

NEW YORK COMPENSATION INSURANCE RATING BOARD



October 1, 2012

Loss Cost Filing

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**NEW YORK WORKERS COMPENSATION
OCTOBER 1, 2012 LOSS COST FILING**

**Actuarial Committee Recommended Loss Cost Level Change: +18.2%
Meeting of May 1, 2012**

**Proposed Loss Cost Level Change: +11.5%
Filing of May 15, 2012**

**Loss Cost Level Change Disapproved
Opinion and Decision of July 16, 2012**

Following the Actuarial Committee's recommendation, several assumptions were revised that resulted in decreasing the proposed change from +18.2% to +11.5% in the submitted filing. These changes were as follows:

1. The percentage of indemnity losses that are assumed to reflect the PPD duration caps was changed from 40% to 27.5%
2. The above resulted in a revised indemnity severity trend of 4.7% (compared to 5.7% included in the +18.2% indication).
3. The projected wage increase in the analysis of the maximum benefit level change, was revised to 2.5% in lieu of 3.4%. This decreased the impact of this change to 0.5% (from 0.7%). Note that for the trend analysis the projected annual wage increases remained at 3.4%.

The Rating Board submitted the 2012 General Loss Cost Revision to the New York State Department of Financial Services on May 15, 2012 requesting an average change of +11.5% in loss cost level to become effective October 1, 2012.

The May 15, 2012 loss cost revision included the Rating Board's estimate of the impact of the latest increases in the maximum weekly benefit as set forth in the 2007 reform legislation. The filing contained experience on the basis of two policy years, which is the same experience base that was introduced in the 2009 revision. Financial data was used in the determination of the frequency and severity trend factors. This methodology was first utilized in 2009 and continues to be the most responsive procedure for the determination of prospective trends.

A public hearing regarding the Rating Board's filing was called by the Superintendent of Financial Services and was held on June 25, 2012 at which the Rating Board provided testimony in support of the filing, and several other interested parties spoke in opposition of the filing. The Workers' Compensation Law requires the Superintendent to hold a public hearing if a rate service organization makes a loss cost filing for workers compensation that is an increase of seven percent or more over the loss costs from the prior year.

On July 16, the Department issued its Opinion and Decision in which the 2012 general loss cost revision was disapproved in its entirety, without leave to re-file. The Department of Financial Services' Opinion & Decision is also attached and can be found following the actuarial exhibits.

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

NEW YORK WORKERS COMPENSATION

October 1, 2012 Loss Cost Revision

Explanatory Memorandum

This memorandum, together with the attached actuarial exhibits, provides supporting documentation for an overall loss cost level change of +11.5%, to become effective on October 1, 2012.

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 2010 experience	1.061
2. Change indicated by Policy Year 2009 experience	1.058
3. Average change indicated by experience $[(1) + (2)] / 2$	1.060
4. Change in prospective claim cost, frequency and wage levels	1.040
5. Change in loss adjustment expense (LAE)	1.009
6. Change due to experience, trend and LAE $(3) \times (4) \times (5)$	1.112
7. Change due to legislation and regulation	1.005
8. Indicated Manual Loss Cost Level Change $(6) \times (7)$	1.118
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 $[(8) \times (1.0 - (10))] + [(9) \times (10)]$	1.115

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

1. Experience of Policy Year 2010

The calculation of the indicated change in loss costs derived from the experience of Policy Year 2010 is presented as Exhibit B.

The experience of Policy Year 2010, valued as of December 31, 2011, has been compiled from the latest available statistical data submitted by the Rating Board's member companies. Similar to past years, large deductible experience is included in the determination of the indicated experience change. Although this experience is still viewed as unique and similar to self-insurance, its inclusion reflects the Department's long held position that this data should be included in the annual NYCIRB filing. Furthermore, at the previous direction of the Department of Financial Services, the policy year indication also includes the experience of the State Insurance Fund.

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

The premiums are then brought to the current loss cost level. This adjustment is done in accordance with standard actuarial procedures, reflecting the latest approved loss cost level changes. This results in an overall on-level factor of 1.156 for policy year 2010. The on-level calculations can be seen in Exhibit D, Sheet 1.

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

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

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

An improved methodology for calculating the loss development factor from 20th to ultimate (the tail factor) is being introduced this year. The major difference between the new and prior methodology is in the data used to determine the factor. In the past, incurred losses including IBNR were used. The new procedure eliminates the use of IBNR losses, and the factor is determined strictly based on paid plus case losses. The rationale is that IBNR losses can be inconsistent from year to year as these losses can be allocated to different policy years in various ways. This should improve long term tail factor stability, and is consistent with the approach taken by NCCI. Another difference is that the calculation utilizes three reports of data at three successive valuations, and averages the three indicated factors. In the past, two successive valuations were used and the results were averaged with the prior year's final tail factor. The results using the new methodology are 3.0% lower than when using the prior methodology.

Premium development factors for non-large deductible private carriers are based on two-year averages. After observing some anomalous values in the premium development link ratios, the Rating Board investigated and discovered they were caused by a few specific policies. The Rating Board obtained information on these policies and excluded them from the analysis.

Premium development for SIF in this filing is determined differently from the prior filings as well. A five-year average in this filing, in lieu of the standard three-year methodology, is used to stabilize the results and mitigate the impact of outlier values shown in the most recent three years.

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

Exhibit DD, Sheets 1-2G 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. This is consistent with the approach utilized in past filings.

Policy year losses for the private carrier non-large deductible experience, State Fund experience, and the large deductible experience are separately adjusted to an ultimate settlement basis, as described above.

Losses are then adjusted to reflect the current benefit level. All losses in the experience period of policy years 2009 and 2010 have occurred subsequently to the 2007 reforms. The two major components of the 2007 reform are the elimination of the Special Disability Fund (SDF) and the introduction of capped benefit durations for claimants with non-scheduled Permanent Partial Benefits. 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. The actual implementation of the reform has been evolving relatively slowly. Loss-of-Earning-Capacity Guidelines were just recently implemented, and, while the SDF has been eliminated effective 7/1/07, reimbursements from the fund are only paid after 5 years, so the actual impact may not yet be reflected in the experience.

For the past several filings, carrier surveys were conducted in order to obtain information regarding the reflection of the reforms in the reported reserves. In advance of the 2012 filing, another carrier survey was conducted. 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 12/31/11 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, and would need to adjust for the impact of that component of the reform, a greater number of carriers than last year now 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., 12/31/11, do not reflect the elimination of the SDF
- 27.5% of losses reflect the elimination of lifetime benefits and application of duration caps on PPD losses
- 72.5% of losses *do not* reflect elimination of lifetime benefits and application of duration caps on PPD losses

In the selected on-level factors, the 27.5% 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 27.5/72.5 split. Exhibit D, Sheet 5 provides the loss development adjustment that is embedded in the selected on-level factors.

Medical losses are adjusted to reflect the recent implementation of the Medical Treatment Guidelines as well as changes in the State's medical fee schedules. The medical loss on-level factors are shown on Exhibit D, Sheet 3.

Loss cost indications are calculated separately for the non-large deductible and large deductible experience and are then weighted on the basis of their respective net earned premiums to arrive at an increase of 6.1% in loss cost level based upon Policy Year 2010 experience.

2. Experience of Policy Year 2009

The calculation of the change in loss cost level indicated by the experience of Policy Year 2009 is presented in Exhibit C.

As with policy year 2010, the policy year 2009 premiums are brought to the current loss cost level by an overall premium on-level factor of 1.219. The on-level calculations can be seen in Exhibit D, Sheet 1.

Policy year 2009 loss experience, which is valued at a second report, has been adjusted to the current loss cost level and developed to an estimated ultimate settlement basis in a similar manner as described previously for the policy year 2010 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 5.8% in loss cost level based on Policy Year 2009 experience.

3. Average Experience Change

With equal weights given to the 6.1% increase indicated by the Policy Year 2010 experience and the 5.8% increase indicated by the Policy Year 2009 experience, the average effect of experience is an increase of 6.0%.

4. Trend Factor Analysis

The presentation of the loss portion of the trend factor is similar to previous years in that indicated trends are expressed in terms of average annual changes in claim costs and claim frequencies. This year's methodology, which is the same as filed last year, bases the indicated frequency and severities directly on the combined financial data of all private carriers excluding large deductible experience and the State Insurance Fund. Previously, separate frequencies and severities were calculated for the private carriers and State Fund and then combined on the basis of claim counts. The current methodology, which was introduced in the 2009 filing, eliminates the need to weigh together any of the underlying experience.

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

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

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

Claim frequency in New York has stabilized following several years of continued decreases, with the past five years showing a relatively flat trend. Claim costs, however, continue to increase, with the indicated indemnity trend lower than seen in last year's filing. Medical claim cost trend also continues to increase, but at a lesser rate than calculated in the 2011 filing. In this revision, a five year exponential trend analysis was performed to derive the indicated trends. For claim frequency, the analysis resulted in an annual trend of -0.3%. For indemnity severity, the regression resulted in an annual trend of 4.7%. For medical severity, the five-year exponential regression produced the indicated annual trend of 5.2%.

A wage trend analysis procedure, using both an exponential and linear regression of the latest five years of wage data from the New York State Department of Labor (DOL), was examined as part of the wage trend analysis as per the methodology used in previous years. The average weekly wages are derived directly from DOL statistics for all industries. 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 0.7%, which is based on historical wage changes, will likely be exceeded during the trend period, i.e., from the experience period though the prospective policy period. According to the New York State Assembly's 2012 Economic Report, average wage growth is expected to be 3.5% in 2012 and 3.8% in 2013. Using these projections, the average annual expected wage growth from the experience period to the prospective filing period is 3.4%. The calculation can be seen on the bottom of Exhibit EE Sheet 4. Consequently, a 3.4% annual wage trend has been selected for inclusion in the overall trend calculation.

As can be seen in Exhibit E, combining the frequency, severity and wage trends results in a combined annual trend of +1.2%. When projected over the entire trend period, the calculation produces an overall trend of +4.0%.

5. Loss Adjustment Expense

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

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

For both DCCE and AOE, the effects of the 2007 reforms on losses have been taken into account. The historical underlying policy year and accident year indemnity losses were brought to the post-reform benefit level in the manner that has been previously described. For AOE, ratios of indemnity to total loss were estimated for each calendar period and an average benefit adjustment factor was applied to the average AOE ratio. Similar to last year's filing, an average of the latest three years of policy year and accident year ratios was used to determine the final DCCE provision. The use of the latest three years is considered to be responsive to the rising DCCE ratios observed in both the policy year and accident year experience. For AOE, the five-year average continues to be used for this element of loss adjustment expense. The proposed 1.191 factor for LAE contributes 0.9% to the change in the overall loss cost level.

6. Legislative and Regulatory Changes

a) Increase in Maximum Weekly Benefit

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

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

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

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

The determination of the overall impact in New York of increasing the maximum weekly benefits as of July 1, 2012, and then on July 1, 2013 and July 1, 2014, can be found on the attached Exhibit G, in which Sheets 2 through 4 display the calculation of the 2012, 2013 and 2014 benefit changes, respectively. Note that it was assumed that the average weekly wage and the maximum weekly benefits will increase by 2.5% in both 2013 and 2014. The methodology is performed separately for each injury type [death, permanent total, permanent partial major (>22,000 per claim), permanent partial minor (<22,000 per claim) and temporary] to recognize any variation in the maximum, as a percent of wage, that is provided for by statute. Recognition has also been given to the lower wage levels of PPD claimants and the manner of determining benefits that is used by the Workers' Compensation Board (WCB) for PPD cases. This is consistent with last year's calculation.

Once the indicated changes are determined by injury type, these changes are applied to a distribution of incurred losses by injury type in order to obtain the estimated change in total indemnity costs. In this filing, a five year distribution of losses by injury type has been used to provide additional stability to this part of the analysis. The resultant indicated indemnity change is then weighted with the distribution of indemnity and medical losses based on 2010 policy year financial data to obtain an overall change. The NYCIRB analysis then includes a utilization factor of 1.10 that contemplates the additional utilization of the workers compensation system as a result of the significantly higher benefit level. This adjustment is consistent with the utilization factor used in last year's analysis.

The increases in the maximum weekly benefit, as summarized in Exhibit G, Sheet 1, is expected to result in a 0.5% increase in total workers compensation claim costs.

b) 2007 Reforms

PPD Duration

It is too early to reevaluate the estimates of the impact of the sections of the reform relating to the implementation of benefit durations on non-schedule PPDs. First, Loss of Earnings Capacity Guidelines were only implemented on 1/1/2012. The lack of guidelines made the reserving process for PPD claims extremely difficult for the carriers. In addition, these claims, according to the

carrier survey, would normally be classified several years after the date of the accident. The first post-reform claims are, therefore, just starting to emerge and no credible data is yet available to quantify any impact.

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

7. Catastrophe Provisions

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

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

8. Industry Group Differentials

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

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

This year, the industry group methodology entails a compilation of the latest five years of Unit Statistical Plan data into the nine industry groups, and utilizes loss cost ratios as the basis for calculating a differential for each group relative to the statewide average (Exhibit I, Sheet 1). This is a change from prior years, where only three years were used. The change to five years is introduced in order to further stabilize the industry group changes from year to year. The underlying base is standard premium on current loss cost level and includes payroll development. Incurred losses have been developed to ultimate and are at the October 1, 2011 benefit level. The methodology includes trend and utilizes other factors as previously described. Credibility for each industry group is based on the five-year total number of compensable claims, with an industry standard of 12,000 lost-time claims, as the standard for full credibility. The credibility standard is intended to enable each industry group differential to be more representative of the actual experience of the respective industry groups.

Partial credibility for each group is determined by the formula $(N/T)^{1/2}$, where N is the three-year total of lost-time claims for the industry group and T is 12,000 lost-time claims. The complement of credibility is the loss ratio for all groups combined. Indicated differentials are calculated by relating each credibility weighted industry group's loss ratio to the overall total loss ratio. As in past revisions, an additional refinement to the indicated differential is included which recognizes different wage trends by industry group (Exhibit I, Sheet 2). Furthermore, in the 2010 filing, the indicated differentials were capped at +/-0.05 due to the change in the credibility formula that was

introduced at that time. In last year's filings, as well as in this year's filing and going forward, capping is no longer considered to be necessary since the formula assures that each industry group will achieve its appropriate level. The final differentials will be applied as part of the process which calculates loss costs from class pure premiums. The use of relativities by industry group provides a more refined and equitable distribution of the overall loss cost level to each class. To ensure overall balance, after the differentials are applied in the determination of class loss costs, a test of loss costs will become the final step in the process.

