

NEW YORK COMPENSATION INSURANCE RATING BOARD
200 East Forty Second Street, New York, New York, 10017
Telephone (212) 697-3535 Fax (212) 972-1393
malmer@nycirb.org

MONTE ALMER
PRESIDENT

May 14, 2010

Hon. James J. Wrynn
Superintendent of Insurance
New York State Insurance Department
25 Beaver Street
New York, New York 10004-2319

Dear Sir:

Re: **Workers Compensation – New York
Loss Cost Revision
Effective October 1, 2010**

Pursuant to Article 23 of the Insurance Law of the state of New York, and in accordance with the authorization of the Board of Governors, we are filing for your approval, on behalf of the members and subscribers of the New York Compensation Insurance Rating Board, revised workers compensation loss costs to become effective October 1, 2010 on new and renewal business.

Included with this filing letter is an explanatory memorandum which contains the methodologies and actuarial exhibits underlying the development of the proposed loss cost change based upon the latest available statistical data. A schedule of classification loss costs and related rating values and their derivations will be submitted under a separate cover.

The proposed loss cost revision contemplates both increases and decreases for individual classifications, resulting in an average loss cost increase of 7.7%.

Please note that we are not including a revised New York State Assessment in this filing. Information necessary to calculate this policy charge is not yet available from the Workers' Compensation Board. Once this information is received, we will forward the October 1, 2010 assessment percentage to you under a separate cover.

We respectfully request your earliest possible review and approval of this filing.

Very truly yours,

Monte Almer
President

MA/ab
Encl.

NEW YORK COMPENSATION INSURANCE RATING BOARD



PROPOSED

2010 Loss Cost Revision

Effective October 1, 2010

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NEW YORK WORKERS COMPENSATION

October 1, 2010 Loss Cost Revision

Explanatory Memorandum

This memorandum, together with the attached actuarial exhibits, provides supporting documentation for an overall loss cost level change of +7.7%, to become effective on October 1, 2010.

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 2008 experience	1.029
2.	Change indicated by Policy Year 2007 experience	1.029
3.	Average change indicated by experience $[(1) + (2)] / 2$	1.029
4.	Change in prospective claim cost, frequency and wage levels	1.000
5.	Change in loss adjustment expense (LAE)	1.004
6.	Change due to experience, trend and LAE $(3) \times (4) \times (5)$	1.033
7.	Change due to legislation	1.045
8.	Indicated Loss Cost Level Change $(6) \times (7)$	1.079
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 $[(8) \times (1.0 - (10))] + [(9) \times (10)]$	1.077

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

Consistent with the 2009 filing, two years of policy year experience are being used to determine the overall experience indication. Although the inclusion of the latest accident year could provide a more recent view of experience, there are several aspects inherent in the policy year base that strongly indicate that the use of two policy years is a better all-around experience base for ratemaking purposes. Specifically:

- Policy year data at second report is more mature than accident year experience at first report.
- Policy year data represents an exact match of premium and losses from the same set of policies. Accident year losses do not necessarily match the premiums that were written in the same year.

- Because accident year losses are more immature than policy year, larger development factors are necessary to project them to an ultimate settlement basis, which increases the chance of inaccuracies in the ultimate losses.
- The use of two policy years, in lieu of one policy year and one accident year, eliminates the overlap, or double counting, of a certain period of experience that is common to both the latest policy year and latest accident year.
- Using two policy years will result in more stable outcomes since completely new data is not being introduced in each annual filing. This stability concept is particularly important in the loss cost environment since more stable indications from year to year will lessen the need for the carriers to revise their loss cost multipliers whenever there is a loss cost change.

This method was approved by the Department in the 2009 loss cost filing.

1. Experience of Policy Year 2008

The calculation of the indicated change in loss costs derived from the experience of Policy Year 2008 is presented as Exhibit B.

The experience of Policy Year 2008, valued as of December 31, 2009, has been compiled from the latest available statistical data submitted by the Rating Board's member companies. Similar to recent 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.

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.

Once the premiums have been converted to 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 0.987 for PY 2008 and 0.894 for PY 2007. The on-level calculations can be seen in Exhibit E, 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 nineteenth in order to smooth the impact of the variations in the observed development patterns. Separate development factors were derived for the non-large deductible, 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 further smooth the effect on development of reserve changes occurring in older policy years.

Premium development factors, similar to previous filings, are based on five-year averages which minimize fluctuations in the observed development patterns.

The private carrier non-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, 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. The experience period of PY 2007 and PY 2008 includes both pre-reform losses and post-reform losses. Pre-reform losses are being adjusted for the full impact of the reform. 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 2009 loss cost revision, the NYCIRB had conducted a carrier survey, and it was determined that, as of 12/31/08, carriers were still 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 2010. 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 12/31/09 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., 12/31/09, do not reflect the elimination of the SDF
- 20% of losses reflect the elimination of lifetime benefits and application of duration caps on PPD losses
- 80% of losses *do not* reflect elimination of lifetime benefits and application of duration caps on PPD losses

In the selected on-level factors, the 20% 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 80/20 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 a increase of 2.9% in loss cost level based upon Policy Year 2008 experience.

2. Experience of Policy Year 2007

The calculation of the change in loss cost level indicated by the experience of Policy Year 2007 is presented in Exhibit C.

Policy Year 2007 experience, which is valued at a second report, has been adjusted to the current loss cost level and developed to an estimated settlement basis in a similar manner as described previously for the Policy Year 2008 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 2.9% in loss cost level based on Policy Year 2007 experience.

3. Average Experience Change

With equal weight being given to the 2.9% increase indicated by the Policy Year 2008 experience and the 2.9% increase indicated by the Policy Year 2007 experience, the average effect of experience is an increase of 2.9%.

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 on the policy year financial data, with the accident year data being used as a secondary indicator in the trend analysis. In addition, the indicated frequency and severity trends are based directly on the financial data of all private carriers excluding large deductible experience, and including 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 eliminates the need to weigh together any of the underlying experience.

All data has been adjusted in the same manner as in the previous filing, 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 under 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 similar rate as seen previously. Claim costs, however, continue to increase, with both the indicated indemnity and the medical trend higher than seen in the previous filing.

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), is used in the wage trend calculation which is the same methodology as used in previous years. The average weekly wages are derived directly from DOL statistics for all industries. 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 3.0%, which is based on historical wage changes, will likely exceed the actual wage levels during the trend period, i.e., from the experience period though the prospective policy period. According to the New York State Assembly's 2010 Economic Report, wage growth is expected to be 2.2% in 2010 and 3.8% in 2011. Consequently, a 2.5% annual wage trend has been selected for inclusion in the overall trend calculation.

The described trend methodology results in a combined annual trend of +1.5%. When projected over the entire trend period, the calculations produces an overall trend of +5.0%. However, with the effects of the 2007 reforms being mostly unknown or uncertain at this time, the pending introduction of impairment guidelines and mandatory medical treatment guidelines, and in view of the current economic uncertainty, a unity trend factor has been selected for the prospective policy period.

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. For DCCE in this year's filing, an average of the latest three years of policy year and accident year ratios, in lieu of the previous selection of five years, was used to determine the final DCCE provision. The use of the latest three years is considered to be more 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 1.189 factor for LAE results in a +0.4% change in the overall loss cost level.

6. Legislative Changes

a) Increase in Maximum Weekly Benefit

According to statute, the maximum benefits for injured workers will increase from \$600 per week 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 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 '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 large 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 benefit from \$600 to 2/3 of the statewide average weekly wage per week as of July 1, 2010, and then on July 1, 2011 and July 1, 2012, can be found on the attached Exhibit G, Sheet 1. Exhibit G, Sheets 2 through 4 display the calculation of the 2010, 2011 and 2012 benefit changes, respectively. The methodology is performed separately for each major 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 the latest distribution of incurred losses by injury type in order to obtain the estimated change in total indemnity costs. The resultant indicated indemnity change is then weighted with the distribution of indemnity and medical losses based on 2008 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 increase in the maximum weekly benefit is expected to result in a 4.5% increase in total workers compensation claim costs.

b) Other Legislative Changes

Hospital Inpatient Rates

New hospital inpatient rates, applicable to all healthcare constituencies, have recently been implemented in New York. Although these rates impact workers compensation treatment costs, data is not presently available with which to quantify these effects. The Rating Board is attempting to obtain the data necessary to evaluate any impact that may result from these changes in inpatient reimbursement rates. Nevertheless, this was given consideration when selecting the final trend factor.

Medical Treatment Guidelines

Medical treatment guidelines, relative to four body parts, was developed and published by the Workers' Compensation Board in 2008. At this time, the guidelines are not mandatory. Medical care may improve as a result of the guidelines either by increasing the level of treatment in some cases or by decreasing the amount of treatment in other cases. In addition, the level of system utilization may depend on the enforceability of the guidelines. In the long term, the guidelines may also result in a decrease in return to work time. These effects cannot be quantified at this time and will be reflected through future loss experience. Consequently, no explicit provision has been included in this filing for this section of the reform. Nevertheless, possible savings that may result from the mandatory implementation of these guidelines were considered in the selection of the final trend factor.

PPD Duration

It is also 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, impairment rating guidelines are not yet published. This makes the reserving process for PPD claims extremely difficult. 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.

In summary, there is still significant uncertainty in the way the claims process will evolve under the new system. Therefore, while not including any new explicit reform provisions in this filing, the Rating Board will continue to monitor and study the reform, conduct additional surveys, and examine other possibilities to obtain data which may be helpful in reevaluating cost impacts of the reforms that may be reflected in future loss cost filings.

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 ratios as the basis for calculating a differential for each group relative to the statewide average (Exhibit I, Sheet 1). The underlying premium base is standard premium on current loss cost level and includes payroll development. Incurred losses have been developed to ultimate and are at the pre-2007 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, in lieu the total number of lost-time claims for all groups combined, as the standard for full credibility. This change in the credibility standard is intended to enable each industry group differential to be more representative of the actual experience of the respective industry groups. In addition, the power in the partial credibility formula has been changed to one-half, in lieu of two-thirds. Partial credibility for each group in this revision is, therefore, now 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 recognition that some industry groups might undergo large changes in their differentials as a result of the change in the credibility standard, each group's differential has been capped at +/- .05 from what the differential would have been under the previous credibility formula.

Exhibit I, Sheets 3 and 4 provide indicated differentials using the previous credibility standard and the results of the capping procedure, respectively. 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 Off-Balance

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 \$1,109.75 (the average statewide weekly wage) on July 1, 2010 as a result of the increase in the maximum weekly benefit.

In recognition of this payroll limitation relative to today's wage levels, revised 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 \$1,109.75 weekly cap.

In this year's calculation, a negative indicated off-balance was derived. Nevertheless, there will still be some employees whose payroll will be capped at the \$1,109.75 level so that differentials are still appropriate despite the negative indication. Consequently, this revision proposes that the current differentials remain in place and that a resultant -2.9% offset be applied to the otherwise calculated loss costs for the construction classes.

The average statewide differential, proposed for October 1, 2010, is 0.4% which, when calculated by territory, is as follows: Territory 1 (NYC): 0.5%; Territory 2 (surrounding counties): 0.4%; Territory 3 (remainder): 0.3%.

The derivation of the October 1, 2010 territory differentials can be found in Appendix A.

10. Classification Pure Premiums

Classification pure premiums are based on the experience of all carriers for the five policy years 2003 - 2007, excluding the experience of self-rated risks. In addition, losses over \$1,200,000 per claim (State Act) and \$1,800,000 (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 loss cost level change of +7.9% is indicated. When combined with no change in the catastrophe provisions, an overall +7.7% 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, 2009, is 14.2% 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, 2010. When this information is received, the October 1, 2010 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, 2010 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.

