund's portion of the experience.

With the policy year 2008 premiums having been brought to a loss cost basis, they are now adjusted to the current loss cost level by a factor of 1.064, which is derived in Exhibit D, Sheet 1.

Policy year 2008 loss experience, which is valued at a second report, has been adjusted to the current loss cost level and developed to an estimated ultimate settlement basis in a similar manner as described previously for the policy year 2009 experience.

Loss cost indications are calculated separately for the non-large deductible and large deductible experience and are weighted on the basis of their respective net earned premiums. The subsequent weighted average indicates an increase of 4.9% in loss cost level based on Policy Year 2008 experience.

### 3. Average Experience Change

With equal weights given to the 4.2% increase indicated by the Policy Year 2009 experience and the 4.9% increase indicated by the Policy Year 2008 experience, the average effect of experience is an increase of 4.6%.

### 4. Trend Factor Analysis

The presentation of the loss portion of the trend factor is similar to previous years in that indicated trends are expressed in terms of average annual changes in claim costs and claim frequencies. This year's methodology, which is the same as filed last year, bases the indicated frequency and severities directly on the combined financial data of all private carriers excluding large deductible experience, and the State Insurance Fund. Previously, separate frequencies and severities were calculated for the private carriers and State Fund and then combined on the basis of claim counts. The current methodology, which was introduced in the 2010 filing, eliminates the need to weigh together any of the underlying experience.

All data has been adjusted to current levels, i.e., the premiums underlying the frequency calculation are adjusted to the current loss cost level and losses are adjusted to an estimated ultimate settlement basis, as well as to the current benefit level in the same manner as previously described. Claim counts have also been adjusted to ultimate values.

It should be noted that the claim counts reported in the financial data include only lost-time claims, i.e., medical-only claim counts are not part of the analysis under this methodology. This produces a more realistic trend since, while medical-only cases represent over 60% of the total claims, they represent less than 4% of the losses. The inclusion of medical-only claims in a frequency and severity analysis can have a misleading effect on the final trend. The exclusion of medical-only claims results in a greater focus on medical costs on lost-time claims, which are a major cost driver in the workers compensation system.

Exhibit EE, Sheets 1-3 show the derivation of the indicated claim frequency trend and the claim cost trend for both indemnity and medical losses.

Claim frequency continues to decline in New York, but at a lesser rate than seen previously. Claim costs, however, continue to increase, with the indicated indemnity trend higher than seen last year. Medical claim cost trend also continues to increase, but at a lesser rate than calculated in the previous filing. In this revision, an annual frequency trend of -2.0% was selected based on the five year regression analysis. For indemnity severity, an 8 year exponential regression was used, resulting in an annual trend of 5.7%. For medical severity, the five year exponential regression produced the selected annual trend of 6.8%.

A wage trend analysis procedure, using both an exponential and linear regression of the latest five years of wage data from the New York State Department of Labor (DOL), was examined as part of the wage trend analysis as per the methodology used in previous years. The average weekly wages are derived directly from DOL statistics for all industries. The top half of Exhibit EE Sheet 4 shows the calculation of the wage trend factor produced by this methodology. However, in light of the current economic environment, the indicated annual wage trend of 1.3%, which is based on historical wage changes, will likely be exceeded during the trend period, i.e., from the experience period though the prospective policy period. According to the New York State Assembly's 2011 Economic Report, average wage growth is expected to be 2.9% in 2011 and 5.3% in 2012. Using these projections, the average annual expected wage growth from the experience period to the prospective filing period is 3.1%. The calculation can be seen on the bottom half of Exhibit EE Sheet 4. Consequently, a 3.1% annual wage trend has been selected for inclusion in the overall trend calculation.

As can be seen in Exhibit E, combining the frequency, severity and wage trends results in a combined annual trend of +1.0%. When projected over the entire trend period, the calculation produces an overall trend of +3.3%.

## 5. Loss Adjustment Expense

The indicated change in loss adjustment expense can be found on Exhibit F.

In this filing, similar to last year, loss adjustment expense has been determined on the basis of paid policy year and accident year Financial Call data for Defense and Cost Containment Expense (DCCE), and on Insurance Expense Exhibit data for Adjusting and Other Expense (AOE). The utilization of Financial Call data for determining DCCE provides a stable base for measuring these expenses and is the most current data available. Ratios of paid DCCE to paid loss is an accurate measure of these costs since any variability over time in reserves for either loss or DCCE does not enter the calculation of this factor. AOE continues to be based on Insurance Expense Exhibit data since it is the only data available with which to calculate this expense.