Loss cost changes for each classification will be limited to +/- 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. Classification Pure Premiums

Classification pure premiums are based on the experience of all carriers for the five policy years 2005 - 2009, excluding the experience of self-rated risks. In addition, losses over \$1,600,000 per claim (State Act) and \$2,400,000 (Federal Act) are excluded from the pure premium development. Consistent with past revisions, five years of experience are used to determine the proposed pure premiums for all classes, irrespective of credibility.

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

10. 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.

11. Total Change

As a result of the above analyses, a manual loss cost level change of +11.8% is indicated. When combined with no change in the catastrophe provisions, an overall change of +11.5% is proposed.

12. 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, 2011, is 20.2% of standard premium.

The Rating Board has obtained projected assessment figures for the prospective filing period from the WCB. After relating these amounts to the projected standard premium that serves as the basis for the determination of the assessment, the indicated assessment percentage is 16.9%, or a decrease of 2.7%. Note that the projection of standard premium assumes approval of the filed 11.5% change in loss costs, and is subject to change following approval of this loss cost filing.

13. Effective Date

It is proposed that the filed loss costs and related rating values, after approval by the Department of Financial Services, become effective on October 1, 2012 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.

New York Workers Compensation

2012 Loss Cost Revision

List of Exhibits

Principal Exhibits

- Exhibit A - Summary - All Elements**
- Exhibit B - Determination of Policy Year 2010 Loss Cost Indication**
- Exhibit C - Determination of Policy Year 2009 Loss Cost Indication**
- Exhibit D - On-Level Factors**
- Exhibit E - Trend Factors**
- Exhibit F - Loss Adjustment Expense**
- Exhibit G - Legislative and Regulatory Changes**
- Exhibit H - Terrorism and Natural Catastrophes**
- Exhibit I - Industry Group Differentials**
- Exhibit J - Pure Premium Multipliers ***
- Exhibit K - Loss Cost Level Changes by Industry Group ***
- Exhibit L - Loss Cost Swing Limits by Industry Group ***

Supporting Exhibits

- Exhibit AA - Test of Loss Cost Level ***
- Exhibit BB, Sheet 1 - Private Carrier Policy Year Premium Development Factors**
- Exhibit BB, Sheets 2 – 2G - Private Carrier Policy Year Loss Development Factors**
- Exhibit CC, Sheet 1 - Large Deductible Policy Year Premium Development Factors**
- Exhibit CC, Sheets 2 – 2A - Large Deductible Policy Year Loss Development Factors**
- Exhibit DD, Sheet 1 - State Ins. Fund Policy Year Premium Development Factors**
- Exhibit DD, Sheets 2 – 2G - State Insurance Fund Policy Year Loss Development Factors**
- Exhibit EE, Sheets 1 – 4 - Trend Analysis**

Appendices

- Appendix A - New York State Assessment**

* To be submitted upon approval

WORKERS COMPENSATION - NEW YORK

GENERAL LOSS COST REVISION - OCTOBER 1, 2012

SUMMARY - ALL ELEMENTS

	2 Policy Years
1. Loss Cost change indicated by Policy Year 2010 Experience (Exhibit B)	1.061
2. Loss Cost change indicated by Policy Year 2009 Experience (Exhibit C)	1.058
3. Average Loss Cost change indicated by Experience $[(1)+(2)] / 2$	1.060
4. Projected change in Loss Costs (Trend Exhibit E)	1.040
5. Change in Loss Adjustment Expenses (Exhibit F)	1.009
6. Indicated Change in Loss Costs Based on Experience [(3) x (4) x (5)]	1.112
7. Legislative Changes (Exhibit G)	1.005
8. Indicated Total Loss Cost Change [(6) x (7)]	1.118
9. Change in Catastrophe Provision (Exhibit H)	1.000
10. Catastrophe Provision loss cost as percent of total loss costs	0.024
11. Total Proposed Premium Level Change [(8) x (1.0 - (10))] + [(9) x (10)]	1.115

NEW YORK WORKERS COMPENSATION

Determination of Change in Manual Loss Cost Level

Experience of All Carriers

Policy Year 2010 Experience

	Valued as of <u>12/31/2011</u> (1)	To 9/30/2012 <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.	1,588,458,462	1.156	0.940	1,726,082,503		
b. Large Deductible	735,915,195	1.156	0.986	838,807,914		
c. SIF	1,115,565,366	1.156	0.980	1,263,801,692		
d. Total Std. Ed. Prem. a+c	2,704,023,828			2,989,884,195		
2. Case Basis Indemnity Losses						
a. Excl. Large Ded.	410,266,447	0.798	2.789	912,897,790	0.529	-----
b. Large Deductible	186,961,613	0.798	3.237	482,839,494	-----	0.576
c. SIF	300,164,998	0.798	2.288	547,928,271	0.434	-----
d. Total Ind. Losses a+c	710,431,445			1,460,826,061	0.489	-----
3. Case Basis Medical Losses						
a. Excl. Large Ded.	354,677,594	0.992	2.233	785,659,107	0.455	-----
b. Large Deductible	149,367,237	0.992	2.475	366,726,440	-----	0.437
c. SIF	222,699,502	0.992	1.928	425,929,723	0.337	-----
d. Total Med. Losses a+c	577,377,096			1,211,588,830	0.405	-----
4. Indicated Change in Indemnity & Medical Loss Costs					0.894	1.013
Col.(5) = (2d) + (3d); Col. (6) = (2b) + (3b)						
5. Loss Cost Change, incl. Loss Adjustment Expense			(4) x	1.180	1.055	1.195
6. Weights Based on Net Earned Premium					0.957	0.043
7. Final Policy Year 2010 Loss Cost Indication						1.061
[Col (5), (5)*(6)] + [Col (6), (5)*(6)]						

See Exhibit D.

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

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

NEW YORK WORKERS COMPENSATION

Determination of Change in Manual Loss Cost Level

Experience of All Carriers

Policy Year 2009 Experience

	Valued as of <u>12/31/2011</u> (1)	To 9/30/2012 <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.	1,423,187,750	1.219	0.965	1,674,145,562		
b. Large Deductible	689,890,922	1.219	0.983	826,680,424		
c. SIF	1,031,638,895	1.219	0.988	1,242,476,999		
d. Total Std. Ed. Prem. a+c	2,454,826,645			2,916,622,561		
2. Case Basis Indemnity Losses						
a. Excl. Large Ded.	572,329,661	0.850	1.930	938,382,126	0.561	-----
b. Large Deductible	279,693,236	0.850	2.079	493,983,698	-----	0.598
c. SIF	386,466,671	0.850	1.517	498,050,971	0.401	-----
d. Total Ind. Losses a+c	958,796,332			1,436,433,097	0.492	-----
3. Case Basis Medical Losses						
a. Excl. Large Ded.	414,865,666	0.984	1.842	751,955,636	0.449	-----
b. Large Deductible	187,852,272	0.984	1.952	360,820,633	-----	0.436
c. SIF	267,652,260	0.984	1.564	411,910,404	0.332	-----
d. Total Med. Losses a+c	682,517,926			1,163,866,040	0.399	-----
4. Indicated Change in Indemnity & Medical Loss Costs					0.891	1.034
Col.(5) = (2d) + (3d); Col. (6) = (2b) + (3b)						
5. Loss Cost Change, incl. Loss Adjustment Expense (4) x			1.180		1.051	1.220
6. Weights Based on Net Earned Premium					0.959	0.041
7. Final Policy Year 2009 Loss Cost Indication						1.058
[Col (5), (5)*(6)] + [Col (6), (5)*(6)]						

See Exhibit D.

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

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

New York Workers Compensation

Determination of On-level Factors

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

	(1)	(2)	(3)	(4)	(5)
Date	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Cumulative Index/ Sum Column (4)
NR 10/01/08	Base	1.000	0.750	0.750	1.219
NR 10/01/09	1.046	1.046	0.250	0.262	
NR 10/01/10	1.079	1.129			
NR 10/01/11	1.093	1.234			
				1.012	

Section B - Factor Adjusting 2010 Policy Year Loss Costs to Present Level

	(1)	(2)	(3)	(4)	(5)
Date	Rate Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Cumulative Index/ Sum Column (4)
NR 10/01/09	Base	1.000	0.750	0.750	1.156
NR 10/01/10	1.079	1.079	0.250	0.270	
NR 10/01/11	1.093	1.179			
				1.020	

New York Workers Compensation

Determination of On-level Factors

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

	(1)	(2)	(3)	(4)	(5)
Date	Benefit Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Cumulative Index/ Sum Column (4)
07/01/08	Base	1.000	0.123	0.123	1.086*
07/01/09	1.028	1.028	0.750	0.771	
07/01/10	1.081	1.111	0.127	0.141	
07/01/11	1.012	1.124			
				1.035	

* Selected: .850 (see sheet 4 and explanatory memorandum)

Section D - Factor Adjusting 2010 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)
07/01/09	Base	1.000	0.123	0.123	1.02*
07/01/10	1.081	1.081	0.750	0.811	
07/01/11	1.012	1.094	0.127	0.139	
				1.073	

* Selected: .798 (see sheet 4 and explanatory memorandum)

New York Workers Compensation

Determination of On-level Factors

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

	(1)	(2)	(3)	(4)	(5)
Date	Benefit Level Change	Cumulative Index	Weight	Product (2)x(3)	Adj. Factor Cumulative Index/ Sum Column (4)
10/01/08	Base	1.000	0.419	0.419	0.984
12/01/09	1.0120	1.012	0.578	0.585	
12/01/10	0.9804	0.992	0.004	0.004	
				1.008	

Section F - Factor Adjusting 2010 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)
12/01/09	Base	1.000	0.419	0.419	0.992
12/01/10	0.9804	0.980	0.581	0.569	
				0.988	

New York Workers Compensation

Determination of Onlevel Factors

Section G - Selection of Indemnity Onlevel Factors

Indemnity Onlevel Selection

Assumption		Indemnity Onlevel Factors		Development
		PY 2009	PY 2010	Adjustment
A	All Carriers' reserves of post reform losses are low reflecting: Post reform durations (i.e. duration caps)	1.279	1.201	Yes
B	All Carriers' reserves of post reform losses based on pre-reform benefits i.e. pre-reform durations (i.e. lifetime)	0.720	0.677	No

Selected Onlevels Using 27.5/72.5 Split:

		<u>PY 2009</u>	<u>PY 2010</u>	<u>Weights</u>
(1)	Method A	1.279	1.201	
(2)	LDF Adjustment	0.931	0.931	
(3)	Adjusted Method A	1.191	1.118	27.5%
(4)	Method B	0.720	0.677	72.5%
(5)	Final ONLEVEL FACTOR	0.850	0.798	

Development: Reform Adjustment Summary

Policy Year	1st to 20th			20th to Ult			1st to Ult Adjustment	Total Full Year Adjsutment	% of year impacted	Total Adjustment
	Original	Restated	Adjustment	Original	Restated	Adjustment				
Paid + Case										
PC	2.708	2.532	0.935	1.029	1.013	0.984	0.921	-7.9%	100%	-7.9%
SIF	2.219	2.137	0.963	1.032	1.014	0.983	0.946	-5.4%	100%	-5.4%
Total										-6.9%
0.931										

60%
40%

Restating the LDFs: Example

(1) Original Factor: Private Carriers: PY 1997 9th to 10th link ratio	1.024
(2) Development portion	0.024
(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)	0.014
(7) Development portion that is other than NSPPD (2)-(6)	0.010
(8)* % of cases effected by limited duration	70%
(9) Restated NSPPD Development portion (6) x [1-(8)]	0.004
(10) Restated total development 1+(9)+(7)	1.014

* row (8) assumes at this point in the development, 70% are cases are now limited, whereas before they were still developing. 30% 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. These assumed percentages can be found on the top of each column of the "restated" triangles. They are based on a distribution of severities obtained from the WCB and are derived in exhibit LDF-2

WORKERS COMPENSATION - NEW YORK

DETERMINATION OF TREND FACTOR

(A)	Annual Loss Trend (See Exhibit EE)	<u>Average Annual Change</u>
	(1) Selected Indemnity Claim Cost Trend	1.047
	(2) Selected Indemnity Claim Frequency Trend	0.997
	(3) Indemnity Loss Trend [(1) x (2)]	1.044
	(4) Selected Medical Claim Cost Trend	1.052
	(5) Selected Medical Claim Frequency Trend	0.997
	(6) Medical Loss Trend [(4) x (5)]	1.049
	(7) Indemnity Weight*	0.550
	(8) Medical Weight*	0.450
	(9) Indicated Annual Loss Trend [(3)x(7) + (6)x(8)]	1.046
(B)	Annual Wage Trend (Selected)	1.034
(C)	Annual Loss/Wage Trend (A9) / (B)	1.012
(D)	Selected Loss/Wage Trend	1.012
(E)	Trended to Average Accident Date (D) ^{3.25}	1.040
(F)	Final Loss/Wage Trend Factor	1.040

* Policy Year 2010 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 @12/11						Paid Defense & Cost Containment Expense by Accident Year @12/11					
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
1996	50,615,888	1.189	60,182,291	511,304,166	0.118	1997	54,262,645	1.219	66,146,164	852,070,464	0.078
1997	56,175,115	1.203	67,578,663	850,533,011	0.079	1998	56,664,450	1.235	69,980,596	909,533,381	0.077
1998	64,241,613	1.222	78,503,251	953,263,755	0.082	1999	69,447,235	1.252	86,947,938	1,032,277,229	0.084
1999	72,008,567	1.244	89,578,657	1,035,852,356	0.086	2000	71,730,845	1.276	91,528,558	1,072,572,425	0.085
2000	71,745,873	1.270	91,117,259	1,025,757,836	0.089	2001	71,895,402	1.307	93,967,290	993,705,367	0.095
2001	70,083,870	1.300	91,109,031	927,498,986	0.098	2002	68,494,348	1.344	92,056,404	968,063,018	0.095
2002	69,254,289	1.342	92,939,256	981,232,586	0.095	2003	70,953,571	1.392	98,767,371	1,004,389,728	0.098
2003	71,552,001	1.394	99,743,489	999,038,036	0.100	2004	69,056,722	1.452	100,270,360	963,963,100	0.104
2004	67,987,440	1.461	99,329,650	955,254,061	0.104	2005	68,214,293	1.528	104,231,440	1,011,045,515	0.103
2005	70,420,456	1.540	108,447,502	1,005,142,006	0.108	2006	73,425,155	1.630	119,683,003	1,055,421,048	0.113
2006	73,577,894	1.669	122,801,505	1,077,717,905	0.114	2007	78,792,562	1.791	141,117,479	1,231,197,060	0.115
2007	80,960,659	1.834	148,481,849	1,317,086,352	0.113	2008	80,079,056	2.017	161,519,456	1,458,135,675	0.111
2008	81,208,143	2.144	174,110,259	1,543,123,067	0.113	2009	74,999,972	2.475	185,624,931	1,612,075,125	0.115
2009	66,250,125	2.770	183,512,846	1,583,208,035	0.116	2010	53,039,606	3.599	190,889,542	1,671,781,864	0.114
2010	39,208,350	4.800	188,200,080	1,694,582,580	0.111	2011	18,680,595	10.815	202,030,635	1,799,016,206	0.112

Source: New York Financial Data Calls

* Indemnity losses are adjusted to the current benefit level.