WORKERS COMPENSATION - NEW YORK

GENERAL LOSS COST REVISION - OCTOBER 1, 2010

SUMMARY - ALL ELEMENTS

1.	Loss Cost change indicated by Policy Year 2008 Experience (Exhibit B)	1.029
2.	Loss Cost change indicated by Policy Year 2007 Experience (Exhibit C)	1.029
3.	Average Loss Cost change indicated by Experience $[(1)+(2)] / 2$	1.029
4.	Projected change in Loss Costs (Trend Exhibit E)	1.000
5.	Change in Loss Adjustment Expenses (LAE) (Exhibit F)	1.004
6.	Change due to Experience, Trend, and LAE $[(3) \times (4) \times (5)]$	1.033
7.	Legislative Changes (Exhibit G)	1.045
8.	Indicated Total Loss Cost Change $[(6) \times (7)]$	1.079
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 $[(8) \times (1.0 - (10))] + [(9) \times (10)]$	1.077

NEW YORK WORKERS COMPENSATION

Determination of Change in Manual Loss Cost Level

Experience of All Carriers

Policy Year 2008 Experience

	Valued as of <u>12/31/2009</u> (1)	To 9/30/2010 <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)
1. Expected Total Losses**						
a. Excl. Large Ded.	1,532,171,582	0.987	1.000	1,512,253,351		
b. Large Deductible	569,707,444	0.987	1.012	569,048,862		
c. SIF	1,107,761,849	0.987	0.993	1,085,707,418		
d. Total Std. Ed. Prem. a+c	2,639,933,431			2,597,960,769		
2. Case Basis Indemnity Losses						
a. Excl. Large Ded.	395,980,666	0.776	2.376	729,911,478	0.483	-----
b. Large Deductible	142,725,767	0.776	2.800	310,034,620	-----	0.545
c. SIF	262,752,097	0.776	2.329	474,750,526	0.437	-----
d. Total Ind. Losses a+c	658,732,763			1,204,662,004	0.464	-----
3. Case Basis Medical Losses						
a. Excl. Large Ded.	338,846,176	1.000	1.997	676,675,813	0.447	-----
b. Large Deductible	125,651,211	1.000	2.252	282,966,527	-----	0.497
c. SIF	203,063,311	1.000	1.758	356,985,301	0.329	-----
d. Total Med. Losses a+c	541,909,487			1,033,661,114	0.398	-----
4. Indicated Change in Indemnity & Medical Loss Costs					0.862	1.042
Col.(5) = (2d) + (3d); Col. (6) = (2b) + (3b)						
5. Loss Cost Change, incl. Loss Adjustment Expense		(4) x	1.184		1.020	1.234
6. Weights Based on Net Earned Premium					0.957	0.043
7. Final Policy Year 2008 Loss Cost Indication						1.029
[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.

** The derivation of PY 2008 expected losses is described in the explanatory memorandum.

Underlying standard earned premium excludes expense constant premium of	\$46,529,149
Underlying large deductible premium excludes expense constant premium of	\$2,090,651
Underlying SIF standard earned premium excludes expense constant premium of	\$41,950,800

NEW YORK WORKERS COMPENSATION

Determination of Change in Manual Loss Cost Level

Experience of All Carriers

Policy Year 2007 Experience

	Valued as of <u>12/31/2009</u> (1)	To 9/30/2010 <u>Levels #</u> (2)	Development <u>Factors *</u> (3)	Adjusted Data <u>(1) x (2) x (3)</u> (4)	Excl. Lge. Ded. <u>Loss Cost Change</u> (5)	Lge. Ded. <u>Loss Cost Change</u> (6)
1. Expected Total Losses**						
a. Excl. Large Ded.	1,544,972,355	0.894	0.996	1,375,680,464		
b. Large Deductible	680,974,710	0.894	0.991	603,312,268		
c. SIF	1,205,006,946	0.894	0.988	1,064,348,895		
d. Total Std. Ed. Prem. a+c	2,749,979,301			2,440,029,359		
2. Case Basis Indemnity Losses						
a. Excl. Large Ded.	478,327,016	0.803	1.689	648,900,726	0.472	-----
b. Large Deductible	203,453,616	0.803	1.831	299,210,932	-----	0.496
c. SIF	383,015,563	0.803	1.462	449,766,902	0.423	-----
d. Total Ind. Losses a+c	861,342,579			1,098,667,628	0.450	-----
3. Case Basis Medical Losses						
a. Excl. Large Ded.	378,375,633	0.995	1.675	630,610,289	0.458	-----
b. Large Deductible	155,868,560	0.995	1.786	276,989,342	-----	0.459
c. SIF	263,189,804	0.995	1.461	382,597,702	0.359	-----
d. Total Med. Losses a+c	641,565,437			1,013,207,991	0.415	-----
4. Indicated Change in Indemnity & Medical Loss Costs Col.(5) = (2d) + (3d); Col. (6) = (2b) + (3b)					0.865	0.955
5. Loss Cost Change, incl. Loss Adjustment Expense (4) x			1.184		1.024	1.131
6. Weights Based on Net Earned Premium					0.953	0.047
7. Final Policy Year 2007 Loss Cost Indication						1.029
[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	\$46,334,669
Underlying large deductible premium excludes expense constant premium of	\$2,285,131
Underlying SIF standard earned premium excludes expense constant premium of	\$41,950,800

New York Workers Compensation

Determination of On-level Factors

Section A - Factor Adjusting 2007 Policy Year Loss Costs to Present Level

	(1)	(2)	(3)	(4)	(5)
	Rate	Cumulative		Product	Adj. Factor
Date	Level	Index	Weight	(2)x(3)	Cumulative Index/ Sum Column (4)
	Change				
NR 10/01/05	Base	1.000	0.281	0.281	0.894
OS 10/01/07	0.839	0.839	0.469	0.393	
NR 10/01/07	0.809	0.809	0.250	0.202	
NR 10/01/08	0.926	0.749			
NR 10/01/09	1.046	0.784			
				0.877	

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

	(1)	(2)	(3)	(4)	(5)
	Rate	Cumulative		Product	Adj. Factor
Date	Level	Index	Weight	(2)x(3)	Cumulative Index/ Sum Column (4)
	Change				
NR 10/01/07	Base	1.000	0.750	0.750	0.987
NR 10/01/08	0.926	0.926	0.250	0.232	
NR 10/01/09	1.046	0.969			
				0.982	

New York Workers Compensation

Determination of On-level Factors

Section C - Factor Adjusting 2007 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)
01/01/06	Base	1.000	0.019	0.019	1.076*
03/13/07	0.563	0.563	0.106	0.060	
07/01/07	1.285	0.723	0.750	0.542	
07/01/08	1.035	0.748	0.125	0.094	
07/01/09	1.028	0.769			
				0.715	

* Selected: 0.803 (See Sheet 4 and Explanatory Memorandum)

Section D - 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	1.029*
07/01/08	1.035	1.035	0.749	0.775	
07/01/09	1.028	1.064	0.127	0.135	
				1.034	

* Selected: 0.776 (See Sheet 4 and Explanatory Memorandum)

New York Workers Compensation

Determination of On-level Factors

Section E - Factor Adjusting 2007 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)
01/01/06	Base	1.000	0.281	0.281	0.995
10/01/07	0.983	0.983	0.719	0.707	
				<u>0.988</u>	

Section F - 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)
01/01/07	Base	1.000	1.000	1.000	1.000
				<u>1.000</u>	

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 07	PY 08	
A	All Carriers' reserves of post reform losses are low reflecting: Post reform durations (i.e. duration caps)	1.240	1.211	Yes
B	All Carriers' reserves of post reform losses based on pre-reform benefits i.e. pre-reform durations (i.e. lifetime)	0.710	0.683	No

Selected Onlevels Using 20/80 Split:

	<u>PY 2007</u>	<u>PY 2008</u>	<u>Weights</u>
(1) Method A	1.240	1.211	
(2) LDF Adjustment	0.948	0.947	
(3) Adjusted Method A	1.176	1.147	20%
(4) Method B	0.710	0.683	80%
(5) Final ONLEVEL FACTOR	0.803	0.776	

Development: Reform Adjustment Summary

Paid + Case		1st to 19th			19th to Ult			1st to Ult Adjustment	Total Full Year Adjustment	% of year impacted	Total Adjustment	Final Statewide Adjustment
		Original	Restated	Adjustment	Original	Restated	Adjustment					
PY 07	PC	2.308	2.221	0.962	1.030	1.014	0.984	0.947	-5.3%	98%	-5.2%	-5.2%
	SIF	2.242	2.165	0.966	1.039	1.018	0.980	0.946	-5.4%	98%	-5.3%	0.948
PY 08	PC	2.308	2.221	0.962	1.030	1.014	0.984	0.947	-5.3%	100%	-5.3%	-5.3%
	SIF	2.242	2.165	0.966	1.039	1.018	0.980	0.946	-5.4%	100%	-5.4%	0.947

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	1.019
(2) Development portion	0.019
(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)	0.011
(7) Development portion that is other than NSPPD (2)-(6)	0.008
(8)* % of cases effected by limited duration	60%
(9) Restated NSPPD Development portion (6) x [1-(8)]	0.004
(10) Restated total development 1+(9)+(7)	1.012

* row (8) assumes at this point in the development, 60% are cases are now limited, whereas before they were still developing. 40% 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

	<u>Average Annual Change</u>
(A) Annual Loss Trend (See Exhibit EE)	
(1) Selected Indemnity Claim Cost Trend	1.055
(2) Selected Indemnity Claim Frequency Trend	0.975
(3) Indemnity Loss Trend [(1) x (2)]	1.029
(4) Selected Medical Claim Cost Trend	1.080
(5) Selected Medical Claim Frequency Trend	0.975
(6) Medical Loss Trend [(4) x (5)]	1.053
(7) Indemnity Weight*	0.530
(8) Medical Weight*	0.470
(9) Indicated Annual Loss Trend [(3)x(7) + (6)x(8)]	1.040
(B) Annual Wage Trend (Selected)	1.025
(C) Annual Loss/Wage Trend (A9) / (B)	1.015
(D) Selected Loss/Wage Trend	1.000
(E) Trended to Average Accident Date (D) ^{3.25}	1.000
(F) Final Loss/Wage Trend Factor	1.000

* Policy Year 2008 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 @12/09						Paid Defense & Cost Containment Expense by Accident Year @12/09					
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
1994	56,242,328	1.093	61,472,865	896,685,385	0.069	1995	55,276,790	1.082	59,809,487	939,390,705	0.064
1995	50,679,392	1.095	55,493,934	868,755,893	0.064	1996	48,687,308	1.091	53,117,853	796,677,888	0.067
1996	50,327,180	1.110	55,863,170	800,279,557	0.070	1997	53,992,316	1.105	59,661,509	867,614,158	0.069
1997	55,746,072	1.124	62,658,585	866,255,697	0.072	1998	58,298,697	1.119	65,236,242	936,070,547	0.070
1998	62,216,016	1.145	71,237,338	994,971,467	0.072	1999	67,087,649	1.137	76,278,657	1,068,704,276	0.071
1999	70,120,571	1.173	82,251,430	1,073,257,847	0.077	2000	70,892,636	1.172	83,086,169	1,123,162,230	0.074
2000	73,890,374	1.205	89,037,901	1,089,805,960	0.082	2001	69,866,610	1.212	84,678,331	1,061,911,375	0.080
2001	68,447,400	1.255	85,901,487	993,371,373	0.086	2002	68,250,812	1.247	85,108,763	1,049,411,346	0.081
2002	68,667,691	1.326	91,053,358	1,050,268,969	0.087	2003	65,266,516	1.318	86,021,268	1,048,998,389	0.082
2003	64,352,732	1.403	90,286,883	1,005,898,081	0.090	2004	60,553,172	1.415	85,682,738	935,104,107	0.092
2004	59,307,082	1.513	89,731,615	902,140,532	0.099	2005	57,470,239	1.545	88,791,519	936,574,725	0.095
2005	57,570,077	1.686	97,063,150	925,521,341	0.105	2006	58,066,627	1.762	102,313,397	971,054,694	0.105
2006	55,332,811	1.972	109,116,303	973,175,052	0.112	2007	55,258,449	2.147	118,639,890	1,124,122,204	0.106
2007	53,111,264	2.564	136,177,281	1,212,640,839	0.112	2008	45,039,726	3.143	141,559,859	1,326,327,733	0.107
2008	36,877,719	4.384	161,671,920	1,355,835,325	0.119	2009	17,395,278	9.216	160,314,882	1,473,559,532	0.109

Source: New York Financial Data Calls				Source: New York Financial Data Calls
* Indemnity losses are adjusted to the current benefit level.	All Year Average	0.088		* Indemnity losses are adjusted to the current benefit level.
	Average 2004-2008	0.110		Average 2005-2009
	Average 2006-2008	0.115		Average 2007-2009
				0.107

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)
1995	9,558,603,000	1,033,949,000	0.0075	0.69	0.080
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

Source: Insurance Expense Exhibit	
* (5) = ((2)/(1)+(3)) x (4)	All Year Average *
	0.080
	5 Year Average *
	0.078
	3 Year Average *
	0.080
	* Adj for reform by factor of 0.892
	Final DCCE
	(3 yr avg PY & AY)
	Final AOE
	<u>0.078</u>
	Total LAE
	0.189
	Current LAE
	0.184
	Change in LAE
	1.004