For both DCCE and AOE, the effects of the 2007 reforms on losses have been taken into account. The historical underlying policy year and accident year indemnity losses were brought to the post-reform benefit level in the manner that has been previously described. For AOE, ratios of indemnity to total loss were estimated for each calendar period and an average benefit adjustment factor was applied to the average AOE ratio. Similar to last year's filing, an average of the latest three years of policy year and accident year ratios was used to determine the final DCCE provision.

The use of the latest three years is considered to be responsive to the rising DCCE ratios observed in both the policy year and accident year experience. For AOE, the five-year average continues to be used for this element of loss adjustment expense.

The proposed 1.180 factor for LAE contributes -0.8% to the change in the overall loss cost level.

## 6. Legislative and Regulatory Changes

### a) Increase in Maximum Weekly Benefit

According to statute, the maximum weekly benefit for injured workers increased to 2/3 of the statewide average weekly wage on July 1, 2010, with additional annual increases, effective on July 1 of each subsequent year, keyed to the statewide average weekly wage as determined by the New York State Department of Labor.

The determination of the loss cost impact resulting from the statutory benefit changes that raise the maximum weekly benefit continues to be based on a universally accepted actuarial methodology developed by actuary Barney Fratello in a paper entitled *The Workers Compensation Injury Table and Standard Wage Distribution Table – Their Development and Use in Workers Compensation Insurance Ratemaking*, published by the Casualty Actuarial Society. This publication, or portions thereof, has been used for over fifty years by actuaries in all jurisdictions to price the effects of changes in the maximum weekly benefit that are either proposed or enacted by their respective state legislatures. The incorporation of a state's current statutory maximum weekly benefit, the new maximum weekly benefit, the state's average weekly wage and the 2010 'Standard Actuarial Wage Distribution Table' enable an actuary to produce an accurate estimate of the benefit cost when changes to the maximum are proposed or enacted.

The actual methodology used by the NYCIRB to calculate the effects of changes in the maximum weekly benefit is a Limit Factor Analysis, as set forth in Mr. Fratello's actuarial paper. For a better understanding of the method, the following should be especially noted:

- While the methodology refers to average benefits and wage levels, these are expressed in terms of ratios for use with the Wage Distribution Table and are not intended to be actual values.
- The methodology only measures changes in the minimum and maximum benefits, or percentage that these benefits bear to an employee's wages, and nothing more. It assumes that the current administrative functions within the workers compensation system and the level of disability or impairment of the injured workers that determines these benefits are at the current level.
- The methodology also reflects potential increases in utilization of the system as a result of the increase in benefits. In other states, when large benefit changes were enacted, it was often seen that more claimants applied for the more generous benefits, which resulted in higher actual effects than the actuarial estimates were able to predict.

The determination of the overall impact in New York of increasing the maximum weekly benefits as of July 1, 2011, and then on July 1, 2012 and July 1, 2013, can be found on the attached Exhibit G, in which Sheets 3 through 5 display the calculation of the 2011, 2012 and 2013 benefit changes, respectively. The methodology is performed separately for each injury type [death, permanent total, permanent partial major (>22,000 per claim), permanent partial minor (<22,000 per claim) and temporary] to recognize any variation in the maximum, as a percent of wage, that is provided for by statute. Recognition has also been given to the lower wage levels of PPD claimants and the manner of determining benefits that is used by the WCB

for PPD cases. This is consistent with last year's calculation.

Once the indicated changes are determined by injury type, these changes are applied to a distribution of incurred losses by injury type in order to obtain the estimated change in total indemnity costs. In this filing, a five year distribution of losses by injury type has been used to provide additional stability to this part of the analysis. The resultant indicated indemnity change is then weighted with the distribution of indemnity and medical losses based on 2009 policy year financial data to obtain an overall change. The NYCIRB analysis then includes a utilization factor of 1.10 that contemplates the additional utilization of the workers compensation system as a result of the significantly higher benefit level. This adjustment is consistent with the utilization factor used in last year's analysis.