All Year Average 0.102
Average 2006-2010 0.113
Average 2008-2010 0.113

Source: New York Financial Data Calls

* Indemnity losses are adjusted to the current benefit level.

All Year Average 0.100
Average 2007-2011 0.113
Average 2009-2011 0.114

Adjusting and Other Expenses Incurred

CY	Incurred Losses (1)	AOE Incurred (2)	Adjustments for Large Deductibles		Inc. AOE Ratio to Loss *
			Adj. to AOE (3)	Adj. to Loss (4)	
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	0.0080	0.67	0.064
2009	17,604,683,000	1,936,449,000	0.0080	0.68	0.080
2010	20,487,721,000	1,858,147,000	0.0070	0.69	0.067
2011	20,603,656,000	1,768,629,000	0.0070	0.69	0.064

Source: Insurance Expense Exhibit

* (5) = {(2)/(1)+(3)} x (4)

All Year Average * 0.077
5 Year Average * 0.077
3 Year Average * 0.079

* Adj for reform by factor of 0.894

Final DCCE (3 yr avg PY & AY) 0.114
Final AOE 0.077
Total LAE 0.191
Current LAE 0.180
Change in LAE **1.009**

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, 2012	\$792	0.3%	1.003	0.281	0.1%
July 1, 2013	\$812	0.3%	1.006	0.688	0.4%
July 1, 2014	\$832	0.3%	1.009	0.031	0.0%
Total Filing Impact					0.5%

New York Workers Compensation

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

1 Injury Type	<u>Death</u>		<u>Permanent Total</u>		<u>Perm Partial - Major</u>		<u>Perm Partial - Minor</u>		<u>Temporary</u>	
	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>
2 Effective Date	July 1, 2011	July 1, 2012	July 1, 2011	July 1, 2012	July 1, 2011	July 1, 2012	July 1, 2011	July 1, 2012	July 1, 2011	July 1, 2012
3 % Compensation	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
4 Minimum Comp	\$30.00	\$30.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
5 Maximum Comp	\$772.96	\$792.07	\$772.96	\$792.07	\$772.96	\$792.07	\$772.96	\$792.07	\$772.96	\$792.07
6 Eff Wkly Wage for Min (4)/ (3)	\$45.00	\$45.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
7 Eff Wkly Wage for Max (5)/ (3)	\$1,159.44	\$1,188.10	\$1,159.44	\$1,188.10	\$1,159.44	\$1,188.10	\$1,159.44	\$1,188.10	\$1,159.44	\$1,188.10
8 Avg Weekly Wage	\$1,418.75	\$1,418.75	\$1,418.75	\$1,418.75	\$567.08	\$567.08 **	\$567.08	\$567.08 **	\$1,418.75	\$1,418.75
9 Ratio to Avg -Min- (6)/(8)	0.03	0.03	0.11	0.11	0.26	0.26	0.26	0.26	0.11	0.11
10 Ratio to Avg -Max- (7)/(8)	0.82	0.84	0.82	0.84	2.04	2.10	2.04	2.10	0.82	0.84
11 "B" Value for (9)	0.0022	0.0022	0.0456	0.0456	0.5357	0.5357	0.5357	0.5357	0.0456	0.0456
12 "B" Value for (10)	24.7822	26.2852	24.7822	26.2852	86.9355	88.1999	86.9355	88.1999	24.7822	26.2852
13 Difference (12) - (11)	24.7800	26.2830	24.7366	26.2396	86.3998	87.6642	86.3998	87.6642	24.7366	26.2396
14 "A" Value for (9)	0.1346	0.1346	0.7306	0.7306	3.2301	3.2301	3.2301	3.2301	0.7306	0.7306
15 "A" Value for (10)	44.3959	46.2069	44.3959	46.2069	94.8310	95.4420	94.8310	95.4420	44.3959	46.2069
16 Difference 100 - (15)	55.6041	53.7931	55.6041	53.7931	5.1690	4.5580	5.1690	4.5580	55.6041	53.7931
17 (9) x (14)	0.0040	0.0040	0.0804	0.0804	0.8398	0.8398	0.8398	0.8398	0.0804	0.0804
18 Product (10) x (16)	45.5954	45.1862	45.5954	45.1862	10.5449	9.5718	10.5449	9.5718	45.5954	45.1862
19 'Limit' Factor {(13) + (17) + (18)}	70.3794	71.4733	70.4123	71.5062	97.7845	98.0758	97.7845	98.0758	70.4123	71.5062
20 Eff. Avg. Weekly Wage (8) x (19)	\$998.51	\$1,014.03	\$998.97	\$1,014.49	\$554.52	\$556.17	\$554.52	\$556.17	\$998.97	\$1,014.49
21 Average Weekly Benefit	\$665.67	\$676.02	\$665.98	\$676.33	\$369.68	\$370.78	\$369.68	\$370.78	\$665.98	\$676.33
22 Indicated Change in Costs	-	1.6%	-	1.6%	-	0.3%	-	0.3%	-	1.6%

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

New York Incurred Losses *	July 1, 2011	Benefit Change	July 1, 2012
Death	\$424,248,004	1.6%	\$431,035,972
Permanent Total	\$567,744,894	1.6%	\$576,828,812
Permanent Partial - Major	\$5,285,000,892	0.3%	\$5,300,855,895
Permanent Partial - Minor	\$287,278,905	0.3%	\$288,140,742
Temporary	\$954,929,947	1.6%	\$970,208,826
Total Indemnity	\$7,519,202,642	0.6%	\$7,567,070,247

* Policy Year 2005-2009 Unit Statistical Plan data for all carriers, on level and developed to estimated ultimate.

Indemnity Losses as Percent of Total Losses #	0.55
Medical Losses as Percent of Total Losses #	0.45

Based on PY 2010 Ultimate Loss

Estimated Claim Cost Effect of Benefit Change = 0.3%
 $\{(0.549 \times 1.006 + (0.451 \times 1.00)) - 1.00\}$

Factor to Reflect Expected Increase in System Utilization 1.10

Estimated Rate Level Effect of Benefit Change = 0.3%

Estimated Premium Effect of Benefit Change = \$12,466,434

New York Workers Compensation

Maximum @ July 1, 2013 = 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, 2012	July 1, 2013	July 1, 2012	July 1, 2013	July 1, 2012	July 1, 2013	July 1, 2012	July 1, 2013	July 1, 2012	July 1, 2013
3 % Compensation	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
4 Minimum Comp	\$30.00	\$30.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
5 Maximum Comp	\$792.07	\$811.87	\$792.07	\$811.87	\$792.07	\$811.87	\$792.07	\$811.87	\$792.07	\$811.87
6 Eff Wkly Wage for Min (4)/(3)	\$45.00	\$45.00	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99
7 Eff Wkly Wage for Max (5)/(3)	\$1,188.04	\$1,217.74	\$1,188.04	\$1,217.74	\$1,188.04	\$1,217.74	\$1,188.04	\$1,217.74	\$1,188.04	\$1,217.74
8 Avg Weekly Wage	\$1,454.22	\$1,454.22	\$1,454.22	\$1,454.22	\$581.26	\$581.26 **	\$581.26	\$581.26 **	\$1,454.22	\$1,454.22
9 Ratio to Avg -Min- (6)/(8)	0.03	0.03	0.10	0.10	0.26	0.26	0.26	0.26	0.10	0.10
10 Ratio to Avg -Max- (7)/(8)	0.82	0.84	0.82	0.84	2.04	2.10	2.04	2.10	0.82	0.84
11 "B" Value for (9)	0.0022	0.0022	0.0363	0.0363	0.5357	0.5357	0.5357	0.5357	0.0363	0.0363
12 "B" Value for (10)	24.7822	26.2852	24.7822	26.2852	86.9355	88.1999	86.9355	88.1999	24.7822	26.2852
13 Difference (12) - (11)	24.7800	26.2830	24.7459	26.2489	86.3998	87.6642	86.3998	87.6642	24.7459	26.2489
14 "A" Value for (9)	0.1346	0.1346	0.6416	0.6416	3.2301	3.2301	3.2301	3.2301	0.6416	0.6416
15 "A" Value for (10)	44.3959	46.2069	44.3959	46.2069	94.8310	95.4420	94.8310	95.4420	44.3959	46.2069
16 Difference 100 - (15)	55.6041	53.7931	55.6041	53.7931	5.1690	4.5580	5.1690	4.5580	55.6041	53.7931
17 (9) x (14)	0.0040	0.0040	0.0642	0.0642	0.8398	0.8398	0.8398	0.8398	0.0642	0.0642
18 Product (10) x (16)	45.5954	45.1862	45.5954	45.1862	10.5449	9.5718	10.5449	9.5718	45.5954	45.1862
19 'Limit' Factor {(13) + (17) + (70.3794	71.4733	70.4054	71.4992	97.7845	98.0758	97.7845	98.0758	70.4054	71.4992
20 Eff. Avg. Weekly Wage (8) x	\$1,023.47	\$1,039.38	\$1,023.85	\$1,039.75	\$568.38	\$570.07	\$568.38	\$570.07	\$1,023.85	\$1,039.75
21 Average Weekly Benefit	\$682.35	\$692.95	\$682.60	\$693.20	\$378.94	\$380.07	\$378.94	\$380.07	\$682.60	\$693.20
22 Indicated Change in Costs	-	1.6%	-	1.6%	-	0.3%	-	0.3%	-	1.6%

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

New York Incurred Losses *	July 1, 2012	Benefit Change	July 1, 2013
Death	\$431,035,972	1.6%	\$437,932,548
Permanent Total	\$576,828,812	1.6%	\$586,058,073
Permanent Partial - Major	\$5,300,855,895	0.3%	\$5,316,758,463
Permanent Partial - Minor	\$288,140,742	0.3%	\$289,005,164
Temporary	\$970,208,826	1.6%	\$985,732,168
Total Indemnity	\$7,567,070,247	0.6%	\$7,615,486,415

* Policy Year 2005-2009 Unit Statistical Plan data for all carriers, on level and developed to estimated ultimate.

Indemnity Losses as Percent of Total Losses #	0.552
Medical Losses as Percent of Total Losses #	0.448

Based on PY 2010 Ultimate Loss

Estimated Claim Cost Effect of Benefit Change = 0.3%
 $\{ (0.552 \times 1.006 + (0.448 \times 1.00)) - 1.00$

Factor to Reflect Expected Increase in System Utiliza 1.10

Estimated Rate Level Effect of Benefit Change = 0.3%

Estimated Premium Effect of Benefit Change = \$12,466,434

New York Workers Compensation

Maximum @ July 1, 2014 = 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, 2013	July 1, 2014	July 1, 2013	July 1, 2014	July 1, 2013	July 1, 2014	July 1, 2013	July 1, 2014	July 1, 2013	July 1, 2014
3 % Compensation	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
4 Minimum Comp	\$30.00	\$30.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
5 Maximum Comp	\$811.87	\$832.17	\$811.87	\$832.17	\$811.87	\$832.17	\$811.87	\$832.17	\$811.87	\$832.17
6 Eff Wkly Wage for Min (4)	\$45.00	\$45.00	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99	\$149.99
7 Eff Wkly Wage for Max (5)	\$1,217.74	\$1,248.19	\$1,217.74	\$1,248.19	\$1,217.74	\$1,248.19	\$1,217.74	\$1,248.19	\$1,217.74	\$1,248.19
8 Avg Weekly Wage	\$1,490.57	\$1,490.57	\$1,490.57	\$1,490.57	\$595.79	\$595.79 **	\$595.79	\$595.79 **	\$1,490.57	\$1,490.57
9 Ratio to Avg -Min- (6)/(8)	0.03	0.03	0.10	0.10	0.25	0.25	0.25	0.25	0.10	0.10
10 Ratio to Avg -Max- (7)/(8)	0.82	0.84	0.82	0.84	2.04	2.10	2.04	2.10	0.82	0.84
11 "B" Value for (9)	0.0022	0.0022	0.0363	0.0363	0.4750	0.4750	0.4750	0.4750	0.0363	0.0363
12 "B" Value for (10)	24.7822	26.2852	24.7822	26.2852	86.9355	88.1999	86.9355	88.1999	24.7822	26.2852
13 Difference (12) - (11)	24.7800	26.2830	24.7459	26.2489	86.4605	87.7249	86.4605	87.7249	24.7459	26.2489
14 "A" Value for (9)	0.1346	0.1346	0.6416	0.6416	2.9922	2.9922	2.9922	2.9922	0.6416	0.6416
15 "A" Value for (10)	44.3959	46.2069	44.3959	46.2069	94.8310	95.4420	94.8310	95.4420	44.3959	46.2069
16 Difference 100 - (15)	55.6041	53.7931	55.6041	53.7931	5.1690	4.5580	5.1690	4.5580	55.6041	53.7931
17 (9) x (14)	0.0040	0.0040	0.0642	0.0642	0.7481	0.7481	0.7481	0.7481	0.0642	0.0642
18 Product (10)x (16)	45.5954	45.1862	45.5954	45.1862	10.5449	9.5718	10.5449	9.5718	45.5954	45.1862
19 'Limit' Factor {(13) + (17)}	70.3794	71.4733	70.4054	71.4992	97.7534	98.0448	97.7534	98.0448	70.4054	71.4992
20 Eff. Avg. Weekly Wage (8)	\$1,049.06	\$1,065.36	\$1,049.44	\$1,065.75	\$582.41	\$584.14	\$582.41	\$584.14	\$1,049.44	\$1,065.75
21 Average Weekly Benefit	\$699.41	\$710.28	\$699.66	\$710.53	\$388.29	\$389.45	\$388.29	\$389.45	\$699.66	\$710.53
22 Indicated Change in Costs	-	1.6%	-	1.6%	-	0.3%	-	0.3%	-	1.6%

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

New York Incurred Losses	July 1, 2013	Benefit Change	July 1, 2014
Death	\$437,932,548	1.6%	\$444,939,468
Permanent Total	\$586,058,073	1.6%	\$595,435,002
Permanent Partial - Major	\$5,316,758,463	0.3%	\$5,332,708,738
Permanent Partial - Minor	\$289,005,164	0.3%	\$289,872,180
Temporary	\$985,732,168	1.6%	\$1,001,503,882
Total Indemnity	\$7,615,486,415	0.6%	\$7,664,459,271

* Policy Year 2005-2009 Unit Statistical Plan data for all carriers, on level and developed to estimated ultimate.