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, 2010	\$740	4.1%	1.041	0.281	1.2%
July 1, 2011	\$758	0.4%	1.045	0.688	3.1%
July 1, 2012	\$777	0.4%	1.049	0.031	0.2%
				Total Filing Impact	4.5%

New York Workers Compensation

Maximum @ July 1, 2010 = 2/3 SAWW Per Week

1 Injury Type	Death		Permanent Total		Perm Partial - Major		Perm Partial - Minor		Temporary	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
2 Effective Date	July 1, 2009	July 1, 2010	July 1, 2009	July 1, 2010	July 1, 2009	July 1, 2010	July 1, 2009	July 1, 2010	July 1, 2009	July 1, 2010
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	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
5 Maximum Comp	\$600.00	\$739.87	\$600.00	\$739.87	\$600.00	\$739.87	\$600.00	\$739.87	\$600.00	\$739.87
6 Eff Wkly Wage for Min (4)/(3)	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99
7 Eff Wkly Wage for Max (5)/(3)	\$899.96	\$1,109.75	\$899.96	\$1,109.75	\$899.96	\$1,109.75	\$899.96	\$1,109.75	\$899.96	\$1,109.75
8 Avg Weekly Wage	\$1,336.40	\$1,336.40	\$1,336.40	\$1,336.40	\$522.60	\$522.60 **	\$522.60	\$522.60 **	\$1,336.40	\$1,336.40
9 Ratio to Avg -Min- (6)/(8)	0.11	0.11	0.11	0.11	0.29	0.29	0.29	0.29	0.11	0.11
10 Ratio to Avg -Max- (7)/(8)	0.67	0.83	0.67	0.83	1.72	2.12	1.72	2.12	0.67	0.83
11 "B" Value for (9)	0.0256	0.0256	0.0256	0.0256	0.6388	0.6388	0.6388	0.6388	0.0256	0.0256
12 "B" Value for (10)	14.3175	25.2152	14.3175	25.2152	79.5816	90.2417	79.5816	90.2417	14.3175	25.2152
13 Difference (12) - (11)	14.2919	25.1896	14.2919	25.1896	78.9428	89.6029	78.9428	89.6029	14.2919	25.1896
14 "A" Value for (9)	0.3852	0.3852	0.3852	0.3852	3.1487	3.1487	3.1487	3.1487	0.3852	0.3852
15 "A" Value for (10)	29.8444	44.3991	29.8444	44.3991	90.5626	96.2015	90.5626	96.2015	29.8444	44.3991
16 Difference 100 - (15)	70.1556	55.6009	70.1556	55.6009	9.4374	3.7985	9.4374	3.7985	70.1556	55.6009
17 (9) x (14)	0.0424	0.0424	0.0424	0.0424	0.9131	0.9131	0.9131	0.9131	0.0424	0.0424
18 Product (10) x (16)	47.0043	46.1487	47.0043	46.1487	16.2323	8.0528	16.2323	8.0528	47.0043	46.1487
19 'Limit' Factor ((13) + (17) + (18))	61.3385	71.3807	61.3385	71.3807	96.0883	98.5688	96.0883	98.5688	61.3385	71.3807
20 Eff. Avg. Weekly Wage (8) x (19)	\$819.73	\$953.93	\$819.73	\$953.93	\$502.15	\$515.12	\$502.15	\$515.12	\$819.73	\$953.93
21 Average Weekly Benefit	\$546.51	\$635.99	\$546.51	\$635.99	\$334.79	\$343.43	\$334.79	\$343.43	\$546.51	\$635.99
22 Indicated Change in Costs	-	16.4%	-	16.4%	-	2.6%	-	2.6%	-	16.4%

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

New York Incurred Losses *	July 1, 2009	Benefit Change	July 1, 2010
Death	\$87,516,990	16.4%	\$101,869,776
Permanent Total	\$298,813,664	16.4%	\$347,819,105
Permanent Partial - Major	\$999,258,384	2.6%	\$1,025,239,102
Permanent Partial - Minor	\$39,954,851	2.6%	\$40,993,677
Temporary	\$118,484,471	16.4%	\$137,915,924
Total Indemnity	\$1,544,028,360	7.1%	\$1,653,837,585

* Policy Year 2007 Unit Statistical Plan data for all carriers, on level and developed to estimated ultimate.

Indemnity Losses as Percent of Total Losses #	0.519
Medical Losses as Percent of Total Losses #	0.481

2010 Loss Cost Filing

Estimated Claim Cost Effect of Benefit Change = 3.7%
 $((0.519 \times 1.071 + (0.481 \times 1.00)) - 1.00)$

Factor to Reflect Expected Increase in System Utilization 1.10

Estimated Rate Level Effect of Benefit Change = 4.1%

Estimated Premium Effect of Benefit Change = \$140,736,532

New York Workers Compensation

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

1	Injury Type	Death		Permanent Total		Perm Partial - Major		Perm Partial - Minor		Temporary	
		Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
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	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
5	Maximum Comp	\$739.87	\$758.37	\$739.87	\$758.37	\$739.87	\$758.37	\$739.87	\$758.37	\$739.87	\$758.37
6	Eff Wkly Wage for Min (4)/(3)	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99
7	Eff Wkly Wage for Max (5)/(3)	\$1,109.75	\$1,137.49	\$1,109.75	\$1,137.49	\$1,109.75	\$1,137.49	\$1,109.75	\$1,137.49	\$1,109.75	\$1,137.49
8	Avg Weekly Wage	\$1,369.81	\$1,369.81	\$1,369.81	\$1,369.81	\$535.66	\$535.66 **	\$535.66	\$535.66 **	\$1,369.81	\$1,369.81
9	Ratio to Avg -Min- (6)/(8)	0.11	0.11	0.11	0.11	0.28	0.28	0.28	0.28	0.11	0.11
10	Ratio to Avg -Max- (7)/(8)	0.81	0.83	0.81	0.83	2.07	2.12	2.07	2.12	0.81	0.83
11	"B" Value for (9)	0.0256	0.0256	0.0256	0.0256	0.5595	0.5595	0.5595	0.5595	0.0256	0.0256
12	"B" Value for (10)	23.7919	25.2152	23.7919	25.2152	89.2802	90.2417	89.2802	90.2417	23.7919	25.2152
13	Difference (12) - (11)	23.7663	25.1896	23.7663	25.1896	88.7207	89.6822	88.7207	89.6822	23.7663	25.1896
14	"A" Value for (9)	0.3852	0.3852	0.3852	0.3852	2.8703	2.8703	2.8703	2.8703	0.3852	0.3852
15	"A" Value for (10)	42.6633	44.3991	42.6633	44.3991	95.7424	96.2015	95.7424	96.2015	42.6633	44.3991
16	Difference 100 - (15)	57.3367	55.6009	57.3367	55.6009	4.2576	3.7985	4.2576	3.7985	57.3367	55.6009
17	(9) x (14)	0.0424	0.0424	0.0424	0.0424	0.8037	0.8037	0.8037	0.8037	0.0424	0.0424
18	Product (10) x (16)	46.4427	46.1487	46.4427	46.1487	8.8132	8.0528	8.8132	8.0528	46.4427	46.1487
19	'Limit' Factor {(13) + (17) + (1)}	70.2514	71.3807	70.2514	71.3807	98.3376	98.5387	98.3376	98.5387	70.2514	71.3807
20	Eff. Avg. Weekly Wage (8) x (19)	\$962.31	\$977.78	\$962.31	\$977.78	\$526.76	\$527.83	\$526.76	\$527.83	\$962.31	\$977.78
21	Average Weekly Benefit	\$641.57	\$651.89	\$641.57	\$651.89	\$351.19	\$351.91	\$351.19	\$351.91	\$641.57	\$651.89
22	Indicated Change in Costs	-	1.6%	-	1.6%	-	0.2%	-	0.2%	-	1.6%

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

New York Incurred Losses *	July 1, 2010	Benefit Change	July 1, 2011
Death	\$101,869,776	1.6%	\$103,499,693
Permanent Total	\$347,819,105	1.6%	\$353,384,210
Permanent Partial - Major	\$1,025,239,102	0.2%	\$1,027,289,580
Permanent Partial - Minor	\$40,993,677	0.2%	\$41,075,665
Temporary	\$137,915,924	1.6%	\$140,122,579
Total Indemnity	\$1,653,837,585	0.7%	\$1,665,371,727

* Policy Year 2007 Unit Statistical Plan data for all carriers, on level and developed to estimated ultimate.

Indemnity Losses as Percent of Total Losses #	0.556
Medical Losses as Percent of Total Losses #	0.444

2010 Loss Cost Filing

Estimated Claim Cost Effect of Benefit Change = 0.4%

$$\{(0.556 \times 1.007 + (0.444 \times 1.00)) - 1.00\}$$

Factor to Reflect Expected Increase in System Utilizat = 1.10

Estimated Rate Level Effect of Benefit Change = 0.4%

Estimated Premium Effect of Benefit Change = **\$13,730,393**

New York Workers Compensation

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

1	Injury Type	Death		Permanent Total		Perm Partial - Major		Perm Partial - Minor		Temporary	
		Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
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	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
5	Maximum Comp	\$758.37	\$777.33	\$758.37	\$777.33	\$758.37	\$777.33	\$758.37	\$777.33	\$758.37	\$777.33
6	Eff Wkly Wage for Min (4)/ (3)	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99
7	Eff Wkly Wage for Max (5)/ (3)	\$1,137.49	\$1,165.93	\$1,137.49	\$1,165.93	\$1,137.49	\$1,165.93	\$1,137.49	\$1,165.93	\$1,137.49	\$1,165.93
8	Avg Weekly Wage	\$1,404.06	\$1,404.06	\$1,404.06	\$1,404.06	\$549.05	\$549.05 **	\$549.05	\$549.05 **	\$1,404.06	\$1,404.06
9	Ratio to Avg -Min- (6)/(8)	0.11	0.11	0.11	0.11	0.27	0.27	0.27	0.27	0.11	0.11
10	Ratio to Avg -Max- (7)/(8)	0.81	0.83	0.81	0.83	2.07	2.12	2.07	2.12	0.81	0.83
11	"B" Value for (9)	0.0256	0.0256	0.0256	0.0256	0.4883	0.4883	0.4883	0.4883	0.0256	0.0256
12	"B" Value for (10)	23.7919	25.2152	23.7919	25.2152	89.2802	90.2417	89.2802	90.2417	23.7919	25.2152
13	Difference (12) - (11)	23.7663	25.1896	23.7663	25.1896	88.7919	89.7534	88.7919	89.7534	23.7663	25.1896
14	"A" Value for (9)	0.3852	0.3852	0.3852	0.3852	2.6114	2.6114	2.6114	2.6114	0.3852	0.3852
15	"A" Value for (10)	42.6633	44.3991	42.6633	44.3991	95.7424	96.2015	95.7424	96.2015	42.6633	44.3991
16	Difference 100 - (15)	57.3367	55.6009	57.3367	55.6009	4.2576	3.7985	4.2576	3.7985	57.3367	55.6009
17	(9) x (14)	0.0424	0.0424	0.0424	0.0424	0.7051	0.7051	0.7051	0.7051	0.0424	0.0424
18	Product (10) x (16)	46.4427	46.1487	46.4427	46.1487	8.8132	8.0528	8.8132	8.0528	46.4427	46.1487
19	'Limit' Factor ((13) + (17) + (1	70.2514	71.3807	70.2514	71.3807	98.3102	98.5113	98.3102	98.5113	70.2514	71.3807
20	Eff. Avg. Weekly Wage (8) x (\$986.37	\$1,002.23	\$986.37	\$1,002.23	\$539.78	\$540.88	\$539.78	\$540.88	\$986.37	\$1,002.23
21	Average Weekly Benefit	\$657.61	\$668.19	\$657.61	\$668.19	\$359.87	\$360.60	\$359.87	\$360.60	\$657.61	\$668.19
22	Indicated Change in Costs	-	1.6%	-	1.6%	-	0.2%	-	0.2%	-	1.6%

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

New York Incurred Losses *	July 1, 2011	Benefit Change	July 1, 2012
Death	\$103,499,693	1.6%	\$105,155,688
Permanent Total	\$353,384,210	1.6%	\$359,038,358
Permanent Partial - Major	\$1,027,289,580	0.2%	\$1,029,344,159
Permanent Partial - Minor	\$41,075,665	0.2%	\$41,157,816
Temporary	\$140,122,579	1.6%	\$142,364,540
Total Indemnity	\$1,665,371,727	0.7%	\$1,677,060,561

* Policy Year 2007 Unit Statistical Plan data for all carriers, on level and developed to estimated ultimate.