The increases in the maximum weekly benefit, as summarized in Exhibit G, Sheet 2a, is expected to result in a 1.4% increase in total workers compensation claim costs.

b) Regulatory Changes

Hospital Inpatient Fee Schedule

The hospital inpatient fee schedule, applicable to all healthcare constituencies, was revised, effective December 2009, from a Diagnostic Related Group (DRG) basis to a new system based on All Patients Refined Diagnostic Related Groups (APR-DRG). Based on inpatient data records obtained from the New York State Department of Health, the indicated impact of this change has been estimated to range from +15% to +20%. However, the Workers' Compensation Board has indicated that, as a result of the reimbursement structure, the cost impact is most likely at the lower end of this estimated range. Consequently, +15.0%, was selected as the impact on workers compensation inpatient hospital costs. Based on external information, hospital inpatient costs are approximately 8% of total medical costs, which results in an overall loss cost impact of +0.5%.

The derivation of this change can be found in Exhibit G, Sheets 6.

Physician Fee Schedule

Evaluation and Management physician service fees were raised 30% by the Workers' Compensation Board (WCB) on December 1, 2010. With evaluation and management services accounting for approximately 20% of physician costs, and physician costs representing 52.6% of total medical costs, the estimated loss cost impact, shown on Exhibit G, Sheet 7, is +1.4%.

Chiropractic Fee Schedule

The Chiropractor Fee Schedule was also changed by the WCB on December 1, 2010 from a per office visit basis to a per modality basis. The WCB has estimated that this change will result in an increase in chiropractor costs of between 30% and 42%. However, the impact of this change is assumed to be already implicitly reflected in the calculation of the impact of the revised Physician Fee Schedule. Consequently, no additional loss cost impact is expected from this schedule change.

Medical Treatment Guidelines

Medical Treatment Guidelines, relative to four body parts, were implemented on a mandatory basis by the Workers' Compensation Board on December 1, 2010. An implicit savings from these guidelines was included as part of the reduced trend factor in the 2010 loss cost revision. In the current filing, as previously described, an explicit reflection of these savings is contained in the medical loss on-level factors for both the 2008 and 2009 experience years as found in Exhibits B and C. Any future savings as a result of the guidelines are expected to flow through subsequent loss experience.

c) 2007 Reforms

PPD Duration

It is too early to reevaluate the estimates of the impact of the sections of the reform relating to the implementation of benefit durations on non-schedule PPDs. First, Loss of Earnings Capacity Guidelines are not yet available. This makes the reserving process for PPD claims extremely difficult for the carriers. In addition, these claims, according to the carrier survey, would normally be classified at least two years after the date of the accident. The first post-reform claims are, therefore, just starting to emerge and no credible data is yet available to quantify any impact.

The mandatory settlement offers, as well as compelling carriers to pay the present values of these claims into the Aggregate Trust Fund, may significantly reduce the carriers' negotiation leverage in trying to reach a settlement and, as a result, put upward pressure on claim costs.

7. Catastrophe Provisions

In December 2007, the Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) extended the federal back stop for terrorism through December 31, 2014. In response to the increased carrier retentions required by the Act, the loss cost provision for terrorism was increased as part of the approved October 1, 2008 loss cost filing. The loss cost for natural disasters and catastrophic industrial accidents was also changed at that time.

In this filing, no change in the catastrophe provision for either terrorism or natural disasters and catastrophic industrial accidents is being proposed.

8. Industry Group Differentials

Industry group differentials are used to more equitably distribute the overall loss cost level change to individual employer classifications. Nine industry groups are used in this analysis and are listed below:

Food and Beverage Manufacturing	Stores and Dealers-Wholesale/Retail
Chemical Manufacturing	Professional and Office
All Other Manufacturing	Services
Contracting	Miscellaneous
Maritime, Admiralty and Federal	

The industry group methodology entails a compilation of the latest three years of Unit Statistical Plan data into the nine industry groups, and utilizes loss cost ratios as the basis for calculating a differential for each group relative to the statewide average (Exhibit I, Sheet 1). The underlying base is standard premium on current loss cost level and includes payroll development. Incurred losses have been developed to ultimate and are at the October 1, 2010 benefit level. The methodology includes trend and utilizes other factors as previously described. Credibility for each industry group is based on the three-year total number of compensable claims, with an industry standard of 12,000 lost-time claims, as the standard for full credibility. The credibility standard is intended to enable each industry group differential to be more representative of the actual experience of the respective industry groups. Partial credibility for each group is determined by the formula  $(N/T)^{1/2}$ , where N is the three-year total of lost-time claims for the industry group and T is 12,000 lost-time claims. The complement of credibility is the loss ratio for all groups combined. Indicated differentials are calculated by relating each credibility weighted industry group's loss ratio to the overall total loss ratio. As in past revisions, an additional refinement to the indicated differential is included which recognizes different wage trends by industry group (Exhibit I, Sheet 2). Furthermore, in the 2010 filing, the indicated differentials were capped at +/- .05 due to the change in the credibility formula that was introduced at that time. In this year's filings, and going forward, capping is no longer considered to be necessary

since the formula assures that each industry group will achieve its appropriate level.