Indemnity Losses as Percent of Total Losses	0.555
Medical Losses as Percent of Total Losses	0.445

Based on PY 2010 Ultimate Loss

Estimated Claim Cost Effect of Benefit Change = 0.3%
 $\{(0.555 \times 1.006 + (0.445 \times 1.00)) - 1.00\}$

Factor to Reflect Expected Increase in System Ut 1.10

Estimated Rate Level Effect of Benefit Change 0.3%

Estimated Premium Effect of Benefit Change \$12,466,434

**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

Industry Group	Policy Year	Expected Losses On 10/2011 Level	Incurred USP Losses on 10/2011 Level	Loss Ratio	Number of Compensable Cases	Group Credibility	Cred. Wt'd Loss Ratio	Indicated Ind. Group Differential	Differential Adjustment Factor	Final Ind. Group Differential
Food&Bev Mfg.	2005	\$74,654,638	\$65,682,037		1,437					
	2006	\$89,600,954	\$72,150,667		1,364					
	2007	\$89,002,260	\$75,295,143		1,294					
	2008	\$91,043,197	\$86,707,551		1,426					
	2009	\$90,908,153	\$122,303,505		1,415					
	Total	\$435,209,203	\$422,138,903	0.970	6,936	0.760	0.959	1.037	1.002	1.039
Chemical Mfg.	2005	\$27,393,868	\$23,262,570		485					
	2006	\$34,060,678	\$26,926,780		435					
	2007	\$33,667,063	\$27,426,955		434					
	2008	\$33,333,178	\$26,985,023		415					
	2009	\$33,089,356	\$27,925,527		407					
	Total	\$161,544,143	\$132,526,855	0.820	2,176	0.426	0.880	0.952	1.004	0.956
All Other Mfg.	2005	\$292,109,827	\$278,166,464		5,087					
	2006	\$291,539,181	\$277,687,157		4,967					
	2007	\$304,252,569	\$277,938,178		4,687					
	2008	\$312,541,628	\$281,942,506		4,138					
	2009	\$282,852,966	\$256,101,491		3,423					
	Total	\$1,483,296,171	\$1,371,835,797	0.925	22,302	1.000	0.925	1.000	0.991	0.991
Contracting	2005	\$785,614,463	\$662,241,403		6,472					
	2006	\$869,069,071	\$748,175,935		6,337					
	2007	\$940,204,541	\$849,464,466		6,545					
	2008	\$1,054,659,939	\$794,220,834		6,609					
	2009	\$1,021,541,118	\$927,959,227		6,078					
	Total	\$4,671,089,131	\$3,982,061,865	0.852	32,041	1.000	0.852	0.922	0.996	0.918
Stores&Dealers	2005	\$325,834,788	\$318,891,472		6,424					
	2006	\$341,262,564	\$306,360,215		6,379					
	2007	\$367,457,279	\$346,319,297		6,458					
	2008	\$372,693,683	\$337,800,713		6,129					
	2009	\$352,669,048	\$346,246,537		5,413					
	Total	\$1,759,917,362	\$1,655,618,233	0.941	30,803	1.000	0.941	1.017	0.998	1.015
Prof&Office	2005	\$519,915,886	\$483,496,248		8,580					
	2006	\$551,344,717	\$525,864,470		8,397					
	2007	\$600,044,381	\$597,493,266		9,319					
	2008	\$620,815,728	\$597,829,550		8,682					
	2009	\$640,315,720	\$645,381,517		8,371					
	Total	\$2,932,436,432	\$2,850,065,051	0.972	43,349	1.000	0.972	1.051	1.000	1.051
Services	2005	\$995,463,792	\$990,747,265		16,749					
	2006	\$1,028,152,986	\$942,959,137		16,204					
	2007	\$1,106,718,657	\$1,055,733,938		16,211					
	2008	\$1,285,194,128	\$1,145,488,644		16,746					
	2009	\$1,460,356,320	\$1,411,134,214		17,773					
	Total	\$5,875,885,884	\$5,546,063,197	0.944	83,683	1.000	0.944	1.020	1.003	1.024
Miscellaneous	2005	\$200,307,844	\$196,740,429		3,699					
	2006	\$209,465,432	\$187,843,027		3,442					
	2007	\$225,413,088	\$202,182,358		3,456					
	2008	\$238,616,952	\$214,685,995		3,373					
	2009	\$302,403,145	\$341,500,481		4,400					
	Total	\$1,176,206,461	\$1,142,952,290	0.972	18,370	1.000	0.972	1.051	1.011	1.062
Mar,Adm, Fed	2005	\$8,866,164	\$5,032,738		105					
	2006	\$8,675,806	\$10,735,658		127					
	2007	\$8,938,083	\$10,261,956		110					
	2008	\$10,124,881	\$7,547,431		91					
	2009	\$9,078,099	\$7,734,017		103					
	Total	\$45,683,032	\$41,311,800	0.904	536	0.211	0.920	0.995	1.004	0.999
All Ind Groups	2005	\$3,230,161,270	\$3,024,260,626		49,038					
	2006	\$3,423,171,390	\$3,098,703,046		47,652					
	2007	\$3,675,697,921	\$3,442,115,557		48,514					
	2008	\$4,019,023,315	\$3,493,208,245		47,609					
	2009	\$4,193,213,925	\$4,086,286,517		47,383					
	Total	\$18,541,267,820	\$17,144,573,992	0.925	240,196	1.000	0.925	1.000	1.000	1.000
				Cred. Std.	12,000					

New York Workers Compensation

Industry Group Differential Adjustment Factor Calculation

Industry Group	Indemnity Losses	Medical Losses	Total Losses	Avg. Annual Wage Trend	Effect of Med/Ind Wage trends On Ind. Group *
(1)	(2)	(3)	(4)	(5)	(6)
1	\$241,255,726	\$180,883,178	\$422,138,903	1.030	1.0418
2	\$75,408,015	\$57,118,840	\$132,526,855	1.028	1.0473
3	\$774,055,475	\$597,780,322	\$1,371,835,797	1.042	1.0145
4	\$2,445,695,118	\$1,536,366,747	\$3,982,061,865	1.036	1.0280
5	\$847,728,280	\$807,889,954	\$1,655,618,233	1.035	1.0314
6	\$1,536,413,767	\$1,313,651,284	\$2,850,065,051	1.033	1.0359
7	\$3,013,104,945	\$2,532,958,253	\$5,546,063,197	1.030	1.0430
8	\$613,674,353	\$529,277,937	\$1,142,952,290	1.022	1.0594
9	\$21,717,342	\$19,594,457	\$41,311,800	1.029	1.0439
Total	\$9,569,053,021	\$7,575,520,972	\$17,144,573,992	1.032	1.0263

(7) Annual Indemnity Trend from 10/2011 loss cost revision. 1.044

(8) Annual Medical Trend from 10/2011 loss cost revision. 1.049

* 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	1.0329	1.002
2	1.0353	1.004
3	1.0211	0.991
4	1.0269	0.996
5	1.0288	0.998
6	1.0307	1.000
7	1.0339	1.003
8	1.0416	1.011
9	1.0346	1.004
Total	1.0307	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	
2001	Dev. 5/6					1,646,478,086	1,645,649,713	0.999
2002	Dev. 5/6					1,638,882,698	1,638,475,683	1.000
2003	Dev. 5/6					1,706,042,303	1,694,938,690	0.993
2004	Dev. 5/6					1,719,140,749	1,695,323,764	0.986
2005	Dev. 5/6					1,785,562,199	1,782,184,787	0.998
2002	Dev. 4/5				1,640,582,622	1,638,882,698		0.999
2003	Dev. 4/5				1,702,624,867	1,706,042,303		1.002
2004	Dev. 4/5				1,730,904,366	1,736,060,060		1.003
2005	Dev. 4/5				1,806,831,217	1,785,562,199		0.988
2006	Dev. 4/5				2,001,930,801	1,994,057,631		0.996
2003	Dev. 3/4			1,705,067,127	1,702,624,867			0.999
2004	Dev. 3/4			1,863,548,271	1,730,904,366			0.929
2005	Dev. 3/4			1,902,378,226	1,806,835,355			0.950
2006	Dev. 3/4			2,025,103,051	2,001,930,801			0.989
2007	Dev. 3/4			2,039,921,544	2,020,510,580			0.990
2004	Dev. 2/3		1,883,519,605	1,863,575,604				0.989
2005	Dev. 2/3		1,917,357,516	1,902,048,014				0.992
2006	Dev. 2/3		2,094,474,379	2,025,103,277				0.967
2007	Dev. 2/3		2,082,459,753	2,039,921,544				0.980
2008	Dev. 2/3		1,999,017,872	2,001,397,948				1.001
2005	Dev. 1/2	2,018,498,770	1,917,479,105					0.950
2006	Dev. 1/2	2,223,849,227	2,094,087,613					0.942
2007	Dev. 1/2	2,162,808,930	2,082,459,753					0.963
2008	Dev. 1/2	2,075,895,636	1,999,017,872					0.963
2009	Dev. 1/2	1,445,479,327	1,423,187,750					0.985
		1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/Ult.	
All Year Average								
Age to Age		0.961	0.986	0.971	0.998	0.995	1.000	
Age to Ult.		0.914	0.951	0.964	0.993	0.995	1.000	
4 Year Average								
Age to Age		0.963	0.985	0.965	0.997	0.994	1.000	
Age to Ult.		0.907	0.942	0.956	0.991	0.994	1.000	
3 Year Average								
Age to Age		0.970	0.983	0.976	0.996	0.992	1.000	
Age to Ult.		0.919	0.948	0.964	0.988	0.992	1.000	
2 Year Average								
Age to Age		0.974	0.991	0.990	0.992	0.992	1.000	
Age to Ult.		0.940	0.965	0.974	0.984	0.992	1.000	
Selected Development to Ultimate*		0.940	0.965	0.974	0.984	0.992	1.000	

*Premium development based on two 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	
1997	Dev. 9/10									582,944,526	597,057,453	1.024
1998	Dev. 9/10									655,192,480	664,523,497	1.014
1999	Dev. 9/10									711,993,033	721,053,407	1.013
2000	Dev. 9/10									681,252,711	703,168,056	1.032
2001	Dev. 9/10									605,834,036	617,198,583	1.019
1998	Dev. 8/9								637,216,178	655,192,480	1.028	
1999	Dev. 8/9								698,970,767	711,993,033	1.019	
2000	Dev. 8/9								685,025,403	704,261,299	1.028	
2001	Dev. 8/9								589,822,361	605,905,037	1.027	
2002	Dev. 8/9								610,285,713	621,724,969	1.019	
1999	Dev. 7/8							674,609,212	698,970,767	1.036		
2000	Dev. 7/8							661,495,708	685,025,403	1.036		
2001	Dev. 7/8							598,281,268	606,312,221	1.013		
2002	Dev. 7/8							590,402,438	610,285,713	1.034		
2003	Dev. 7/8							578,724,371	588,945,589	1.018		
2000	Dev. 6/7						639,169,820	661,495,708	1.035			
2001	Dev. 6/7						567,556,155	598,281,268	1.054			
2002	Dev. 6/7						578,909,840	601,397,246	1.039			
2003	Dev. 6/7						559,917,019	578,724,371	1.034			
2004	Dev. 6/7						520,095,189	540,880,430	1.040			
2001	Dev. 5/6					524,946,927	567,556,155	1.081				
2002	Dev. 5/6					551,287,558	578,909,840	1.050				
2003	Dev. 5/6					539,217,657	567,059,971	1.052				
2004	Dev. 5/6					485,588,200	520,095,189	1.071				
2005	Dev. 5/6					497,395,106	516,063,595	1.038				
2002	Dev. 4/5				509,531,146	551,287,558	1.082					
2003	Dev. 4/5				506,927,549	539,217,657	1.064					
2004	Dev. 4/5				461,389,849	486,995,099	1.055					
2005	Dev. 4/5				461,845,144	497,395,106	1.077					
2006	Dev. 4/5				500,480,724	529,754,620	1.058					
2003	Dev. 3/4			456,659,881	506,927,549	1.110						
2004	Dev. 3/4			414,340,846	461,389,849	1.114						
2005	Dev. 3/4			421,187,474	461,864,544	1.097						
2006	Dev. 3/4			449,834,274	500,480,724	1.113						
2007	Dev. 3/4			556,095,627	617,121,532	1.110						
2004	Dev. 2/3		343,273,511	414,340,846	1.207							
2005	Dev. 2/3		351,113,493	420,917,826	1.199							
2006	Dev. 2/3		357,076,172	449,837,244	1.260							
2007	Dev. 2/3		453,378,374	556,095,627	1.227							
2008	Dev. 2/3		547,769,813	682,335,653	1.246							
2005	Dev. 1/2	248,630,869	351,113,493	1.412								
2006	Dev. 1/2	251,165,706	356,889,612	1.421								
2007	Dev. 1/2	309,939,540	453,378,374	1.463								
2008	Dev. 1/2	377,505,404	547,769,813	1.451								
2009	Dev. 1/2	375,684,684	572,329,661	1.523								
		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		2.806	1.930	1.454	1.228	1.109	1.067	1.058	1.040	1.027	1.024	1.020
4 Year Average		2.796	1.909	1.465	1.233	1.109	1.064	1.053	1.042	1.025	1.023	1.020
3 Year Average		2.848	1.926	1.479	1.244	1.107	1.063	1.054	1.038	1.022	1.025	1.021
2 Year Average		2.914	1.960	1.487	1.237	1.112	1.068	1.055	1.037	1.026	1.023	1.026
Latest Year		2.879	1.890	1.523	1.246	1.110	1.058	1.038	1.040	1.018	1.019	1.019
Mid 3 of 5		2.773	1.919	1.445	1.227	1.111	1.066	1.058	1.038	1.029	1.025	1.019
Loss Development to Ultimate*		2.789	1.930									