Indemnity Losses as Percent of Total Losses #	0.560
Medical Losses as Percent of Total Losses #	0.440

2006 General Rate Revision Filing

Estimated Claim Cost Effect of Benefit Change = 0.4%
 ((0.56 x 1.007 + (0.44 x 1.00)) - 1.00)

Factor to Reflect Expected Increase in System Utilizat 1.10

Estimated Rate Level Effect of Benefit Change = 0.4%

Estimated Premium Effect of Benefit Change = \$13,730,393

**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
(Based on Revised Credibility Formula*)

<u>Industry Group</u>	<u>Policy Year</u>	<u>Standard Earned Prem. On 10/2009 Level</u>	<u>Incurred USP Losses on On 10/2009 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.	2005	\$82,641,726	\$63,826,143		1,429					
	2006	\$74,616,222	\$59,551,220		1,325					
	2007	\$96,894,533	\$65,645,055		1,209					
	Total	\$254,152,481	\$189,022,419	0.744	3,963	0.575	0.770	0.955	1.009	0.964
Chemical Mfg.	2005	\$26,053,523	\$18,248,614		450					
	2006	\$34,378,682	\$36,647,459		431					
	2007	\$30,791,416	\$26,653,178		417					
	Total	\$91,223,621	\$81,549,251	0.894	1,298	0.329	0.835	1.035	1.013	1.049
All Other Mfg.	2005	\$311,962,408	\$253,924,480		5,033					
	2006	\$344,849,589	\$235,671,515		4,864					
	2007	\$316,860,708	\$239,511,109		4,349					
	Total	\$973,672,705	\$729,107,105	0.749	14,246	1.000	0.749	0.928	0.987	0.917
Contracting	2005	\$792,891,276	\$646,466,126		6,485					
	2006	\$781,838,349	\$784,177,252		6,313					
	2007	\$886,538,352	\$893,874,444		6,459					
	Total	\$2,461,267,977	\$2,324,517,821	0.944	19,257	1.000	0.944	1.171	1.000	1.171
Stores&Dealers	2005	\$378,854,015	\$283,591,646		6,407					
	2006	\$415,772,643	\$268,116,151		6,319					
	2007	\$418,544,700	\$295,974,285		6,293					
	Total	\$1,213,171,358	\$847,682,082	0.699	19,019	1.000	0.699	0.866	1.007	0.872
Prof&Office	2005	\$591,373,365	\$449,311,339		8,551					
	2006	\$643,274,163	\$437,640,897		8,106					
	2007	\$671,957,913	\$529,193,966		9,065					
	Total	\$1,906,605,441	\$1,416,146,203	0.743	25,722	1.000	0.743	0.921	0.986	0.908
Services	2005	\$994,354,976	\$870,520,192		16,572					
	2006	\$1,132,608,837	\$792,107,617		16,044					
	2007	\$1,077,076,812	\$892,084,757		15,676					
	Total	\$3,204,040,624	\$2,554,712,567	0.797	48,292	1.000	0.797	0.989	1.011	1.000
Miscellaneous	2005	\$209,801,253	\$181,521,052		3,650					
	2006	\$198,052,745	\$166,467,467		3,387					
	2007	\$225,586,818	\$169,241,832		3,276					
	Total	\$633,440,817	\$517,230,351	0.817	10,313	0.927	0.816	1.011	0.983	0.994
Mar,Adm, Fed	2005	\$8,929,930	\$5,279,638		107					
	2006	\$10,150,816	\$9,236,918		126					
	2007	\$9,550,939	\$6,502,880		87					
	Total	\$28,631,685	\$21,019,436	0.734	320	0.163	0.795	0.985	1.023	1.008
All Ind Groups	2005	\$3,396,862,472	\$2,772,689,231		48,684					
	2006	\$3,635,542,046	\$2,789,616,496		46,915					
	2007	\$3,733,802,191	\$3,118,681,507		46,831					
	Total	\$10,766,206,708	\$8,680,987,234	0.806	142,430	1.000	0.807	1.000	1.000	1.000
					Cred. Std.	12,000				

* See Explanatory Memorandum

New York Workers Compensation
Determination of Industry Group Differentials
(Based on Prior Credibility Formula*)

<u>Industry Group</u>	<u>Policy Year</u>	<u>Standard Earned Prem. On 10/2009 Level</u>	<u>Incurred USP Losses on On 10/2009 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.	2005	\$82,641,726	\$63,826,143		1,429					
	2006	\$74,616,222	\$59,551,220		1,325					
	2007	\$96,894,533	\$65,645,055		1,209					
	Total	\$254,152,481	\$189,022,419	0.744	3,963	0.092	0.801	0.994	1.009	1.003
Chemical Mfg.	2005	\$26,053,523	\$18,248,614		450					
	2006	\$34,378,682	\$36,647,459		431					
	2007	\$30,791,416	\$26,653,178		417					
	Total	\$91,223,621	\$81,549,251	0.894	1,298	0.044	0.810	1.006	1.013	1.019
All Other Mfg.	2005	\$311,962,408	\$253,924,480		5,033					
	2006	\$344,849,589	\$235,671,515		4,864					
	2007	\$316,860,708	\$239,511,109		4,349					
	Total	\$973,672,705	\$729,107,105	0.749	14,246	0.215	0.794	0.986	0.987	0.973
Contracting	2005	\$792,891,276	\$646,466,126		6,485					
	2006	\$781,838,349	\$784,177,252		6,313					
	2007	\$886,538,352	\$893,874,444		6,459					
	Total	\$2,461,267,977	\$2,324,517,821	0.944	19,257	0.263	0.843	1.046	1.000	1.046
Stores&Dealers	2005	\$378,854,015	\$283,591,646		6,407					
	2006	\$415,772,643	\$268,116,151		6,319					
	2007	\$418,544,700	\$295,974,285		6,293					
	Total	\$1,213,171,358	\$847,682,082	0.699	19,019	0.261	0.778	0.966	1.007	0.973
Prof&Office	2005	\$591,373,365	\$449,311,339		8,551					
	2006	\$643,274,163	\$437,640,897		8,106					
	2007	\$671,957,913	\$529,193,966		9,065					
	Total	\$1,906,605,441	\$1,416,146,203	0.743	25,722	0.319	0.786	0.976	0.986	0.962
Services	2005	\$994,354,976	\$870,520,192		16,572					
	2006	\$1,132,608,837	\$792,107,617		16,044					
	2007	\$1,077,076,812	\$892,084,757		15,676					
	Total	\$3,204,040,624	\$2,554,712,567	0.797	48,292	0.486	0.802	0.996	1.011	1.007
Miscellaneous	2005	\$209,801,253	\$181,521,052		3,650					
	2006	\$198,052,745	\$166,467,467		3,387					
	2007	\$225,586,818	\$169,241,832		3,276					
	Total	\$633,440,817	\$517,230,351	0.817	10,313	0.174	0.808	1.003	0.983	0.986
Mar,Adm, Fed	2005	\$8,929,930	\$5,279,638		107					
	2006	\$10,150,816	\$9,236,918		126					
	2007	\$9,550,939	\$6,502,880		87					
	Total	\$28,631,685	\$21,019,436	0.734	320	0.017	0.805	1.000	1.023	1.023
All Ind Groups	2005	\$3,396,862,472	\$2,772,689,231		48,684					
	2006	\$3,635,542,046	\$2,789,616,496		46,915					
	2007	\$3,733,802,191	\$3,118,681,507		46,831					
	Total	\$10,766,206,708	\$8,680,987,234	0.806	142,430	1.000	0.805	1.000	1.000	1.000
					Cred. Std.	142,430				

* See Explanatory Memorandum

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	\$99,968,012	\$89,054,406	\$189,022,419	1.040	1.0882
2	\$48,576,034	\$32,973,217	\$81,549,251	1.030	1.1117
3	\$372,308,345	\$356,798,760	\$729,107,105	1.062	1.0381
4	\$1,493,194,565	\$831,323,256	\$2,324,517,821	1.041	1.0872
5	\$401,107,061	\$446,575,021	\$847,682,082	1.046	1.0745
6	\$689,203,431	\$726,942,772	\$1,416,146,203	1.064	1.0337
7	\$1,289,539,128	\$1,265,173,438	\$2,554,712,567	1.040	1.0881
8	\$243,179,293	\$274,051,058	\$517,230,351	1.067	1.0272
9	\$10,556,197	\$10,463,239	\$21,019,436	1.030	1.1118
Total	\$4,647,632,066	\$4,033,355,168	\$8,680,987,234	1.053	1.0038

(7) Annual Indemnity Trend from 10/2010 rate revision 1.055

(8) Annual Medical Trend from 10/2010 rate revision 1.080

* Effect by Group(6) = $\text{MedLossTrend}(8)^{2.25} / \text{Group Wage Trend}(5)^{2.25}$
 Effect for Total(6) = $\text{IndLossTrend}(8)^{2.25} / \text{Total Wage Trend}(5)^{2.25}$

Industry Group	Factors to Adjust Indicated Differentials	Normalized Adjustment Factors
(9)	(10)	(11)
1	1.0436	1.009
2	1.0474	1.013
3	1.0206	0.987
4	1.0336	1.000
5	1.0410	1.007
6	1.0191	0.986
7	1.0455	1.011
8	1.0162	0.983
9	1.0576	1.023
Total	1.0338	1.000

above factors weighted on total losses

New York Workers Compensation

Determination of Industry Group Differentials

<u>Industry Group</u>	<u>Indicated Differentials</u>		<u>Final Limited Differentials</u>
	New Credibility Formula (Sheet 1)	Previous Credibility Formula (Sheet 2)	
Food&Bev Mfg.	0.964	1.003	0.964
Chemical Mfg.	1.049	1.019	1.049
All Other Mfg.	0.917	0.973	0.923
Contracting	1.171	1.046	1.096
Stores&Dealers	0.872	0.973	0.923
Prof&Office	0.908	0.962	0.912
Services	0.997	1.007	0.997
Miscellaneous	0.994	0.986	0.994
Mar,Adm, Fed	1.008	1.023	1.008
All Ind Groups	1.000	1.000	1.000

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	
1999	Dev. 5/6					1,628,854,568	1,616,669,216	0.993
2000	Dev. 5/6					1,701,903,910	1,704,909,876	1.002
2001	Dev. 5/6					1,620,641,430	1,620,834,054	1.000
2002	Dev. 5/6					1,624,289,764	1,623,972,924	1.000
2003	Dev. 5/6					1,662,726,944	1,652,445,548	0.994
2000	Dev. 4/5				1,720,951,917	1,715,275,219		0.997
2001	Dev. 4/5				1,619,896,756	1,618,492,332		0.999
2002	Dev. 4/5				1,623,956,788	1,624,289,764		1.000
2003	Dev. 4/5				1,668,630,153	1,672,545,407		1.002
2004	Dev. 4/5				1,637,142,791	1,646,010,381		1.005
2001	Dev. 3/4			1,624,481,775	1,624,581,860			1.000
2002	Dev. 3/4			1,619,434,969	1,624,598,038			1.003
2003	Dev. 3/4			1,665,588,479	1,668,630,153			1.002
2004	Dev. 3/4			1,646,009,801	1,651,523,100			1.003
2005	Dev. 3/4			1,770,297,093	1,782,248,229			1.007
2002	Dev. 2/3		1,637,998,555	1,623,024,322				0.991
2003	Dev. 2/3		1,670,802,481	1,668,910,438				0.999
2004	Dev. 2/3		1,667,874,494	1,646,037,134				0.987
2005	Dev. 2/3		1,818,149,901	1,793,926,378				0.987
2006	Dev. 2/3		1,969,994,415	1,982,661,990				1.006
2003	Dev. 1/2	1,663,828,560	1,668,983,128					1.003
2004	Dev. 1/2	1,651,158,873	1,659,515,138					1.005
2005	Dev. 1/2	1,810,860,806	1,818,271,490					1.004
2006	Dev. 1/2	2,018,306,124	1,992,184,410					0.987
2007	Dev. 1/2	2,041,400,749	2,081,871,369					1.020
		1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/Ult.	
All Year Average								
Age to Age		1.004	0.994	1.003	1.001	0.998	1.000	
Age to Ult.		1.000	0.996	1.002	0.999	0.998	1.000	
4 Year Average								
Age to Age		1.004	0.995	1.004	1.002	0.999	1.000	
Age to Ult.		1.004	1.000	1.005	1.001	0.999	1.000	
3 Year Average								
Age to Age		1.004	0.993	1.004	1.002	0.998	1.000	
Age to Ult.		1.001	0.997	1.004	1.000	0.998	1.000	
2 Year Average								
Age to Age		1.004	0.997	1.005	1.004	0.997	1.000	
Age to Ult.		1.007	1.003	1.006	1.001	0.997	1.000	
Premium Development to Ultimate*		1.000	0.996	1.002	0.999	0.998	1.000	