The final differentials will be applied as part of the process which calculates loss costs from class pure premiums. The use of relativities by industry group provides a more refined and equitable distribution of the overall loss cost level to each class. To ensure overall balance, after the differentials are applied in the determination of class loss costs, a test of loss costs will become the final step in the process.

Loss cost changes for each classification will be limited to  $\pm 25\%$  from the calculated industry group change to minimize the swings in loss cost level by class while still maintaining a proper relativity structure.

#### **9. Construction Classification Territory Differentials**

In accordance with the Construction Employment Payroll Limitation Law (Chapter 135 of the Laws of 1998), the weekly payroll limitation for construction employments will increase to \$1,159.44 (the average statewide weekly wage) on July 1, 2011 as a result of the increase in the maximum weekly benefit.

In recognition of this payroll limitation relative to today's wage levels, indicated territory differentials have been developed in accordance with the methodology approved by the Department at the inception of this program in 1999. Updated construction wage data was obtained from the New York Department of Labor and was projected into the prospective policy period. The standard actuarial wage distribution table was then used to estimate the percentage of payroll by territory that would be eliminated by the \$1,159.44 weekly cap.

In Appendix A, a negative indicated off-balance is indicated. However, at this time, the reported payroll underlying the construction class pure premiums and loss costs are all at the capped payroll levels, which, effectively builds into the final loss costs an offset for the effect of the capped payrolls. Furthermore, with the maximum weekly benefit now based on the same wage level as the payroll cap, i.e., NYDOL average weekly wage, the standard calculation of the territory differentials produces factors that indicate that these differentials are no longer necessary.

The statewide differential, proposed for October 1, 2011 and subsequent years, is 0.0% which reflects the following differentials by territory: Territory 1 (NYC): 0.0%; Territory 2 (surrounding counties): 0.0%; Territory 3 (remainder): 0.0%.

#### **10. Classification Pure Premiums**

Classification pure premiums are based on the experience of all carriers for the five policy years 2004 - 2008, excluding the experience of self-rated risks. In addition, losses over \$1,600,000 per claim (State Act) and \$2,400,000 (Federal Act) are excluded from the pure premium development. Consistent with past revisions, five years of experience are used to determine the proposed pure premiums for all classes, irrespective of credibility.

Complete details with respect to the classification experience are contained in a separate document that will be provided to the Department under separate cover.

#### **11. Changes in Loss Cost by Classification and Industry Group**

A table showing the percentage change in loss cost level for each classification and industry group and the number of classifications for which loss costs are to be increased or decreased, as well as those to which no change will be applicable, will be provided upon approval.

**12. Total Change**

As a result of the above analyses, a manual loss cost level change of +10.7% is indicated. When combined with no change in the catastrophe provisions, an overall +10.4% change is proposed.

**13. New York State Assessment**

A separate identifiable policy charge, referred to as the New York State Assessment, has been in effect since April 1, 1994 as the mechanism to fund the costs of the Workers' Compensation Board, the Reopened Case Fund, the Special Disability Fund, the Special Funds Conservation Committee and Interdepartmental Expenses. The current percentage charge calculated by the Rating Board, effective October 1, 2010, is 18.1% of standard premium.

At this time, the Rating Board has not yet received the necessary information from the Workers' Compensation Board to calculate the assessment percentage for October 1, 2011. Furthermore, the assessment percentage will depend on projected premiums, which can only be finalized after approval of this filing. Following approval and receipt of the necessary information from the WCB, the October 1, 2011 New York State Assessment calculation will be provided to the Department.

**14. Effective Date**

It is proposed that the filed loss costs and related rating values, after approval by the Insurance Department, become effective on October 1, 2011 for new and renewal business, observing the established rating anniversary date in accordance with the provisions of Rule I, Section G of the New York Workers Compensation and Employers Liability Manual.