*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	
1988	Dev. 18/19									677,418,811	679,494,674	1.003
1989	Dev. 18/19									751,379,935	754,305,126	1.004
1990	Dev. 18/19									866,315,406	870,599,836	1.005
1991	Dev. 18/19									819,187,054	822,866,621	1.004
1992	Dev. 18/19									779,296,136	787,506,057	1.011
1989	Dev. 17/18							747,245,405		751,379,935		1.006
1990	Dev. 17/18							862,213,953		866,315,406		1.005
1991	Dev. 17/18							828,226,155		831,326,486		1.004
1992	Dev. 17/18							778,105,016		787,650,594		1.012
1993	Dev. 17/18							748,144,880		756,703,334		1.011
1990	Dev. 16/17							853,711,850	862,213,953		1.010	
1991	Dev. 16/17							821,415,744	828,226,155		1.008	
1992	Dev. 16/17							778,426,398	788,336,855		1.013	
1993	Dev. 16/17							736,026,490	748,985,186		1.018	
1994	Dev. 16/17							697,183,699	700,482,783		1.005	
1991	Dev. 15/16						812,604,205	821,415,744		1.011		
1992	Dev. 15/16						773,693,183	778,426,398		1.006		
1993	Dev. 15/16						741,122,210	749,940,601		1.012		
1994	Dev. 15/16						692,575,167	698,227,698		1.008		
1995	Dev. 15/16						632,401,906	633,991,242		1.003		
1992	Dev. 14/15				764,240,317	773,693,183		1.012				
1993	Dev. 14/15				733,653,010	741,122,210		1.010				
1994	Dev. 14/15				703,777,729	708,525,398		1.007				
1995	Dev. 14/15				630,541,738	632,872,142		1.004				
1996	Dev. 14/15				573,766,038	578,830,638		1.009				
1993	Dev. 13/14			724,532,892	733,653,010		1.013					
1994	Dev. 13/14			696,652,763	703,777,729		1.010					
1995	Dev. 13/14			641,369,406	645,472,778		1.006					
1996	Dev. 13/14			567,508,184	574,033,776		1.011					
1997	Dev. 13/14			596,476,145	599,319,230		1.005					
1994	Dev. 12/13		680,978,751	696,652,763		1.023						
1995	Dev. 12/13		639,735,718	641,369,406		1.003						
1996	Dev. 12/13		579,293,667	584,012,459		1.008						
1997	Dev. 12/13		588,090,041	596,738,573		1.015						
1998	Dev. 12/13		657,888,550	673,378,463		1.024						
1995	Dev. 11/12		627,165,959	639,735,718		1.020						
1996	Dev. 11/12		577,015,882	579,293,667		1.004						
1997	Dev. 11/12		603,865,329	607,431,733		1.006						
1998	Dev. 11/12		655,320,181	658,221,163		1.004						
1999	Dev. 11/12		710,562,344	713,281,416		1.004						
1996	Dev. 10/11	564,733,312	577,015,882		1.022							
1997	Dev. 10/11	597,057,453	603,865,329		1.011							
1998	Dev. 10/11	664,523,497	670,655,290		1.009							
1999	Dev. 10/11	706,638,328	710,954,062		1.006							
2000	Dev. 10/11	698,129,367	708,171,959		1.014							
Development				10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th
5 Year Average				1.012	1.008	1.015	1.009	1.008	1.008	1.011	1.008	1.005
4 Year Average				1.010	1.005	1.013	1.008	1.008	1.007	1.011	1.008	1.006
3 Year Average				1.010	1.005	1.016	1.007	1.007	1.008	1.012	1.009	1.007
2 Year Average				1.010	1.004	1.020	1.008	1.007	1.006	1.012	1.012	1.008
Latest Year				1.014	1.004	1.024	1.005	1.009	1.003	1.005	1.011	1.011
Mid 3 of 5				1.011	1.005	1.015	1.009	1.009	1.008	1.010	1.007	1.004

WORKERS COMPENSATION - NEW YORK

Policy Year Development Factors - Indemnity Losses (Case Basis)

Private Carriers Excluding Large Deductible Experience

Policy Year		19th Report	20th Report	21st Report	22nd Report	23th Report	24th Report	25th Report	26th Report	27th Report	28th Report
1979	Dev. 27/28										
1980	Dev. 27/28										
1981	Dev. 27/28										
1982	Dev. 27/28										
1983	Dev. 27/28										
1980	Dev. 26/27										
1981	Dev. 26/27										
1982	Dev. 26/27										
1983	Dev. 26/27										
1984	Dev. 26/27										
1981	Dev. 25/26										
1982	Dev. 25/26										
1983	Dev. 25/26										
1984	Dev. 25/26										
1985	Dev. 25/26										
1982	Dev. 24/25										
1983	Dev. 24/25										
1984	Dev. 24/25										
1985	Dev. 24/25										
1986	Dev. 24/25										
1983	Dev. 23/24										
1984	Dev. 23/24										
1985	Dev. 23/24										
1986	Dev. 23/24										
1987	Dev. 23/24										
1984	Dev. 22/23										
1985	Dev. 22/23										
1986	Dev. 22/23										
1987	Dev. 22/23										
1988	Dev. 22/23										
1985	Dev. 21/22										
1986	Dev. 21/22										
1987	Dev. 21/22										
1988	Dev. 21/22										
1989	Dev. 21/22										
1986	Dev. 20/21										
1987	Dev. 20/21										
1988	Dev. 20/21										
1989	Dev. 20/21										
1990	Dev. 20/21										
1987	Dev. 19/20	640,991,518	644,121,700	1.005							
1988	Dev. 19/20	679,494,674	681,807,333	1.003							
1989	Dev. 19/20	754,305,126	758,493,953	1.006							
1990	Dev. 19/20	859,952,066	866,906,646	1.008							
1991	Dev. 19/20	816,313,699	824,697,227	1.010							
Development				19th/20th	20th/Ult.*						
5 Year Average				1.006	1.029						
4 Year Average				1.007	1.029						
3 Year Average				1.008	1.029						
2 Year Average				1.009	1.029						
Latest Year				1.010	1.029						
Mid 3 of 5				1.006	1.029						

* From Exhibit BB, Sheet 2F

WORKERS COMPENSATION - NEW YORK

Policy Year Development Factors - Medical Losses (Case Basis)

Private Carriers Excluding Large Deductible Experience

Policy Year		1st Report	2nd Report	3rd Report	4th Report	5th Report	6th Report	7th Report	8th Report	9th Report	10th Report	
1997	Dev. 9/10									303,795,097	311,860,926	1.027
1998	Dev. 9/10									353,964,407	362,532,852	1.024
1999	Dev. 9/10									387,098,058	394,613,981	1.019
2000	Dev. 9/10									375,675,735	386,475,690	1.029
2001	Dev. 9/10									356,379,865	362,640,500	1.018
1998	Dev. 8/9								346,315,749	353,964,407		1.022
1999	Dev. 8/9								374,833,965	387,098,058		1.033
2000	Dev. 8/9								373,662,715	387,634,719		1.037
2001	Dev. 8/9								346,009,658	356,420,329		1.030
2002	Dev. 8/9								371,288,416	380,506,027		1.025
1999	Dev. 7/8							361,466,653	374,833,965			1.037
2000	Dev. 7/8							357,679,443	373,662,715			1.045
2001	Dev. 7/8							341,929,225	354,512,689			1.037
2002	Dev. 7/8							354,236,427	371,288,638			1.048
2003	Dev. 7/8							374,369,022	379,769,307			1.014
2000	Dev. 6/7						345,338,068	357,679,443				1.036
2001	Dev. 6/7						326,254,167	341,929,224				1.048
2002	Dev. 6/7						348,606,696	360,975,057				1.035
2003	Dev. 6/7						362,421,074	374,369,022				1.033
2004	Dev. 6/7						329,785,055	341,041,654				1.034
2001	Dev. 5/6					309,689,068	326,254,167					1.053
2002	Dev. 5/6					338,223,634	348,606,696					1.031
2003	Dev. 5/6					349,395,132	366,387,180					1.049
2004	Dev. 5/6					314,048,495	329,785,055					1.050
2005	Dev. 5/6					359,320,006	372,247,659					1.036
2002	Dev. 4/5				313,259,821	338,223,634						1.080
2003	Dev. 4/5				327,732,575	349,395,132						1.066
2004	Dev. 4/5				303,884,008	315,023,017						1.037
2005	Dev. 4/5				334,774,927	359,320,006						1.073
2006	Dev. 4/5				362,557,337	382,240,950						1.054
2003	Dev. 3/4			301,108,756	327,732,575							1.088
2004	Dev. 3/4			283,695,300	303,884,008							1.071
2005	Dev. 3/4			309,393,885	334,787,730							1.082
2006	Dev. 3/4			326,078,236	362,557,337							1.112
2007	Dev. 3/4			425,959,774	455,361,053							1.069
2004	Dev. 2/3		258,388,409	283,695,300								1.098
2005	Dev. 2/3		282,483,340	309,282,378								1.095
2006	Dev. 2/3		289,714,316	326,082,402								1.126
2007	Dev. 2/3		360,693,543	425,959,774								1.181
2008	Dev. 2/3		399,207,604	463,281,158								1.161
2005	Dev. 1/2	236,414,483	282,491,403			1.195						
2006	Dev. 1/2	242,211,868	289,387,686			1.195						
2007	Dev. 1/2	296,397,524	360,693,543			1.217						
2008	Dev. 1/2	325,347,785	399,207,604			1.227						
2009	Dev. 1/2	338,617,493	414,865,666			1.225						
		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		2.240	1.848	1.212	1.132	1.084	1.062	1.044	1.037	1.036	1.029	1.023
4 Year Average		2.254	1.854	1.216	1.141	1.084	1.058	1.042	1.038	1.036	1.031	1.023
3 Year Average		2.288	1.871	1.223	1.156	1.088	1.055	1.045	1.034	1.033	1.031	1.022
2 Year Average		2.345	1.913	1.226	1.171	1.091	1.064	1.043	1.034	1.031	1.028	1.024
Latest Year		2.187	1.785	1.225	1.161	1.069	1.054	1.036	1.034	1.014	1.025	1.018
Mid 3 of 5		2.236	1.845	1.212	1.128	1.080	1.064	1.045	1.035	1.040	1.029	1.023
Loss Development to Ultimate*		2.233	1.842									

*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	
1988	Dev. 18/19									294,209,432	297,274,846	1.010
1989	Dev. 18/19									335,298,854	338,655,312	1.010
1990	Dev. 18/19									371,453,632	376,341,792	1.013
1991	Dev. 18/19									335,319,310	336,325,995	1.003
1992	Dev. 18/19									321,739,219	326,894,485	1.016
1989	Dev. 17/18								331,844,734	335,298,854	1.010	
1990	Dev. 17/18								368,014,197	371,453,632	1.009	
1991	Dev. 17/18								336,816,540	341,160,149	1.013	
1992	Dev. 17/18								320,433,082	325,887,007	1.017	
1993	Dev. 17/18								320,226,857	320,263,923	1.000	
1990	Dev. 16/17							362,023,011	368,014,197	1.017		
1991	Dev. 16/17							334,148,255	336,816,540	1.008		
1992	Dev. 16/17							320,960,686	324,599,638	1.011		
1993	Dev. 16/17							315,442,968	320,330,466	1.015		
1994	Dev. 16/17							297,488,894	298,085,864	1.002		
1991	Dev. 15/16						330,007,719	334,148,255	1.013			
1992	Dev. 15/16						316,367,765	320,960,686	1.015			
1993	Dev. 15/16						320,059,827	323,381,161	1.010			
1994	Dev. 15/16						293,155,389	297,594,401	1.015			
1995	Dev. 15/16						303,577,806	304,396,706	1.003			
1992	Dev. 14/15					311,522,270	316,367,765	1.016				
1993	Dev. 14/15					316,211,262	320,059,827	1.012				
1994	Dev. 14/15					298,350,682	301,049,027	1.009				
1995	Dev. 14/15					302,694,603	303,722,089	1.003				
1996	Dev. 14/15					288,710,074	289,040,080	1.001				
1993	Dev. 13/14				311,327,292	316,211,262	1.016					
1994	Dev. 13/14				293,605,321	298,350,682	1.016					
1995	Dev. 13/14				304,993,927	309,724,777	1.016					
1996	Dev. 13/14				285,574,351	288,854,709	1.011					
1997	Dev. 13/14				317,342,060	322,738,952	1.017					
1994	Dev. 12/13			288,688,135	293,605,321	1.017						
1995	Dev. 12/13			300,571,961	304,993,927	1.015						
1996	Dev. 12/13			287,805,760	292,550,799	1.016						
1997	Dev. 12/13			311,842,391	317,395,362	1.018						
1998	Dev. 12/13			362,461,990	372,413,499	1.027						
1995	Dev. 11/12		298,394,675	300,571,961	1.007							
1996	Dev. 11/12		286,828,580	287,805,760	1.003							
1997	Dev. 11/12		318,388,310	321,700,069	1.010							
1998	Dev. 11/12		358,654,217	362,746,981	1.011							
1999	Dev. 11/12		391,917,712	401,224,832	1.024							
1996	Dev. 10/11	281,106,387	286,828,580	1.020								
1997	Dev. 10/11	311,860,926	318,388,310	1.021								
1998	Dev. 10/11	362,532,852	366,657,098	1.011								
1999	Dev. 10/11	385,152,143	392,237,710	1.018								
2000	Dev. 10/11	385,951,917	397,441,772	1.030								
Development				10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th
5 Year Average				1.020	1.011	1.019	1.015	1.008	1.011	1.011	1.010	1.010
4 Year Average				1.020	1.012	1.019	1.015	1.006	1.011	1.009	1.010	1.011
3 Year Average				1.020	1.015	1.020	1.015	1.004	1.009	1.009	1.010	1.011
2 Year Average				1.024	1.018	1.023	1.014	1.002	1.009	1.009	1.009	1.010
Latest Year				1.030	1.024	1.027	1.017	1.001	1.003	1.002	1.000	1.016
Mid 3 of 5				1.020	1.009	1.017	1.016	1.008	1.013	1.011	1.011	1.011