*Premium development based on all year average

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	
1995	Dev. 9/10									610,626,004	621,735,369	1.018
1996	Dev. 9/10									560,124,609	568,899,161	1.016
1997	Dev. 9/10									593,621,527	597,996,821	1.007
1998	Dev. 9/10									674,678,261	681,107,349	1.010
1999	Dev. 9/10									727,494,368	735,128,061	1.010
1996	Dev. 8/9								544,971,096	559,564,772	1.027	
1997	Dev. 8/9								583,175,325	594,017,019	1.019	
1998	Dev. 8/9								664,786,878	674,678,261	1.015	
1999	Dev. 8/9								718,941,364	728,366,179	1.013	
2000	Dev. 8/9								704,560,035	722,754,470	1.026	
1997	Dev. 7/8							574,683,442	582,809,457	1.014		
1998	Dev. 7/8							663,929,389	665,242,472	1.002		
1999	Dev. 7/8							693,099,094	718,941,364	1.037		
2000	Dev. 7/8							690,653,319	706,584,750	1.023		
2001	Dev. 7/8							616,051,289	625,381,930	1.015		
1998	Dev. 6/7							639,674,629	663,482,750	1.037		
1999	Dev. 6/7							677,630,237	693,271,450	1.023		
2000	Dev. 6/7							666,637,811	690,653,319	1.036		
2001	Dev. 6/7							592,517,318	616,083,397	1.040		
2002	Dev. 6/7							594,030,097	614,591,752	1.035		
1999	Dev. 5/6					656,565,705	677,276,960	1.032				
2000	Dev. 5/6					638,411,634	666,609,518	1.044				
2001	Dev. 5/6					557,831,151	592,517,318	1.062				
2002	Dev. 5/6					576,029,521	596,375,097	1.035				
2003	Dev. 5/6					564,643,307	591,979,103	1.048				
2000	Dev. 4/5				604,512,416	638,007,930	1.055					
2001	Dev. 4/5				541,248,705	557,034,850	1.029					
2002	Dev. 4/5				538,756,309	576,029,521	1.069					
2003	Dev. 4/5				536,533,870	568,033,848	1.059					
2004	Dev. 4/5				475,389,746	500,765,884	1.053					
2001	Dev. 3/4			466,354,583	540,343,832	1.159						
2002	Dev. 3/4			504,626,769	539,154,740	1.068						
2003	Dev. 3/4			480,847,759	536,533,870	1.116						
2004	Dev. 3/4			432,728,147	480,935,654	1.111						
2005	Dev. 3/4			435,229,572	475,594,321	1.093						
2002	Dev. 2/3		426,538,409	503,572,251	1.181							
2003	Dev. 2/3		411,316,089	481,024,766	1.169							
2004	Dev. 2/3		356,424,523	432,728,147	1.214							
2005	Dev. 2/3		367,981,948	441,090,850	1.199							
2006	Dev. 2/3		371,872,870	467,564,117	1.257							
2003	Dev. 1/2	295,858,493	410,741,285	1.388								
2004	Dev. 1/2	253,357,136	356,566,580	1.407								
2005	Dev. 1/2	264,309,717	367,981,948	1.392								
2006	Dev. 1/2	264,510,055	376,269,833	1.423								
2007	Dev. 1/2	330,998,084	478,327,016	1.445								
		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		2.515	1.782	1.411	1.204	1.109	1.053	1.044	1.034	1.018	1.020	1.012
4 Year Average		2.435	1.718	1.417	1.210	1.097	1.053	1.047	1.034	1.019	1.018	1.011
3 Year Average		2.482	1.748	1.420	1.223	1.107	1.060	1.048	1.037	1.025	1.018	1.009
2 Year Average		2.507	1.748	1.434	1.228	1.102	1.056	1.042	1.038	1.019	1.020	1.010
Latest Year		2.598	1.798	1.445	1.257	1.093	1.053	1.048	1.035	1.015	1.026	1.010
Mid 3 of 5		2.456	1.746	1.407	1.198	1.107	1.056	1.042	1.036	1.017	1.020	1.012

Loss Development to Ultimate* 2.376

*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	
1986	Dev. 18/19									600,644,337	606,221,017	1.009
1987	Dev. 18/19									648,156,491	649,960,582	1.003
1988	Dev. 18/19									684,220,130	678,275,365	0.991
1989	Dev. 18/19									749,927,132	751,172,075	1.002
1990	Dev. 18/19									860,254,015	864,077,526	1.004
1987	Dev. 17/18								637,608,031	647,915,953		1.016
1988	Dev. 17/18								678,746,862	686,680,964		1.012
1989	Dev. 17/18								750,317,161	749,927,132		0.999
1990	Dev. 17/18								858,199,350	860,254,015		1.002
1991	Dev. 17/18								821,940,942	824,447,385		1.003
1988	Dev. 16/17							666,648,955	678,259,514			1.017
1989	Dev. 16/17							745,598,509	751,944,877			1.009
1990	Dev. 16/17							860,106,581	858,199,350			0.998
1991	Dev. 16/17							817,635,870	821,941,307			1.005
1992	Dev. 16/17							771,168,703	779,688,097			1.011
1989	Dev. 15/16						733,809,609	745,063,950				1.015
1990	Dev. 15/16						853,576,116	859,928,169				1.007
1991	Dev. 15/16						818,122,857	817,635,870				0.999
1992	Dev. 15/16						768,520,066	771,168,703				1.003
1993	Dev. 15/16						732,855,069	740,100,022				1.010
1990	Dev. 14/15					829,732,344	853,054,226					1.028
1991	Dev. 14/15					810,329,138	818,439,011					1.010
1992	Dev. 14/15					768,642,860	768,520,066					1.000
1993	Dev. 14/15					728,007,862	732,855,069					1.007
1994	Dev. 14/15					693,916,354	697,233,192					1.005
1991	Dev. 13/14				785,589,415	809,843,509						1.031
1992	Dev. 13/14				758,694,763	768,896,491						1.013
1993	Dev. 13/14				725,515,981	728,007,862						1.003
1994	Dev. 13/14				689,936,625	693,916,354						1.006
1995	Dev. 13/14				633,270,499	636,158,803						1.005
1992	Dev. 12/13			735,682,244	758,371,416							1.031
1993	Dev. 12/13			718,681,393	725,696,254							1.010
1994	Dev. 12/13			683,580,784	689,936,625							1.009
1995	Dev. 12/13			634,204,804	633,270,499							0.999
1996	Dev. 12/13			572,883,900	576,195,870							1.006
1993	Dev. 11/12		699,240,527	718,386,441								1.027
1994	Dev. 11/12		672,107,199	683,844,430								1.017
1995	Dev. 11/12		630,545,305	634,204,804								1.006
1996	Dev. 11/12		573,121,020	572,883,900								1.000
1997	Dev. 11/12		601,623,784	603,916,026								1.004
1994	Dev. 10/11	646,983,655	671,607,137									1.038
1995	Dev. 10/11	622,037,922	630,716,136									1.014
1996	Dev. 10/11	568,714,845	573,121,020									1.008
1997	Dev. 10/11	597,996,821	601,710,719									1.006
1998	Dev. 10/11	680,692,720	685,970,396									1.008
Development				10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th*
5 Year Average				1.015	1.011	1.011	1.012	1.010	1.007	1.008	1.006	1.002
4 Year Average				1.009	1.007	1.006	1.007	1.006	1.005	1.006	1.004	1.000
3 Year Average				1.007	1.003	1.005	1.005	1.004	1.004	1.005	1.001	0.999
2 Year Average				1.007	1.002	1.003	1.006	1.006	1.007	1.008	1.003	1.003
Latest Year				1.008	1.004	1.006	1.005	1.005	1.010	1.011	1.003	1.004
Mid 3 of 5				1.010	1.009	1.008	1.008	1.007	1.007	1.008	1.006	1.003

* 19th/Ult Development Factor = 1.03 (From Exhibit BB, Sheet 2D)

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	
1995	Dev. 9/10									286,749,904	293,777,620	1.025
1996	Dev. 9/10									278,611,434	283,825,705	1.019
1997	Dev. 9/10									308,524,776	314,121,891	1.018
1998	Dev. 9/10									363,880,064	370,691,867	1.019
1999	Dev. 9/10									397,682,101	403,417,918	1.014
1996	Dev. 8/9								271,753,175	278,407,115		1.024
1997	Dev. 8/9								302,937,724	308,549,516		1.019
1998	Dev. 8/9								358,023,791	363,880,064		1.016
1999	Dev. 8/9								387,799,173	397,865,036		1.026
2000	Dev. 8/9								386,644,108	399,312,896		1.033
1997	Dev. 7/8							292,096,367	302,709,322			1.036
1998	Dev. 7/8							349,921,268	358,762,916			1.025
1999	Dev. 7/8							374,075,112	387,799,173			1.037
2000	Dev. 7/8							375,760,136	387,213,237			1.030
2001	Dev. 7/8							364,057,426	373,768,344			1.027
1998	Dev. 6/7						336,793,755	349,757,483				1.038
1999	Dev. 6/7						364,742,125	374,058,897				1.026
2000	Dev. 6/7						362,011,826	375,760,136				1.038
2001	Dev. 6/7						350,963,711	364,118,058				1.037
2002	Dev. 6/7						377,077,871	387,870,581				1.029
1999	Dev. 5/6					344,564,565	364,580,730					1.058
2000	Dev. 5/6					340,713,046	361,788,175					1.062
2001	Dev. 5/6					337,099,114	350,963,711					1.041
2002	Dev. 5/6					370,592,589	378,613,438					1.022
2003	Dev. 5/6					371,497,669	387,573,760					1.043
2000	Dev. 4/5				326,556,771	340,616,569						1.043
2001	Dev. 4/5				323,520,161	336,602,839						1.040
2002	Dev. 4/5				348,356,144	370,592,589						1.064
2003	Dev. 4/5				351,481,923	372,948,668						1.061
2004	Dev. 4/5				311,234,806	322,471,995						1.036
2001	Dev. 3/4			300,044,341	323,111,578							1.077
2002	Dev. 3/4			334,347,456	348,272,859							1.042
2003	Dev. 3/4			323,108,796	351,481,923							1.088
2004	Dev. 3/4			292,211,847	313,650,932							1.073
2005	Dev. 3/4			318,692,667	343,415,007							1.078
2002	Dev. 2/3		317,947,883	333,867,798								1.050
2003	Dev. 2/3		290,509,547	323,037,662								1.112
2004	Dev. 2/3		266,767,558	292,211,847								1.095
2005	Dev. 2/3		294,995,853	322,435,438								1.093
2006	Dev. 2/3		296,501,543	332,634,045								1.122
2003	Dev. 1/2	263,592,537	290,333,267		1.101							
2004	Dev. 1/2	222,772,820	266,764,206		1.197							
2005	Dev. 1/2	248,090,066	295,003,916		1.189							
2006	Dev. 1/2	252,148,793	299,965,969		1.190							
2007	Dev. 1/2	314,577,050	378,375,633		1.203							
		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		2.010	1.709	1.176	1.094	1.072	1.049	1.045	1.034	1.031	1.024	1.019
4 Year Average		2.013	1.685	1.195	1.106	1.070	1.050	1.042	1.033	1.030	1.024	1.018
3 Year Average		2.003	1.678	1.194	1.103	1.080	1.054	1.035	1.035	1.031	1.025	1.017
2 Year Average		2.002	1.673	1.197	1.108	1.076	1.049	1.033	1.033	1.029	1.030	1.017
Latest Year		2.000	1.663	1.203	1.122	1.078	1.036	1.043	1.029	1.027	1.033	1.014
Mid 3 of 5		2.036	1.708	1.192	1.100	1.076	1.048	1.047	1.035	1.031	1.023	1.019

Loss Development to Ultimate* 1.997

*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	
1986	Dev. 18/19									239,080,441	241,169,618	1.009
1987	Dev. 18/19									256,240,548	262,220,122	1.023
1988	Dev. 18/19									295,418,662	297,048,102	1.006
1989	Dev. 18/19									335,059,233	338,134,761	1.009
1990	Dev. 18/19									369,241,532	372,833,503	1.010
1987	Dev. 17/18								252,683,160	256,260,402	1.014	
1988	Dev. 17/18								294,790,642	295,931,823	1.004	
1989	Dev. 17/18								332,426,155	335,059,233	1.008	
1990	Dev. 17/18								366,344,333	369,241,857	1.008	
1991	Dev. 17/18								335,403,740	338,453,586	1.009	
1988	Dev. 16/17							289,231,690	294,563,723	1.018		
1989	Dev. 16/17							328,085,919	332,983,841	1.015		
1990	Dev. 16/17							356,160,770	366,344,333	1.029		
1991	Dev. 16/17							333,375,924	335,406,993	1.006		
1992	Dev. 16/17							319,059,189	321,785,886	1.009		
1989	Dev. 15/16						320,784,393	327,970,722	1.022			
1990	Dev. 15/16						353,457,420	355,943,786	1.007			
1991	Dev. 15/16						335,480,023	333,375,924	0.994			
1992	Dev. 15/16						315,522,744	319,059,189	1.011			
1993	Dev. 15/16						318,337,029	319,957,130	1.005			
1990	Dev. 14/15					347,196,051	353,418,116	1.018				
1991	Dev. 14/15					332,964,983	335,519,971	1.008				
1992	Dev. 14/15					313,416,569	315,522,744	1.007				
1993	Dev. 14/15					315,265,942	318,337,029	1.010				
1994	Dev. 14/15					295,985,157	297,795,073	1.006				
1991	Dev. 13/14				323,299,605	332,775,520	1.029					
1992	Dev. 13/14				308,646,120	313,396,209	1.015					
1993	Dev. 13/14				312,601,209	315,265,942	1.009					
1994	Dev. 13/14				292,109,157	295,985,224	1.013					
1995	Dev. 13/14				302,874,926	306,043,555	1.010					
1992	Dev. 12/13			300,244,965	308,624,231	1.028						
1993	Dev. 12/13			306,205,135	312,478,037	1.020						
1994	Dev. 12/13			288,997,622	292,109,157	1.011						
1995	Dev. 12/13			299,892,940	302,874,926	1.010						
1996	Dev. 12/13			286,322,405	288,886,542	1.009						
1993	Dev. 11/12		299,908,911	306,142,927	1.021							
1994	Dev. 11/12		286,395,844	289,019,188	1.009							
1995	Dev. 11/12		298,874,381	299,892,940	1.003							
1996	Dev. 11/12		286,358,218	286,323,434	1.000							
1997	Dev. 11/12		318,837,417	320,338,924	1.005							
1994	Dev. 10/11	279,674,677	286,323,560	1.024								
1995	Dev. 10/11	293,830,870	298,862,205	1.017								
1996	Dev. 10/11	283,819,104	286,358,218	1.009								
1997	Dev. 10/11	314,121,891	318,885,914	1.015								
1998	Dev. 10/11	370,680,533	371,274,662	1.002								
Development				10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th*
5 Year Average				1.013	1.008	1.016	1.015	1.010	1.008	1.015	1.009	1.011
4 Year Average				1.011	1.004	1.013	1.012	1.008	1.004	1.015	1.007	1.012
3 Year Average				1.009	1.003	1.010	1.011	1.008	1.003	1.015	1.008	1.008
2 Year Average				1.009	1.003	1.010	1.012	1.008	1.008	1.008	1.009	1.010
Latest Year				1.002	1.005	1.009	1.010	1.006	1.005	1.009	1.009	1.010
Mid 3 of 5				1.014	1.006	1.014	1.013	1.008	1.008	1.014	1.008	1.009

* 19th/Ult Development Factor = 1.077 (From Exhibit BB, Sheet 2D)

WORKERS COMPENSATION - NEW YORK

Policy Year Loss Development Factors from 19th 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 12/31/06*	650,962,988	333,492,583
2. Case incurred losses for Policy Year 1988 valued as of 12/31/07*	678,275,365	321,108,998
3. Case incurred losses for Policy Year 1989 valued as of 12/31/08	751,172,075	338,134,761
4. Average ((1)+(2)+(3))/3	693,470,143	330,912,114
5. Ratio of (4) / (3)	0.923	0.979
6. Total incurred losses for Policy Year 1987 valued as of 12/31/06*	661,106,127	340,139,944
7. Total incurred losses for Policy Year 1988 valued as of 12/31/07*	689,826,744	326,590,420
8. Total incurred losses for Policy Year 1989 valued as of 12/31/08	770,536,363	345,849,503
9. Average ((6)+(7)+(8))/3	707,156,411	337,526,622
10. Factor from case to total incurred basis at 19th report (9)/(4)	1.020	1.020
11. Change in total incurred losses from 12/31/05 to 12/31/06 for all Policy Years 1986 and prior*	21,641,322	24,828,696
12. Change in total incurred losses from 12/31/06 to 12/31/07 for all Policy Years 1987 and prior*	-23,697,686	15,872,359
13. Change in total incurred losses from 12/31/07 to 12/31/08 for all Policy Years 1988 and prior*	23,345,116	12,156,150
14. Average ((11)+(12)+(13))/3	7,096,251	17,619,068
15. Development factor from 19th to ultimate [(3)*(5)*(10) +(14)] / [(3)*(5)]	1.030	1.073
16. Case incurred losses for Policy Year 1988 valued as of 12/31/07**	859,374,887	357,645,915
17. Case incurred losses for Policy Year 1989 valued as of 12/31/08**	920,936,964	373,300,776
18. Case incurred losses for Policy Year 1990 valued as of 12/31/09	864,077,526	372,833,503
19. Average of (16) through (18)	881,463,126	367,926,731
20. Ratio of (19) / (18)	1.020	0.987
21. Total incurred losses for Policy Year 1988 valued as of 12/31/07**	874,010,485	363,751,032
22. Total incurred losses for Policy Year 1989 valued as of 12/31/08**	944,677,581	381,817,851
23. Total incurred losses for Policy Year 1990 valued as of 12/31/09	890,419,543	388,105,702
24. Average of (21) through (23)	903,035,870	377,891,528
25. Factor from case to total incurred basis at 19th report (24) / (19)	1.024	1.027
26. Change in total incurred losses from 12/31/06 to 12/31/07 for all Policy Years 1987 and prior**	-30,024,968	17,677,451
27. Change in total incurred losses from 12/31/07 to 12/31/08 for all Policy Years 1988 and prior**	29,578,262	13,539,320
28. Change in total incurred losses from 12/31/08 to 12/31/09 for all Policy Years 1989 and prior**	13,991,930	17,781,003
29. Average of (26) through (28)	4,515,075	16,332,591
30. Development factor from 19th to ultimate [(18)*(20)*(25)+(29)] / [(18)*(20)]	1.030	1.071
31. Average development factor from 19th to ultimate [(15) + (30)] / 2	1.030	1.072
32. Factor 19th to ultimate @ 10/1/09	1.029	1.082
33. Final development factor from 19th to ultimate [(31)+(32)]/2	1.030	1.077

* 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	
1999	Dev. 5/6					852,864,970	851,826,349	0.999
2000	Dev. 5/6					752,677,668	753,569,906	1.001
2001	Dev. 5/6					957,029,582	963,683,193	1.007
2002	Dev. 5/6					928,182,442	926,477,687	0.998
2003	Dev. 5/6					1,027,311,868	1,016,974,721	0.990
2000	Dev. 4/5				814,942,331	812,893,762		0.997
2001	Dev. 4/5				970,019,154	968,767,499		0.999
2002	Dev. 4/5				931,376,607	928,182,442		0.997
2003	Dev. 4/5				1,033,715,377	1,027,312,182		0.994
2004	Dev. 4/5				1,059,572,343	1,046,454,722		0.988
2001	Dev. 3/4			1,051,546,959	1,063,897,571		1.012	
2002	Dev. 3/4			886,454,781	886,503,781		1.000	
2003	Dev. 3/4			1,041,970,226	1,033,715,377		0.992	
2004	Dev. 3/4			1,060,359,769	1,059,572,813		0.999	
2005	Dev. 3/4			1,018,280,959	1,017,239,767		0.999	
2002	Dev. 2/3		1,117,346,082	1,121,040,647		1.003		
2003	Dev. 2/3		1,092,952,112	1,085,428,669		0.993		
2004	Dev. 2/3		1,076,478,623	1,060,359,769		0.985		
2005	Dev. 2/3		1,022,592,637	1,018,281,249		0.996		
2006	Dev. 2/3		990,769,858	1,000,881,466		1.010		
2003	Dev. 1/2	1,106,063,728	1,164,068,929		1.052			
2004	Dev. 1/2	960,377,623	1,026,913,004		1.069			
2005	Dev. 1/2	1,029,766,570	1,022,592,637		0.993			
2006	Dev. 1/2	1,008,648,046	990,769,858		0.982			
2007	Dev. 1/2	889,901,182	899,485,012		1.011			
		1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/Ult.	
All Year Average								
Age to Age		1.021	0.997	1.000	0.995	0.999	1.000	
Age to Ult.		1.012	0.991	0.994	0.994	0.999	1.000	
4 Year Average								
Age to Age		1.014	0.996	0.998	0.995	0.999	1.000	
Age to Ult.		1.002	0.988	0.992	0.994	0.999	1.000	
3 Year Average								
Age to Age		0.995	0.997	0.997	0.993	0.998	1.000	
Age to Ult.		0.980	0.985	0.988	0.991	0.998	1.000	
2 Year Average								
Age to Age		0.997	1.003	0.999	0.991	0.994	1.000	
Age to Ult.		0.984	0.987	0.984	0.985	0.994	1.000	
Premium Development to Ultimate*		1.012	0.991	0.994	0.994	0.999	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	
1995	Dev. 9/10									239,564,223	240,825,014	1.005
1996	Dev. 9/10									246,401,683	244,980,232	0.994
1997	Dev. 9/10									267,771,738	276,145,661	1.031
1998	Dev. 9/10									302,156,053	309,493,459	1.024
1999	Dev. 9/10									311,550,417	319,397,284	1.025
1996	Dev. 8/9								245,802,176	246,401,683		1.002
1997	Dev. 8/9								263,607,314	268,868,000		1.020
1998	Dev. 8/9								286,246,050	302,156,053		1.056
1999	Dev. 8/9								302,687,999	311,550,417		1.029
2000	Dev. 8/9								362,205,631	370,974,389		1.024
1997	Dev. 7/8							262,067,491	263,607,314			1.006
1998	Dev. 7/8							279,430,671	287,610,281			1.029
1999	Dev. 7/8							286,781,046	302,687,999			1.055
2000	Dev. 7/8							348,086,347	362,218,620			1.041
2001	Dev. 7/8							396,889,582	412,152,332			1.038
1998	Dev. 6/7						287,335,549	279,430,671		0.972		
1999	Dev. 6/7						277,076,745	289,062,496			1.043	
2000	Dev. 6/7						323,273,456	348,086,347			1.077	
2001	Dev. 6/7						381,804,172	396,889,582			1.040	
2002	Dev. 6/7						336,780,988	349,373,674			1.037	
1999	Dev. 5/6					269,508,242	277,076,745					1.028
2000	Dev. 5/6					298,485,319	323,273,946					1.083
2001	Dev. 5/6					365,206,789	381,804,172					1.045
2002	Dev. 5/6					326,970,495	336,780,988					1.030
2003	Dev. 5/6					325,653,166	344,044,495					1.056
2000	Dev. 4/5				299,415,433	298,485,319						0.997
2001	Dev. 4/5				352,894,535	365,206,789						1.035
2002	Dev. 4/5				299,431,711	326,970,495						1.092
2003	Dev. 4/5				305,908,931	325,653,166						1.065
2004	Dev. 4/5				297,891,975	317,107,652						1.065
2001	Dev. 3/4			327,076,469	352,894,535							1.079
2002	Dev. 3/4			258,731,374	299,431,711							1.157
2003	Dev. 3/4			270,530,422	305,908,931							1.131
2004	Dev. 3/4			268,662,448	297,891,975							1.109
2005	Dev. 3/4			240,874,408	275,379,421							1.143
2002	Dev. 2/3		214,964,241	258,731,374		1.204						
2003	Dev. 2/3		215,420,914	270,530,423		1.256						
2004	Dev. 2/3		215,961,798	268,662,448		1.244						
2005	Dev. 2/3		199,050,463	240,874,408		1.210						
2006	Dev. 2/3		192,061,325	239,524,615		1.247						
2003	Dev. 1/2	149,853,196	215,395,954		1.437							
2004	Dev. 1/2	141,089,219	215,956,857		1.531							
2005	Dev. 1/2	128,959,688	199,050,463		1.544							
2006	Dev. 1/2	127,018,468	192,061,325		1.512							
2007	Dev. 1/2	125,854,267	203,453,616		1.617							
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		2.903	1.900	1.528	1.232	1.124	1.051	1.048	1.034	1.034	1.026	1.016
4 Year Average		3.041	1.961	1.551	1.239	1.135	1.064	1.054	1.049	1.041	1.032	1.019
3 Year Average		3.025	1.942	1.558	1.234	1.128	1.074	1.044	1.051	1.045	1.036	1.027
2 Year Average		2.948	1.884	1.565	1.229	1.126	1.065	1.043	1.039	1.040	1.027	1.025
Latest Year		3.189	1.972	1.617	1.247	1.143	1.065	1.056	1.037	1.038	1.024	1.025
Mid 3 of 5		2.896	1.894	1.529	1.234	1.128	1.055	1.044	1.040	1.036	1.024	1.018
Loss Development to Ultimate		2.800										