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

Policy Year		19th Report	20th Report	21st Report	22nd Report	23th Report	24th Report	25th Report	26th Report	27th Report	28th Report
1979	Dev. 27/28										
1980	Dev. 27/28										
1981	Dev. 27/28										
1982	Dev. 27/28										
1983	Dev. 27/28										
1980	Dev. 26/27										
1981	Dev. 26/27										
1982	Dev. 26/27										
1983	Dev. 26/27										
1984	Dev. 26/27										
1981	Dev. 25/26										
1982	Dev. 25/26										
1983	Dev. 25/26										
1984	Dev. 25/26										
1985	Dev. 25/26										
1982	Dev. 24/25										
1983	Dev. 24/25										
1984	Dev. 24/25										
1985	Dev. 24/25										
1986	Dev. 24/25										
1983	Dev. 23/24										
1984	Dev. 23/24										
1985	Dev. 23/24										
1986	Dev. 23/24										
1987	Dev. 23/24										
1984	Dev. 22/23										
1985	Dev. 22/23										
1986	Dev. 22/23										
1987	Dev. 22/23										
1988	Dev. 22/23										
1985	Dev. 21/22										
1986	Dev. 21/22										
1987	Dev. 21/22										
1988	Dev. 21/22										
1989	Dev. 21/22										
1986	Dev. 20/21										
1987	Dev. 20/21										
1988	Dev. 20/21										
1989	Dev. 20/21										
1990	Dev. 20/21										
1987	Dev. 19/20	257,250,870	259,553,551			1.009					
1988	Dev. 19/20	297,274,846	299,149,461			1.006					
1989	Dev. 19/20	338,655,312	342,467,935			1.011					
1990	Dev. 19/20	371,245,583	372,829,904			1.004					
1991	Dev. 19/20	333,002,555	334,692,862			1.005					
Development				19th/20th		20th/Ult.*					
5 Year Average				1.007		1.064					
4 Year Average				1.007		1.064					
3 Year Average				1.007		1.064					
2 Year Average				1.005		1.064					
Latest Year				1.005		1.064					
Mid 3 of 5				1.007		1.064					

* From Exhibit BB, Sheet 2F

WORKERS COMPENSATION - NEW YORK

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

	<u>INDEMNITY</u>	<u>MEDICAL</u>
1. Case incurred losses for Policy Year 1987 valued as of 12/31/07*	644,106,518	330,918,423
2. Case incurred losses for Policy Year 1988 valued as of 12/31/08*	681,807,333	323,380,567
3. Case incurred losses for Policy Year 1989 valued as of 12/31/09	748,978,847	335,426,351
4. Average ((1)+(2)+(3))/3	691,630,899	329,908,447
5. Ratio of (4) / (3)	0.923	0.984
6. Change in case incurred losses from 12/31/06 to 12/31/07 for all Policy Years 1986 and prior*	13,208,337	30,484,757
7. Change in case incurred losses from 12/31/07 to 12/31/08 for all Policy Years 1987 and prior*	14,134,817	12,195,927
8. Change in case incurred losses from 12/31/08 to 12/31/09 for all Policy Years 1988 and prior*	27,122,044	24,793,822
9. Average ((6)+(7)+(8))/3	18,155,066	22,491,502
10. Development factor from 20th to ultimate [(3)*(5)+(9)] / [(3)*(5)]	1.026	1.068
11. Case incurred losses for Policy Year 1988 valued as of 12/31/08**	863,849,891	360,175,951
12. Case incurred losses for Policy Year 1989 valued as of 12/31/09**	918,248,066	370,310,692
13. Case incurred losses for Policy Year 1990 valued as of 12/31/10	858,441,842	367,784,937
14. Average of (11) through (13)	880,179,933	366,090,527
15. Ratio of (14) / (13)	1.025	0.995
16. Change in case incurred losses from 12/31/07 to 12/31/08 for all Policy Years 1987 and prior**	17,908,813	13,582,915
17. Change in case incurred losses from 12/31/08 to 12/31/09 for all Policy Years 1988 and prior**	34,363,630	27,614,951
18. Change in case incurred losses from 12/31/09 to 12/31/10 for all Policy Years 1989 and prior**	29,593,940	21,327,018
19. Average of (16) through (18)	27,288,794	20,841,628
20. Development factor from 20th to ultimate [(13)*(15)+(19)] / [(13)*(15)]	1.031	1.057

WORKERS COMPENSATION - NEW YORK

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

	<u>INDEMNITY</u>	<u>MEDICAL</u>
21. Case incurred losses for Policy Year 1989 valued as of 12/31/09***	966,931,691	395,467,668
22. Case incurred losses for Policy Year 1990 valued as of 12/31/10***	921,966,538	393,897,668
23. Case incurred losses for Policy Year 1991 valued as of 12/31/11	824,697,227	334,692,862
24. Average of (21) through (23)	904,531,819	374,686,066
25. Ratio of (24) / (23)	1.097	1.119
26. Change in case incurred losses from 12/31/08 to 12/31/09 for all Policy Years 1988 and prior***	36,207,929	29,472,768
27. Change in case incurred losses from 12/31/09 to 12/31/10 for all Policy Years 1989 and prior***	31,162,949	22,775,864
28. Change in case incurred losses from 12/31/10 to 12/31/11 for all Policy Years 1990 and prior***	16,258,384	21,538,642
29. Average of (26) through (28)	27,876,421	24,595,758
30. Development factor from 20th to ultimate [(23)*(25)+(29)] / [(23)*(25)]	1.031	1.066
31. Indicated average development factor from 20th to ultimate [(10) + (20) + (30)] / 3	1.029	1.064

* Adjusted to the level of Policy Year 1989

** Adjusted to the level of Policy Year 1990

*** Adjusted to the level of Policy Year 1991

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	
2001	Dev. 5/6					954,826,099	961,467,986	1.007
2002	Dev. 5/6					907,687,756	906,778,777	0.999
2003	Dev. 5/6					1,023,064,631	1,008,234,827	0.986
2004	Dev. 5/6					1,044,910,132	1,038,114,023	0.993
2005	Dev. 5/6					1,004,797,481	1,006,639,883	1.002
2002	Dev. 4/5				911,243,398	907,687,756		0.996
2003	Dev. 4/5				1,030,403,608	1,023,064,945		0.993
2004	Dev. 4/5				1,069,006,287	1,044,996,658		0.978
2005	Dev. 4/5				1,008,226,701	1,004,797,481		0.997
2006	Dev. 4/5				1,004,593,119	1,008,869,164		1.004
2003	Dev. 3/4			1,037,632,559	1,030,403,608			0.993
2004	Dev. 3/4			1,072,054,925	1,069,006,757			0.997
2005	Dev. 3/4			1,009,073,812	1,008,226,701			0.999
2006	Dev. 3/4			999,201,332	1,004,593,119			1.005
2007	Dev. 3/4			904,664,744	879,406,270			0.972
2004	Dev. 2/3		1,089,138,822	1,072,054,925				0.984
2005	Dev. 2/3		1,003,076,914	1,009,074,102				1.006
2006	Dev. 2/3		989,008,655	999,201,332				1.010
2007	Dev. 2/3		905,695,755	904,664,744				0.999
2008	Dev. 2/3		760,568,070	756,817,515				0.995
2005	Dev. 1/2	1,008,171,937	1,003,076,914					0.995
2006	Dev. 1/2	1,000,311,132	989,008,655					0.989
2007	Dev. 1/2	895,208,255	905,695,755					1.012
2008	Dev. 1/2	754,067,239	760,568,070					1.009
2009	Dev. 1/2	683,830,318	689,890,922					1.009
		1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/Ult.	
All Year Average								
Age to Age		1.003	0.999	0.993	0.994	0.997	1.000	
Age to Ult.		0.986	0.983	0.984	0.991	0.997	1.000	
4 Year Average								
Age to Age		1.005	1.003	0.993	0.993	0.995	1.000	
Age to Ult.		0.989	0.984	0.981	0.988	0.995	1.000	
3 Year Average								
Age to Age		1.010	1.001	0.992	0.993	0.994	1.000	
Age to Ult.		0.990	0.980	0.979	0.987	0.994	1.000	
2 Year Average								
Age to Age		1.009	0.997	0.989	1.001	0.998	1.000	
Age to Ult.		0.994	0.985	0.988	0.999	0.998	1.000	
Premium Development to Ultimate*		0.986	0.983	0.984	0.991	0.997	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	
1997	Dev. 9/10									279,741,180	282,860,135	1.011
1998	Dev. 9/10									304,613,578	312,762,959	1.027
1999	Dev. 9/10									317,782,269	325,459,879	1.024
2000	Dev. 9/10									377,782,845	388,552,533	1.029
2001	Dev. 9/10									428,334,875	452,398,807	1.056
1998	Dev. 8/9								294,146,555	304,613,578	1.036	
1999	Dev. 8/9								308,661,946	317,782,269	1.030	
2000	Dev. 8/9								371,612,388	380,041,710	1.023	
2001	Dev. 8/9								419,586,985	428,334,875	1.021	
2002	Dev. 8/9								361,130,883	385,107,258	1.066	
1999	Dev. 7/8							299,704,866	308,661,946	1.030		
2000	Dev. 7/8							357,401,281	371,625,377	1.040		
2001	Dev. 7/8							407,585,268	423,016,620	1.038		
2002	Dev. 7/8							348,041,711	361,130,883	1.038		
2003	Dev. 7/8							363,484,177	380,719,285	1.047		
2000	Dev. 6/7						337,359,035	357,401,281	1.059			
2001	Dev. 6/7						389,989,048	407,585,268	1.045			
2002	Dev. 6/7						341,525,463	353,911,514	1.036			
2003	Dev. 6/7						345,652,918	363,484,177	1.052			
2004	Dev. 6/7						351,939,255	378,883,375	1.077			
2001	Dev. 5/6					377,995,128	389,989,048	1.032				
2002	Dev. 5/6					331,699,987	341,525,463	1.030				
2003	Dev. 5/6					333,226,950	351,544,847	1.055				
2004	Dev. 5/6					324,307,355	351,939,255	1.085				
2005	Dev. 5/6					304,248,938	329,904,443	1.084				
2002	Dev. 4/5				306,962,189	331,699,987	1.081					
2003	Dev. 4/5				313,583,196	333,226,950	1.063					
2004	Dev. 4/5				305,106,959	324,338,980	1.063					
2005	Dev. 4/5				278,147,842	304,248,938	1.094					
2006	Dev. 4/5				280,035,078	311,109,910	1.111					
2003	Dev. 3/4			282,866,660	313,583,196	1.109						
2004	Dev. 3/4			275,715,476	305,106,959	1.107						
2005	Dev. 3/4			243,825,920	278,147,842	1.141						
2006	Dev. 3/4			240,043,660	280,035,078	1.167						
2007	Dev. 3/4			265,154,270	305,988,647	1.154						
2004	Dev. 2/3		227,277,587	275,715,476	1.213							
2005	Dev. 2/3		201,936,408	243,825,920	1.207							
2006	Dev. 2/3		192,670,671	240,043,660	1.246							
2007	Dev. 2/3		207,679,506	265,154,270	1.277							
2008	Dev. 2/3		233,872,276	291,439,348	1.246							
2005	Dev. 1/2	134,881,933	201,936,408	1.497								
2006	Dev. 1/2	127,469,225	192,670,671	1.512								
2007	Dev. 1/2	129,582,091	207,679,506	1.603								
2008	Dev. 1/2	142,736,832	233,872,276	1.638								
2009	Dev. 1/2	179,687,243	279,693,236	1.557								
Development		1st/Ult.	2nd/Ult.	1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/7th	7th/8th	8th/9th	9th/10th
5 Year Average		3.296	2.111	1.561	1.238	1.136	1.082	1.057	1.054	1.039	1.035	1.029
4 Year Average		3.387	2.146	1.578	1.244	1.142	1.083	1.064	1.053	1.041	1.035	1.034
3 Year Average		3.599	2.251	1.599	1.256	1.154	1.089	1.075	1.055	1.041	1.037	1.036
2 Year Average		3.837	2.401	1.598	1.262	1.161	1.103	1.085	1.065	1.043	1.044	1.043
Latest Year		3.874	2.488	1.557	1.246	1.154	1.111	1.084	1.077	1.047	1.066	1.056
Mid 3 of 5		3.220	2.068	1.557	1.235	1.135	1.079	1.057	1.052	1.039	1.030	1.027
Loss Development to Ultimate		3.237	2.079									