*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	
1995	Dev. 9/10									111,203,172	112,041,318	1.008
1996	Dev. 9/10									128,395,526	128,977,887	1.005
1997	Dev. 9/10									150,516,335	155,934,466	1.036
1998	Dev. 9/10									158,434,982	161,735,758	1.021
1999	Dev. 9/10									169,969,766	172,450,153	1.015
1996	Dev. 8/9								127,014,965	128,395,526		1.011
1997	Dev. 8/9								150,057,976	151,072,778		1.007
1998	Dev. 8/9								151,552,324	158,434,982		1.045
1999	Dev. 8/9								163,959,864	169,969,766		1.037
2000	Dev. 8/9								206,383,205	209,076,925		1.013
1997	Dev. 7/8							141,605,196	150,057,976		1.060	
1998	Dev. 7/8							149,788,628	152,386,654		1.017	
1999	Dev. 7/8							156,425,187	163,959,864		1.048	
2000	Dev. 7/8							197,018,956	206,416,309		1.048	
2001	Dev. 7/8							229,953,729	240,564,080		1.046	
1998	Dev. 6/7						146,062,730	149,788,628		1.026		
1999	Dev. 6/7						152,324,283	157,599,670		1.035		
2000	Dev. 6/7						184,383,205	197,018,956		1.069		
2001	Dev. 6/7						217,681,764	229,953,729		1.056		
2002	Dev. 6/7						203,734,826	210,373,090		1.033		
1999	Dev. 5/6					145,382,816	152,324,283					1.048
2000	Dev. 5/6					172,421,413	184,385,685					1.069
2001	Dev. 5/6					207,303,196	217,681,764					1.050
2002	Dev. 5/6					195,688,793	203,734,826					1.041
2003	Dev. 5/6					204,311,957	213,941,320					1.047
2000	Dev. 4/5				165,313,365	172,421,413						1.043
2001	Dev. 4/5				191,293,589	207,303,196						1.084
2002	Dev. 4/5				176,827,462	195,688,793						1.107
2003	Dev. 4/5				192,761,259	204,311,957						1.060
2004	Dev. 4/5				195,027,762	205,539,227						1.054
2001	Dev. 3/4			177,623,639	191,293,589							1.077
2002	Dev. 3/4			160,186,199	176,827,460							1.104
2003	Dev. 3/4			174,649,553	192,761,259							1.104
2004	Dev. 3/4			178,295,123	195,027,762							1.094
2005	Dev. 3/4			175,253,150	189,211,434							1.080
2002	Dev. 2/3		146,674,692	160,186,199		1.092						
2003	Dev. 2/3		154,939,601	174,649,553		1.127						
2004	Dev. 2/3		154,383,097	178,295,123		1.155						
2005	Dev. 2/3		157,123,002	175,253,150		1.115						
2006	Dev. 2/3		155,833,514	173,810,450		1.115						
2003	Dev. 1/2	129,867,919	154,926,517		1.193							
2004	Dev. 1/2	121,376,483	154,349,687		1.272							
2005	Dev. 1/2	121,270,794	157,123,002		1.296							
2006	Dev. 1/2	122,836,831	155,833,514		1.269							
2007	Dev. 1/2	125,524,959	155,868,560		1.242							
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		2.340	1.866	1.254	1.121	1.092	1.070	1.051	1.044	1.044	1.023	1.017
4 Year Average		2.376	1.871	1.270	1.128	1.096	1.076	1.052	1.048	1.040	1.026	1.019
3 Year Average		2.376	1.872	1.269	1.128	1.093	1.074	1.046	1.053	1.047	1.032	1.024
2 Year Average		2.230	1.775	1.256	1.115	1.087	1.057	1.044	1.045	1.047	1.025	1.018
Latest Year		2.107	1.696	1.242	1.115	1.080	1.054	1.047	1.033	1.046	1.013	1.015
Mid 3 of 5		2.299	1.823	1.261	1.119	1.093	1.066	1.048	1.041	1.047	1.020	1.015
Loss Development to Ultimate		2.252										

*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	
1999	Dev. 5/6					1,181,933,770	1,181,498,415	1.000
2000	Dev. 5/6					1,255,024,339	1,254,053,977	0.999
2001	Dev. 5/6					1,308,727,022	1,308,296,639	1.000
2002	Dev. 5/6					1,390,006,322	1,389,627,554	1.000
2003	Dev. 5/6					1,472,407,155	1,471,302,604	0.999
2000	Dev. 4/5				1,257,316,210	1,255,024,339		0.998
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
2001	Dev. 3/4			1,314,462,140	1,310,073,769			0.997
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
2002	Dev. 2/3		1,403,351,949	1,394,549,643				0.994
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
2003	Dev. 1/2	1,469,769,533	1,485,071,748					1.010
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
		1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/Ult.	
5 Year Average								
Age to Age		1.006	0.993	0.997	0.999	1.000	1.000	
Age to Ult.		0.995	0.989	0.996	0.999	1.000	1.000	
4 Year Average								
Age to Age		1.006	0.992	0.998	0.999	1.000	1.000	
Age to Ult.		0.995	0.989	0.997	0.999	1.000	1.000	
3 Year Average								
Age to Age		1.005	0.992	0.997	0.999	1.000	1.000	
Age to Ult.		0.993	0.988	0.996	0.999	1.000	1.000	
2 Year Average								
Age to Age		1.000	0.991	0.997	1.000	1.000	1.000	
Age to Ult.		0.988	0.988	0.997	1.000	1.000	1.000	
Premium Development to Ultimate*		0.993	0.988	0.996	0.999	1.000	1.000	

*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	
1995	Dev. 9/10									659,275,719	657,748,046	0.998
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
1996	Dev. 8/9								545,965,520	555,046,270	1.017	
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	
1997	Dev. 7/8						465,339,926	477,804,682		1.027		
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		
1998	Dev. 6/7					417,253,015	416,776,578		0.999			
1999	Dev. 6/7					482,040,137	486,221,780		1.009			
2000	Dev. 6/7					459,227,246	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			
1999	Dev. 5/6					487,670,750	482,040,137		0.988			
2000	Dev. 5/6					449,024,562	459,227,246		1.023			
2001	Dev. 5/6					448,636,089	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			
2000	Dev. 4/5				449,708,937	449,024,562		0.998				
2001	Dev. 4/5				455,450,448	448,636,089		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				
2001	Dev. 3/4			426,361,077	455,450,448		1.068					
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					
2002	Dev. 2/3		374,884,944		480,500,416		1.282					
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					
2003	Dev. 1/2	245,064,313	399,905,239		1.632							
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							
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		2.356	1.481	1.591	1.246	1.071	0.998	0.997	0.998	1.006	1.002	1.003
4 Year Average		2.310	1.461	1.581	1.238	1.071	0.998	0.999	0.997	1.001	0.998	1.004
3 Year Average		2.233	1.452	1.538	1.236	1.077	1.002	0.991	0.993	1.005	0.997	1.004
2 Year Average		2.302	1.502	1.533	1.237	1.094	0.999	0.999	0.998	1.004	1.002	1.002
Latest Year		2.090	1.426	1.466	1.212	1.079	0.986	1.000	1.002	1.005	0.995	1.004
Mid 3 of 5		2.341	1.469	1.593	1.246	1.067	0.997	0.995	0.998	1.005	1.002	1.003
Loss Development to Ultima		2.329										

*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
1986	Dev. 18/19									495,616,601	499,080,110	1.007
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
1987	Dev. 17/18								535,313,968	538,741,996		1.006
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
1988	Dev. 16/17							618,781,642	623,218,236			1.007
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
1989	Dev. 15/16						714,695,071	716,962,529				1.003
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
1990	Dev. 14/15					858,026,841	863,850,350					1.007
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
1991	Dev. 13/14				928,336,595	935,885,167						1.008
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
1992	Dev. 12/13			971,498,137	980,189,723							1.009
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
1993	Dev. 11/12		965,291,211	973,538,411								1.009
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
1994	Dev. 10/11	836,378,374	843,402,597									1.008
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
Development				10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th
5 Year Average				1.004	1.007	1.007	1.010	1.007	1.006	1.008	1.006	1.007
4 Year Average				1.003	1.006	1.007	1.010	1.007	1.007	1.009	1.006	1.007
3 Year Average				1.001	1.006	1.007	1.010	1.006	1.006	1.008	1.006	1.007
2 Year Average				1.002	1.006	1.008	1.009	1.007	1.007	1.010	1.006	1.007
Latest Year				0.999	1.004	1.010	1.010	1.007	1.007	1.007	1.005	1.009
Mid 3 of 5				1.004	1.007	1.007	1.010	1.007	1.006	1.008	1.006	1.007

* 19th/Ult Development Factor = 1.039 (From Exhibit DD, Sheet 2D)

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	
1995	Dev. 9/10									255,121,405	257,738,083	1.010
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
1996	Dev. 8/9								217,086,522	218,227,946		1.005
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
1997	Dev. 7/8							192,191,254	193,327,321			1.006
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
1998	Dev. 6/7						173,097,437	174,212,312				1.006
1999	Dev. 6/7						190,039,181	189,721,819				0.998
2000	Dev. 6/7						197,571,407	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
1999	Dev. 5/6					183,805,291	190,039,181					1.034
2000	Dev. 5/6					194,301,244	197,571,407					1.017
2001	Dev. 5/6					202,549,626	202,031,846					0.997
2002	Dev. 5/6					231,300,333	234,060,030					1.012
2003	Dev. 5/6					251,015,932	256,436,567					1.022
2000	Dev. 4/5				188,714,625	194,301,244						1.030
2001	Dev. 4/5				200,280,539	202,549,626						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
2001	Dev. 3/4			182,325,223	200,280,539							1.098
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
2002	Dev. 2/3		188,156,411	216,164,278								1.149
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
2003	Dev. 1/2	173,482,866	205,600,073									1.185
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
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		1.767	1.477	1.196	1.134	1.065	1.019	1.016	1.013	1.007	1.014	1.008
4 Year Average		1.738	1.449	1.199	1.131	1.057	1.017	1.012	1.015	1.007	1.017	1.008
3 Year Average		1.733	1.421	1.220	1.122	1.055	1.019	1.010	1.020	1.004	1.015	1.005
2 Year Average		1.903	1.544	1.233	1.132	1.066	1.024	1.017	1.039	1.003	1.020	1.005
Latest Year		1.808	1.463	1.236	1.130	1.085	1.027	1.022	1.024	0.981	1.013	0.993
Mid 3 of 5		1.776	1.476	1.203	1.138	1.065	1.020	1.017	1.009	1.009	1.014	1.010
Loss Development to Ultima		1.758										

*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	
1986	Dev. 18/19									169,817,695	172,238,071	1.014
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
1987	Dev. 17/18								193,262,967	193,760,376		1.003
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
1988	Dev. 16/17							218,157,945	220,497,151			1.011
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
1989	Dev. 15/16						246,005,377	248,301,253				1.009
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
1990	Dev. 14/15					301,576,701	319,871,483					1.061
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
1991	Dev. 13/14				313,879,674	315,111,863						1.004
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
1992	Dev. 12/13			317,551,512	321,877,894							1.014
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
1993	Dev. 11/12		332,242,740	335,140,036								1.009
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
1994	Dev. 10/11	290,452,699	292,805,892									1.008
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
Development				10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th
5 Year Average				1.015	1.010	1.013	1.003	1.018	1.009	1.009	1.003	1.012
4 Year Average				1.017	1.011	1.013	1.003	1.008	1.009	1.009	1.003	1.011
3 Year Average				1.010	1.010	1.012	1.002	1.007	1.017	1.009	1.003	1.007
2 Year Average				1.012	1.012	1.019	1.003	1.009	1.017	1.019	1.009	1.007
Latest Year				1.010	1.013	1.023	0.998	1.013	1.018	1.015	0.998	0.997
Mid 3 of 5				1.010	1.011	1.014	1.004	1.009	1.014	1.011	1.001	1.012

* 19th/Ult Development Factor = 1.034 (From Exhibit DD, Sheet 2D)

WORKERS COMPENSATION - NEW YORK
New York State Insurance Fund
Policy Year Loss Development Factors from 19th Report (Case Basis) to Ultimate Incurred

	INDEMNITY	MEDICAL
1. Case incurred losses for Policy Year 1987 valued as of 12/31/06*	542,333,600	253,132,143
2. Case incurred losses for Policy Year 1988 valued as of 12/31/07*	630,417,574	240,273,686
3. Case incurred losses for Policy Year 1989 valued as of 12/31/08	730,959,396	251,465,152
4. Average (1) through (3)	634,570,190	248,290,327
5. Ratio of (4)/(3)	0.868	0.987
6. Total incurred losses for Policy Year 1987 valued as of 12/31/06*	575,678,513	256,847,187
7. Total incurred losses for Policy Year 1988 valued as of 12/31/07*	669,354,081	255,222,541
8. Total incurred losses for Policy Year 1989 valued as of 12/31/08	768,262,441	258,928,093
9. Average (6) through(8)	671,098,345	256,999,274
10. Factor from case to total incurred basis at 19th report (9)/(4)	1.058	1.035
11. Change in total incurred losses from 12/31/05 to 12/31/06 for all Policy Years 1986 and prior*	21,066,027	6,036,655
12. Change in total incurred losses from 12/31/06 to 12/31/07 for all Policy Years 1987 and prior*	-46,100,297	-4,071,083
13. Change in total incurred losses from 12/31/07 to 12/31/08 for all Policy Years 1988 and prior	-20,047,832	-22,502,099
14. Average (11) through (14)	-15,027,367	-6,845,509
15. Development factor from 19th to ultimate [(3)*(5)*(10) +(14)] / [(3)*(5)]	1.034	1.008
16. Case incurred losses for Policy Year 1988 valued as of 12/31/07**	798,739,066	267,612,875
17. Case incurred losses for Policy Year 1989 valued as of 12/31/08**	896,156,219	277,617,528
18. Case incurred losses for Policy Year 1990 valued as of 12/31/09	893,416,152	316,700,608
19. Average of (16) through (18)	862,770,479	287,310,337
20. Ratio of (19) / (18)	0.966	0.907
21. Total incurred losses for Policy Year 1988 valued as of 12/31/07**	848,071,621	284,262,664
22. Total incurred losses for Policy Year 1989 valued as of 12/31/08**	941,889,753	285,856,615
23. Total incurred losses for Policy Year 1990 valued as of 12/31/09	942,245,898	327,581,618
24. Average of (21) through (23)	910,735,757	299,233,632
25. Factor from paid to total incurred basis at 19th report (24) / (19)	1.056	1.041
26. Change in total incurred losses from 12/31/06 to 12/31/07 for all Policy Years 1987 and prior**	-58,409,076	-4,534,069
27. Change in total incurred losses from 12/31/07 to 12/31/08 for all Policy Years 1988 and prior**	-25,400,603	-25,062,468
28. Change in total incurred losses from 12/31/08 to 12/31/09 for all Policy Years 1989 and prior	-13,507,020	67,843,636
29. Average of (26) through (28)	-32,438,900	12,749,033
30. Development factor from 19th to ultimate [(18)*(20)*(25)+(29)] / [(18)*(20)]	1.018	1.086
31. Average development factor from 19th to ultimate [(15) + (30)] / 2	1.026	1.047
32. Factor 19th to ultimate @10/1/09	1.051	1.020
33. Selected development factor from 19th to ultimate [(31)+(32)]/2	1.039	1.034

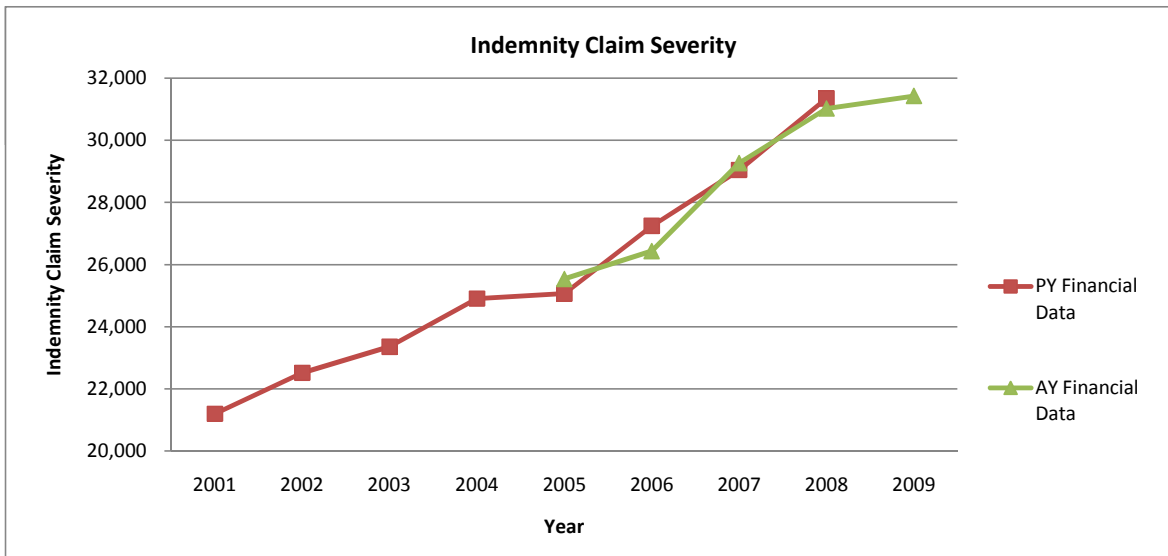
* Adjusted to the level of Policy Year 1989

** Adjusted to the level of Policy Year 1990

Trend Analysis

Indemnity Severity - All Carriers

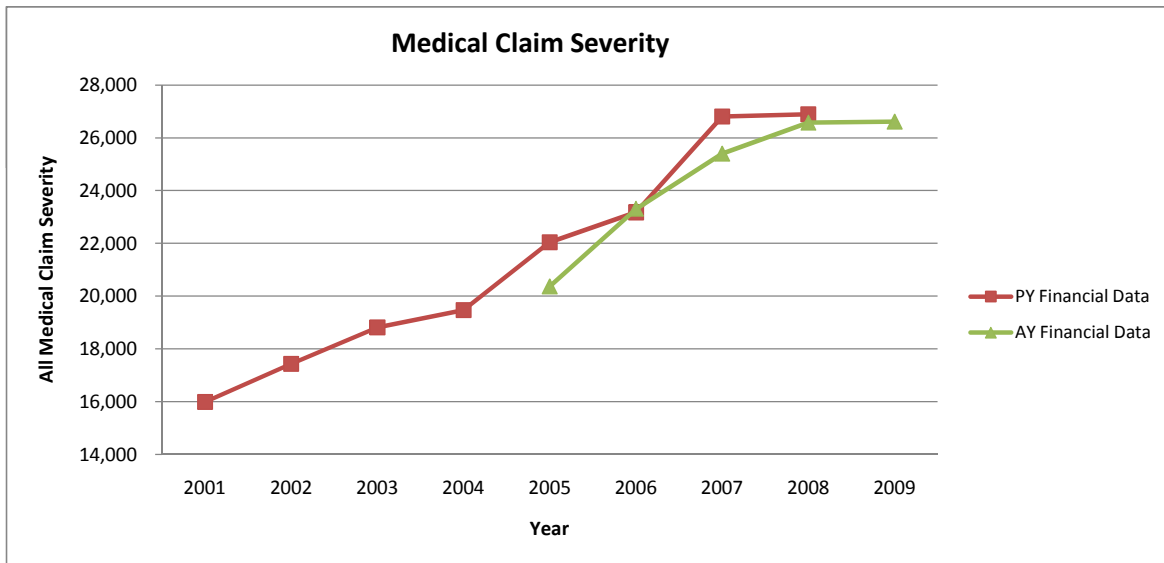
<u>Year</u>	Financial Data					
	Indemnity Average Claim Severity (Policy Year)		Indemnity Average Claim Severity (Accident Year)			
2001	21,192					
2002	22,513					
2003	23,353					
2004	24,903					
2005	25,063		25,540			
2006	27,245		26,437			
2007	29,045		29,268			
2008	31,349		31,025			
2009			31,428			
	Trend	R squared		Trend	R squared	
	2004-2008	6.3%	0.951	2005-2009	5.9%	0.947
	2001-2008	5.5%	0.965			



Trend Analysis

Medical Severity - All Carriers

Year	Financial Data			
	Medical Average Claim Severity (Policy Year)		Medical Average Claim Severity (Accident Year)	
2001	15,983			
2002	17,426			
2003	18,812			
2004	19,473			
2005	22,042		20,360	
2006	23,175		23,308	
2007	26,804		25,401	
2008	26,896		26,578	
2009			26,618	
	Trend	R squared	Trend	R squared
2004-2008	8.8%	0.944	2005-2009	6.9%
2001-2008	8.1%	0.970		0.885



TREND STUDY

Analysis of New York Average Wage Trends

New York Average Weekly Wage

<u>Experience Period</u>	<u>Actual *</u>	<u>Fitted Regression Lines</u>	
		<u>Exponential</u>	<u>Linear</u>
2005	998.87	1031.83	1032.97
2006	1,066.89	1062.75	1064.58
2007	1,144.21	1094.60	1096.19
2008	1,161.22	1127.40	1127.80
2009	1,109.75	1161.19	1159.41
Projected Average Annual Change		3.00%	2.88%
R Squared		0.594	0.586

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

NEW YORK WORKERS COMPENSATION

CONSTRUCTION CLASSIFICATION PAYROLL LIMITATIONS
Construction Payroll Limitation Law

Eff. 10/1/2010
\$1109.75 Limitation

		<u>Effect on Manual Rates</u>			
		<u>Statewide</u>	<u>Territory 1</u>	<u>Territory 2</u>	<u>Territory 3</u>
1	Estimated 10/09 - 10/10 Construction AWW	\$1,225	\$1,392	\$1,217	\$928
2	Ratio of Cap Amount to Construction AWW	---	0.797	0.912	1.196
3	Ratio, 'R', to Enter Wage Distribution Table	---	0.80	0.91	1.20
4	Table 'A' Value	---	0.417849	0.510567	0.711084
5	1-'A' Value	---	0.582151	0.489433	0.288916
6	'R' x (1-'A')	---	0.465721	0.445384	0.346699
7	Table 'B' Value	---	0.230848	0.310043	0.519971
8	1-'B' Value	---	0.769152	0.689957	0.480029
9	Indicated Off-Balance at \$1109.75 Cap: (8) - (6)x100	24.4%	30.3%	24.5%	13.3%
10	Off-Set for Effect of Cap on PY '03, '04,'05, '06 &'07 data	0.272	0.337	0.264	0.162
11	Adjusted Indicated Off-Balance at \$900 Cap SW = (9)*[1.0-(9)/(10)]; Terr. = [Terr.(9) / SW (9)]*SW (11)]	-2.5%	-3.1%	-2.5%	-1.4%
12	Proposed. Off-Balance at \$1109.75 Cap	0.4%	0.5%	0.4%	0.3%
13	Current Off-Balance at \$900 Cap	0.4%	0.5%	0.4%	0.3%
14	Percentage Change in Off-Balance {(1+(12))/(1+13))-1.0	0.0%	0.0%	0.0%	0.0%
15	Indicated Offset in Construction Class Loss Costs [(1.00 + (11) x (1.00 + (12)) - 1.0	-2.9%			

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