*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	
1997	Dev. 9/10									154,361,026	158,100,654	1.024
1998	Dev. 9/10									162,412,883	165,918,747	1.022
1999	Dev. 9/10									174,345,981	176,981,544	1.015
2000	Dev. 9/10									214,621,013	222,689,345	1.038
2001	Dev. 9/10									251,361,761	258,440,826	1.028
1998	Dev. 8/9								156,921,629	162,412,883		1.035
1999	Dev. 8/9								168,032,725	174,345,981		1.038
2000	Dev. 8/9								212,721,665	216,883,701		1.020
2001	Dev. 8/9								243,263,967	251,361,761		1.033
2002	Dev. 8/9								216,246,448	222,941,865		1.031
1999	Dev. 7/8							162,446,112	168,032,725			1.034
2000	Dev. 7/8							202,889,896	212,754,769			1.049
2001	Dev. 7/8							234,839,519	245,735,425			1.046
2002	Dev. 7/8							209,187,430	216,246,448			1.034
2003	Dev. 7/8							227,932,146	241,347,113			1.059
2000	Dev. 6/7						191,456,508	202,889,896				1.060
2001	Dev. 6/7						222,178,487	234,839,519				1.057
2002	Dev. 6/7						206,439,527	212,852,964				1.031
2003	Dev. 6/7						216,240,658	227,932,146				1.054
2004	Dev. 6/7						229,323,517	240,108,185				1.047
2001	Dev. 5/6					211,981,236	222,178,487					1.048
2002	Dev. 5/6					198,338,873	206,439,527					1.041
2003	Dev. 5/6					209,808,260	219,441,533					1.046
2004	Dev. 5/6					213,782,932	229,323,517					1.073
2005	Dev. 5/6					207,218,768	221,787,995					1.070
2002	Dev. 4/5				180,225,998	198,338,873		1.101				
2003	Dev. 4/5				198,259,117	209,808,260		1.058				
2004	Dev. 4/5				202,883,048	213,790,861		1.054				
2005	Dev. 4/5				193,147,476	207,218,768		1.073				
2006	Dev. 4/5				197,985,931	214,685,270		1.084				
2003	Dev. 3/4			181,584,740	198,259,117		1.092					
2004	Dev. 3/4			186,118,777	202,883,048		1.090					
2005	Dev. 3/4			179,289,656	193,147,476		1.077					
2006	Dev. 3/4			175,355,912	197,985,931		1.129					
2007	Dev. 3/4			190,717,552	207,214,354		1.086					
2004	Dev. 2/3		163,660,687	186,118,777		1.137						
2005	Dev. 2/3		162,676,951	179,289,656		1.102						
2006	Dev. 2/3		156,536,306	175,355,912		1.120						
2007	Dev. 2/3		161,476,071	190,717,552		1.181						
2008	Dev. 2/3		160,462,191	184,486,403		1.150						
2005	Dev. 1/2	127,491,262	162,676,951		1.276							
2006	Dev. 1/2	123,346,757	156,536,306		1.269							
2007	Dev. 1/2	130,201,791	161,476,071		1.240							
2008	Dev. 1/2	125,649,846	160,462,191		1.277							
2009	Dev. 1/2	149,117,725	187,852,272		1.260							
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		2.485	1.966	1.264	1.138	1.095	1.074	1.056	1.050	1.044	1.031	1.025
4 Year Average		2.470	1.957	1.262	1.138	1.096	1.067	1.058	1.047	1.047	1.031	1.026
3 Year Average		2.497	1.983	1.259	1.150	1.097	1.070	1.063	1.044	1.046	1.028	1.027
2 Year Average		2.674	2.107	1.269	1.166	1.108	1.079	1.072	1.051	1.047	1.032	1.033
Latest Year		2.582	2.049	1.260	1.150	1.086	1.084	1.070	1.047	1.059	1.031	1.028
Mid 3 of 5		2.480	1.956	1.268	1.136	1.089	1.072	1.055	1.053	1.043	1.033	1.025
Loss Development to Ultimate		2.475	1.952									

*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
2001	Dev. 5/6					1,308,727,022	1,308,296,639
2002	Dev. 5/6					1,390,006,322	1,389,627,554
2003	Dev. 5/6					1,472,407,155	1,471,302,604
2004	Dev. 5/6					1,557,077,728	1,555,581,526
2005	Dev. 5/6					1,652,037,731	1,651,974,546
2002	Dev. 4/5				1,391,847,766	1,390,006,322	0.999
2003	Dev. 4/5				1,473,670,252	1,472,407,155	0.999
2004	Dev. 4/5				1,557,679,593	1,557,077,728	1.000
2005	Dev. 4/5				1,652,230,700	1,652,037,731	1.000
2006	Dev. 4/5				1,752,024,429	1,751,529,866	1.000
2003	Dev. 3/4			1,476,816,924	1,473,670,252	0.998	
2004	Dev. 3/4			1,561,166,457	1,557,679,593	0.998	
2005	Dev. 3/4			1,658,178,029	1,652,230,700	0.996	
2006	Dev. 3/4			1,755,394,373	1,752,024,429	0.998	
2007	Dev. 3/4			1,614,182,152	1,610,100,417	0.997	
2004	Dev. 2/3		1,572,415,373	1,561,166,457	0.993		
2005	Dev. 2/3		1,672,006,212	1,658,178,029	0.992		
2006	Dev. 2/3		1,772,774,107	1,755,394,373	0.990		
2007	Dev. 2/3		1,629,575,235	1,614,182,152	0.991		
2008	Dev. 2/3		1,365,627,737	1,351,196,858	0.989		
2005	Dev. 1/2	1,646,831,333	1,672,006,212	1.015			
2006	Dev. 1/2	1,755,897,236	1,772,774,107	1.010			
2007	Dev. 1/2	1,648,357,313	1,629,575,235	0.989			
2008	Dev. 1/2	1,456,367,058	1,365,627,737	0.938			
2009	Dev. 1/2	1,025,829,307	1,031,638,895	1.006			
		1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/Ult.
5 Year Average							
Age to Age		0.992	0.991	0.997	1.000	1.000	1.000
Age to Ult.		0.980	0.988	0.997	1.000	1.000	1.000
4 Year Average							
Age to Age		0.986	0.991	0.997	1.000	1.000	1.000
Age to Ult.		0.974	0.988	0.997	1.000	1.000	1.000
3 Year Average							
Age to Age		0.978	0.990	0.997	1.000	0.999	1.000
Age to Ult.		0.964	0.986	0.996	0.999	0.999	1.000
2 Year Average							
Age to Age		0.972	0.990	0.998	1.000	1.000	1.000
Age to Ult.		0.960	0.988	0.998	1.000	1.000	1.000
Premium Development to Ultimate*		0.980	0.988	0.997	1.000	1.000	1.000

*Premium development based on all 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	
1997	Dev. 9/10									478,998,536	482,957,899	1.008
1998	Dev. 9/10									406,773,025	406,818,911	1.000
1999	Dev. 9/10									493,350,072	495,134,384	1.004
2000	Dev. 9/10									450,975,592	451,636,764	1.001
2001	Dev. 9/10									424,094,945	427,851,578	1.009
1998	Dev. 8/9								411,738,113	406,773,025	0.988	
1999	Dev. 8/9								489,392,883	493,350,072	1.008	
2000	Dev. 8/9								453,158,980	450,975,592	0.995	
2001	Dev. 8/9								437,305,369	424,094,945	0.970	
2002	Dev. 8/9								499,872,081	503,050,975	1.006	
1999	Dev. 7/8							486,221,780	489,392,883	1.007		
2000	Dev. 7/8							452,182,407	453,158,980	1.002		
2001	Dev. 7/8							435,029,616	437,305,369	1.005		
2002	Dev. 7/8							510,576,475	499,872,081	0.979		
2003	Dev. 7/8							527,458,559	527,789,401	1.001		
2000	Dev. 6/7					459,239,596	452,182,407	0.985				
2001	Dev. 6/7					437,904,451	435,029,616	0.993				
2002	Dev. 6/7					509,415,979	510,576,475	1.002				
2003	Dev. 6/7					524,081,341	527,458,559	1.006				
2004	Dev. 6/7					553,381,815	549,412,548	0.993				
2001	Dev. 5/6					448,620,089	437,904,451	0.976				
2002	Dev. 5/6					510,507,545	509,415,979	0.998				
2003	Dev. 5/6					524,008,825	524,081,341	1.000				
2004	Dev. 5/6					552,167,015	553,381,815	1.002				
2005	Dev. 5/6					537,233,848	541,313,582	1.008				
2002	Dev. 4/5				506,306,170	510,507,545	1.008					
2003	Dev. 4/5				518,479,747	524,008,825	1.011					
2004	Dev. 4/5				560,010,573	552,167,015	0.986					
2005	Dev. 4/5				528,375,924	537,233,848	1.017					
2006	Dev. 4/5				533,691,919	540,631,059	1.013					
2003	Dev. 3/4			497,276,177	518,479,747	1.043						
2004	Dev. 3/4			505,087,949	560,010,573	1.109						
2005	Dev. 3/4			489,787,100	528,375,924	1.079						
2006	Dev. 3/4			510,087,473	533,691,919	1.046						
2007	Dev. 3/4			489,610,476	545,498,715	1.114						
2004	Dev. 2/3		409,557,666	505,087,949	1.233							
2005	Dev. 2/3		387,985,295	489,787,100	1.262							
2006	Dev. 2/3		420,770,920	510,087,473	1.212							
2007	Dev. 2/3		383,015,563	489,610,476	1.278							
2008	Dev. 2/3		376,321,765	479,647,831	1.275							
2005	Dev. 1/2	250,574,204	387,985,295	1.548								
2006	Dev. 1/2	263,108,106	420,770,920	1.599								
2007	Dev. 1/2	261,186,892	383,015,563	1.466								
2008	Dev. 1/2	262,752,097	376,321,765	1.432								
2009	Dev. 1/2	255,853,102	386,466,671	1.511								
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		2.250	1.489	1.511	1.252	1.078	1.007	0.997	0.996	0.999	0.993	1.004
4 Year Average		2.289	1.524	1.502	1.257	1.087	1.007	1.002	0.999	0.997	0.995	1.004
3 Year Average		2.207	1.501	1.470	1.255	1.080	1.005	1.003	1.000	0.995	0.990	1.005
2 Year Average		2.273	1.544	1.472	1.277	1.080	1.015	1.005	1.000	0.990	0.988	1.005
Latest Year		2.479	1.640	1.511	1.275	1.114	1.013	1.008	0.993	1.001	1.006	1.009
Mid 3 of 5		2.286	1.516	1.508	1.257	1.078	1.011	1.000	0.996	1.003	0.996	1.004
Loss Development to Ultima		2.288	1.517									

*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
1988	Dev. 18/19									627,473,440	630,417,574	1.005
1989	Dev. 18/19									726,652,982	730,959,396	1.006
1990	Dev. 18/19									885,496,394	893,416,152	1.009
1991	Dev. 18/19									964,105,142	970,917,464	1.007
1992	Dev. 18/19									1,020,314,256	1,024,195,589	1.004
1989	Dev. 17/18								723,782,998	726,652,982	1.004	
1990	Dev. 17/18								878,475,275	885,496,394	1.008	
1991	Dev. 17/18								959,639,669	964,105,142	1.005	
1992	Dev. 17/18								1,011,961,316	1,020,314,256	1.008	
1993	Dev. 17/18								1,009,838,657	1,021,256,900	1.011	
1990	Dev. 16/17							873,006,496	878,475,275	1.006		
1991	Dev. 16/17							947,811,982	959,639,669	1.012		
1992	Dev. 16/17							1,005,278,584	1,011,961,316	1.007		
1993	Dev. 16/17							1,003,767,121	1,009,838,657	1.006		
1994	Dev. 16/17							867,113,754	875,500,357	1.010		
1991	Dev. 15/16						945,293,540	947,811,982	1.003			
1992	Dev. 15/16						997,850,661	1,005,278,584	1.007			
1993	Dev. 15/16						996,595,915	1,003,767,121	1.007			
1994	Dev. 15/16						865,757,739	867,113,754	1.002			
1995	Dev. 15/16						686,479,928	691,318,648	1.007			
1992	Dev. 14/15					992,914,113	997,850,661	1.005				
1993	Dev. 14/15					990,544,634	996,595,915	1.006				
1994	Dev. 14/15					859,378,182	865,757,739	1.007				
1995	Dev. 14/15					678,659,430	686,479,928	1.012				
1996	Dev. 14/15					571,860,141	579,041,108	1.013				
1993	Dev. 13/14				980,064,292	990,544,634	1.011					
1994	Dev. 13/14				852,279,060	859,378,182	1.008					
1995	Dev. 13/14				672,114,638	678,659,430	1.010					
1996	Dev. 13/14				566,388,673	571,860,141	1.010					
1997	Dev. 13/14				492,405,785	497,254,603	1.010					
1994	Dev. 12/13			848,699,414	852,279,060	1.004						
1995	Dev. 12/13			667,841,486	672,114,638	1.006						
1996	Dev. 12/13			560,955,542	566,388,673	1.010						
1997	Dev. 12/13			487,335,120	492,405,785	1.010						
1998	Dev. 12/13			408,190,835	411,933,808	1.009						
1995	Dev. 11/12		663,701,091	667,841,486	1.006							
1996	Dev. 11/12		555,729,552	560,955,542	1.009							
1997	Dev. 11/12		485,625,229	487,335,120	1.004							
1998	Dev. 11/12		406,294,526	408,190,835	1.005							
1999	Dev. 11/12		499,144,398	503,813,136	1.009							
1996	Dev. 10/11	557,057,817	555,729,552	0.998								
1997	Dev. 10/11	482,957,899	485,625,229	1.006								
1998	Dev. 10/11	406,818,911	406,294,526	0.999								
1999	Dev. 10/11	495,134,384	499,144,398	1.008								
2000	Dev. 10/11	451,636,764	453,280,632	1.004								
Development				10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th
5 Year Average				1.003	1.007	1.008	1.010	1.009	1.005	1.008	1.007	1.006
4 Year Average				1.004	1.007	1.009	1.009	1.009	1.006	1.009	1.008	1.006
3 Year Average				1.003	1.006	1.010	1.010	1.011	1.005	1.007	1.008	1.007
2 Year Average				1.006	1.007	1.010	1.010	1.012	1.004	1.008	1.010	1.005
Latest Year				1.004	1.009	1.009	1.010	1.013	1.007	1.010	1.011	1.004
Mid 3 of 5				1.003	1.007	1.008	1.010	1.008	1.006	1.008	1.007	1.006

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

Policy Year		19th Report	20th Report	21st Report	22nd Report	23th Report	24th Report	25th Report	26th Report	27th Report	28th Report
1979	Dev. 27/28										
1980	Dev. 27/28										
1981	Dev. 27/28										
1982	Dev. 27/28										
1983	Dev. 27/28										
1980	Dev. 26/27										
1981	Dev. 26/27										
1982	Dev. 26/27										
1983	Dev. 26/27										
1984	Dev. 26/27										
1981	Dev. 25/26										
1982	Dev. 25/26										
1983	Dev. 25/26										
1984	Dev. 25/26										
1985	Dev. 25/26										
1982	Dev. 24/25										
1983	Dev. 24/25										
1984	Dev. 24/25										
1985	Dev. 24/25										
1986	Dev. 24/25										
1983	Dev. 23/24										
1984	Dev. 23/24										
1985	Dev. 23/24										
1986	Dev. 23/24										
1987	Dev. 23/24										
1984	Dev. 22/23										
1985	Dev. 22/23										
1986	Dev. 22/23										
1987	Dev. 22/23										
1988	Dev. 22/23										
1985	Dev. 21/22										
1986	Dev. 21/22										
1987	Dev. 21/22										
1988	Dev. 21/22										
1989	Dev. 21/22										
1986	Dev. 20/21										
1987	Dev. 20/21										
1988	Dev. 20/21										
1989	Dev. 20/21										
1990	Dev. 20/21										
1987	Dev. 19/20	542,333,600	547,392,404	1.009							
1988	Dev. 19/20	630,417,574	636,657,940	1.010							
1989	Dev. 19/20	730,959,396	734,674,594	1.005							
1990	Dev. 19/20	893,416,152	900,113,670	1.007							
1991	Dev. 19/20	970,917,464	977,409,872	1.007							
Development				19th/20th	20th/Ult.*						
5 Year Average				1.008	1.032						
4 Year Average				1.007	1.032						
3 Year Average				1.006	1.032						
2 Year Average				1.007	1.032						
Latest Year				1.007	1.032						
Mid 3 of 5				1.008	1.032						

* From Exhibit DD, Sheet 2F

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

Policy Year		1st Report	2nd Report	3rd Report	4th Report	5th Report	6th Report	7th Report	8th Report	9th Report	10th Report	
1997	Dev. 9/10									197,650,874	198,877,074	1.006
1998	Dev. 9/10									177,948,154	180,886,423	1.017
1999	Dev. 9/10									195,994,014	194,569,748	0.993
2000	Dev. 9/10									201,326,223	206,803,498	1.027
2001	Dev. 9/10									214,479,957	219,885,299	1.025
1998	Dev. 8/9								176,899,721	177,948,154		1.006
1999	Dev. 8/9								190,949,339	195,994,014		1.026
2000	Dev. 8/9								198,746,274	201,326,223		1.013
2001	Dev. 8/9								208,841,155	214,479,957		1.027
2002	Dev. 8/9								252,926,381	253,534,088		1.002
1999	Dev. 7/8							189,721,819	190,949,339			1.006
2000	Dev. 7/8							193,987,311	198,746,274			1.025
2001	Dev. 7/8							212,903,098	208,841,155			0.981
2002	Dev. 7/8							239,561,866	252,926,381			1.056
2003	Dev. 7/8							260,733,207	274,031,803			1.051
2000	Dev. 6/7						197,617,381	193,987,311				0.982
2001	Dev. 6/7						202,031,846	212,903,098				1.054
2002	Dev. 6/7						234,060,030	239,561,866				1.024
2003	Dev. 6/7						256,436,567	260,733,207				1.017
2004	Dev. 6/7						265,527,967	273,395,810				1.030
2001	Dev. 5/6					202,503,626	202,031,846					0.998
2002	Dev. 5/6					231,300,333	234,060,030					1.012
2003	Dev. 5/6					251,015,932	256,436,567					1.022
2004	Dev. 5/6					259,145,913	265,527,967					1.025
2005	Dev. 5/6					285,659,366	301,650,138					1.056
2002	Dev. 4/5				229,560,124	231,300,333						1.008
2003	Dev. 4/5				245,881,503	251,015,932						1.021
2004	Dev. 4/5				252,426,961	259,145,913						1.027
2005	Dev. 4/5				273,944,688	285,659,366						1.043
2006	Dev. 4/5				293,502,461	312,314,916						1.064
2003	Dev. 3/4			237,791,147	245,881,503							1.034
2004	Dev. 3/4			241,080,001	252,426,961							1.047
2005	Dev. 3/4			252,498,001	273,944,688							1.085
2006	Dev. 3/4			268,154,979	293,502,461							1.095
2007	Dev. 3/4			293,984,947	321,649,763							1.094
2004	Dev. 2/3		218,748,539	241,080,001								1.102
2005	Dev. 2/3		222,685,883	252,498,001								1.134
2006	Dev. 2/3		237,208,418	268,154,979								1.130
2007	Dev. 2/3		263,189,804	293,984,947								1.117
2008	Dev. 2/3		250,519,335	287,230,900								1.147
2005	Dev. 1/2	186,292,488	222,685,883		1.195							
2006	Dev. 1/2	193,016,505	237,208,418		1.229							
2007	Dev. 1/2	212,872,377	263,189,804		1.236							
2008	Dev. 1/2	203,063,311	250,519,335		1.234							
2009	Dev. 1/2	208,296,049	267,652,260		1.285							
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		1.894	1.532	1.236	1.126	1.071	1.033	1.023	1.021	1.024	1.015	1.014
4 Year Average		2.043	1.640	1.246	1.132	1.080	1.039	1.029	1.031	1.028	1.017	1.016
3 Year Average		2.051	1.638	1.252	1.131	1.091	1.045	1.034	1.024	1.029	1.014	1.015
2 Year Average		2.202	1.748	1.260	1.132	1.095	1.054	1.041	1.024	1.054	1.015	1.026
Latest Year		2.339	1.820	1.285	1.147	1.094	1.064	1.056	1.030	1.051	1.002	1.025
Mid 3 of 5		1.904	1.544	1.233	1.127	1.075	1.030	1.020	1.024	1.027	1.015	1.016
Loss Development to Ultima		1.928	1.564									

*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	
1988	Dev. 18/19									221,037,029	222,269,830	1.006
1989	Dev. 18/19									247,214,230	251,465,152	1.017
1990	Dev. 18/19									317,781,505	316,700,608	0.997
1991	Dev. 18/19									330,224,268	335,994,818	1.017
1992	Dev. 18/19									339,471,512	343,413,451	1.012
1989	Dev. 17/18							249,685,530		247,214,230	0.990	
1990	Dev. 17/18							311,578,246		317,781,505	1.020	
1991	Dev. 17/18							330,752,852		330,224,268	0.998	
1992	Dev. 17/18							335,957,660		339,471,512	1.010	
1993	Dev. 17/18							347,414,387		351,042,790	1.010	
1990	Dev. 16/17							314,685,613	311,578,246	0.990		
1991	Dev. 16/17							323,357,762	330,752,852	1.023		
1992	Dev. 16/17							330,904,888	335,957,660	1.015		
1993	Dev. 16/17							347,322,002	347,414,387	1.000		
1994	Dev. 16/17							306,898,193	309,964,203	1.010		
1991	Dev. 15/16						317,772,771	323,357,762	1.018			
1992	Dev. 15/16						325,867,921	330,904,888	1.015			
1993	Dev. 15/16						341,051,309	347,322,002	1.018			
1994	Dev. 15/16						302,751,069	306,898,193	1.014			
1995	Dev. 15/16						273,758,784	277,448,439	1.013			
1992	Dev. 14/15				324,486,012	325,867,921	1.004					
1993	Dev. 14/15				339,348,918	341,051,309	1.005					
1994	Dev. 14/15				298,742,179	302,751,069	1.013					
1995	Dev. 14/15				272,014,709	273,758,784	1.006					
1996	Dev. 14/15				232,040,385	240,438,853	1.036					
1993	Dev. 13/14				339,661,274	339,348,918	0.999					
1994	Dev. 13/14				296,298,356	298,742,179	1.008					
1995	Dev. 13/14				272,451,157	272,014,709	0.998					
1996	Dev. 13/14				230,557,650	232,040,385	1.006					
1997	Dev. 13/14				205,815,001	209,472,841	1.018					
1994	Dev. 12/13			296,280,063	296,298,356	1.000						
1995	Dev. 12/13			268,660,131	272,451,157	1.014						
1996	Dev. 12/13			225,349,885	230,557,650	1.023						
1997	Dev. 12/13			204,274,857	205,815,001	1.008						
1998	Dev. 12/13			183,790,804	185,907,323	1.012						
1995	Dev. 11/12		266,997,905	268,660,131	1.006							
1996	Dev. 11/12		222,946,670	225,349,885	1.011							
1997	Dev. 11/12		201,559,217	204,274,857	1.013							
1998	Dev. 11/12		182,757,197	183,790,804	1.006							
1999	Dev. 11/12		198,550,106	201,863,632	1.017							
1996	Dev. 10/11	221,175,328	222,946,670	1.008								
1997	Dev. 10/11	198,877,074	201,559,217	1.013								
1998	Dev. 10/11	180,886,423	182,757,197	1.010								
1999	Dev. 10/11	194,569,748	198,550,106	1.020								
2000	Dev. 10/11	206,803,498	206,309,072	0.998								
Development				10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th
5 Year Average				1.010	1.011	1.011	1.006	1.013	1.016	1.008	1.006	1.010
4 Year Average				1.010	1.012	1.014	1.008	1.015	1.015	1.012	1.010	1.011
3 Year Average				1.009	1.012	1.014	1.007	1.018	1.015	1.008	1.006	1.009
2 Year Average				1.009	1.012	1.010	1.012	1.021	1.014	1.005	1.010	1.015
Latest Year				0.998	1.017	1.012	1.018	1.036	1.013	1.010	1.010	1.012
Mid 3 of 5				1.010	1.010	1.011	1.004	1.008	1.016	1.008	1.006	1.012

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

Policy Year		19th Report	20th Report	21st Report	22nd Report	23th Report	24th Report	25th Report	26th Report	27th Report	28th Report
1979	Dev. 27/28										
1980	Dev. 27/28										
1981	Dev. 27/28										
1982	Dev. 27/28										
1983	Dev. 27/28										
1980	Dev. 26/27										
1981	Dev. 26/27										
1982	Dev. 26/27										
1983	Dev. 26/27										
1984	Dev. 26/27										
1981	Dev. 25/26										
1982	Dev. 25/26										
1983	Dev. 25/26										
1984	Dev. 25/26										
1985	Dev. 25/26										
1982	Dev. 24/25										
1983	Dev. 24/25										
1984	Dev. 24/25										
1985	Dev. 24/25										
1986	Dev. 24/25										
1983	Dev. 23/24										
1984	Dev. 23/24										
1985	Dev. 23/24										
1986	Dev. 23/24										
1987	Dev. 23/24										
1984	Dev. 22/23										
1985	Dev. 22/23										
1986	Dev. 22/23										
1987	Dev. 22/23										
1988	Dev. 22/23										
1985	Dev. 21/22										
1986	Dev. 21/22										
1987	Dev. 21/22										
1988	Dev. 21/22										
1989	Dev. 21/22										
1986	Dev. 20/21										
1987	Dev. 20/21										
1988	Dev. 20/21										
1989	Dev. 20/21										
1990	Dev. 20/21										
1987	Dev. 19/20	198,535,014	189,579,503	0.955							
1988	Dev. 19/20	222,269,830	223,360,855	1.005							
1989	Dev. 19/20	251,465,152	252,304,358	1.003							
1990	Dev. 19/20	316,700,608	316,489,943	0.999							
1991	Dev. 19/20	335,994,818	334,742,444	0.996							
Development				19th/20th	20th/Ult.*						
5 Year Average				0.992	1.029						
4 Year Average				1.001	1.029						
3 Year Average				0.999	1.029						
2 Year Average				0.998	1.029						
Latest Year				0.996	1.029						
Mid 3 of 5				0.999	1.029						

* From Exhibit DD, Sheet 2F

WORKERS COMPENSATION - NEW YORK

New York State Insurance Fund

Policy Year Loss Development Factors from 20th Report (Case Basis) to Ultimate Incurred

	<u>INDEMNITY</u>	<u>MEDICAL</u>
1. Case incurred losses for Policy Year 1987 valued as of 12/31/07*	547,392,404	241,713,866
2. Case incurred losses for Policy Year 1988 valued as of 12/31/08*	636,657,940	241,453,084
3. Case incurred losses for Policy Year 1989 valued as of 12/31/09	734,674,594	252,304,358
4. Average ((1)+(2)+(3))/3	639,574,979	245,157,103
5. Ratio of (4) / (3)	0.871	0.972
6. Change in case incurred losses from 12/31/06 to 12/31/07 for all Policy Years 1986 and prior*	15,172,622	-5,822,025
7. Change in case incurred losses from 12/31/07 to 12/31/08 for all Policy Years 1987 and prior*	21,006,125	8,243,658
8. Change in case incurred losses from 12/31/08 to 12/31/09 for all Policy Years 1988 and prior*	19,590,240	7,993,779
9. Average ((6)+(7)+(8))/3	18,589,662	3,471,804
10. Development factor from 20th to ultimate [(3)*(5)+(9)] / [(3)*(5)]	1.029	1.014
11. Case incurred losses for Policy Year 1988 valued as of 12/31/08**	806,645,610	268,926,469
12. Case incurred losses for Policy Year 1989 valued as of 12/31/09**	900,711,052	278,544,011
13. Case incurred losses for Policy Year 1990 valued as of 12/31/10	900,113,670	316,489,943
14. Average of (11) through (13)	869,156,777	287,986,808
15. Ratio of (14) / (13)	0.966	0.910
16. Change in case incurred losses from 12/31/07 to 12/31/08 for all Policy Years 1987 and prior**	26,614,760	9,181,172
17. Change in case incurred losses from 12/31/08 to 12/31/09 for all Policy Years 1988 and prior**	24,820,834	8,903,339
18. Change in case incurred losses from 12/31/09 to 12/31/10 for all Policy Years 1989 and prior**	32,979,518	9,759,416
19. Average of (16) through (18)	28,138,371	9,281,309
20. Development factor from 20th to ultimate [(13)*(15)+(19)] / [(13)*(15)]	1.032	1.032

WORKERS COMPENSATION - NEW YORK

New York State Insurance Fund

Policy Year Loss Development Factors from 20th Report (Case Basis) to Ultimate Incurred

	<u>INDEMNITY</u>	<u>MEDICAL</u>
21. Case incurred losses for Policy Year 1989 valued as of 12/31/09***	948,464,901	297,466,838
22. Case incurred losses for Policy Year 1990 valued as of 12/31/10***	966,722,082	338,960,729
23. Case incurred losses for Policy Year 1991 valued as of 12/31/11	977,409,872	334,742,444
24. Average of (21) through (23)	964,198,951	323,723,337
25. Ratio of (24) / (23)	0.986	0.967
26. Change in case incurred losses from 12/31/08 to 12/31/09 for all Policy Years 1988 and prior***	26,152,970	9,502,318
27. Change in case incurred losses from 12/31/09 to 12/31/10 for all Policy Years 1989 and prior***	34,728,024	10,422,420
28. Change in case incurred losses from 12/31/10 to 12/31/11 for all Policy Years 1990 and prior***	44,414,702	18,820,120
29. Average of (26) through (28)	35,098,565	12,914,953
30. Development factor from 20th to ultimate [(23)*(25)+(29)] / [(23)*(25)]	1.036	1.040
31. Indicated average development factor from 20th to ultimate [(10) + (20) + (30)] / 3	1.032	1.029

* Adjusted to the level of Policy Year 1989

** Adjusted to the level of Policy Year 1990

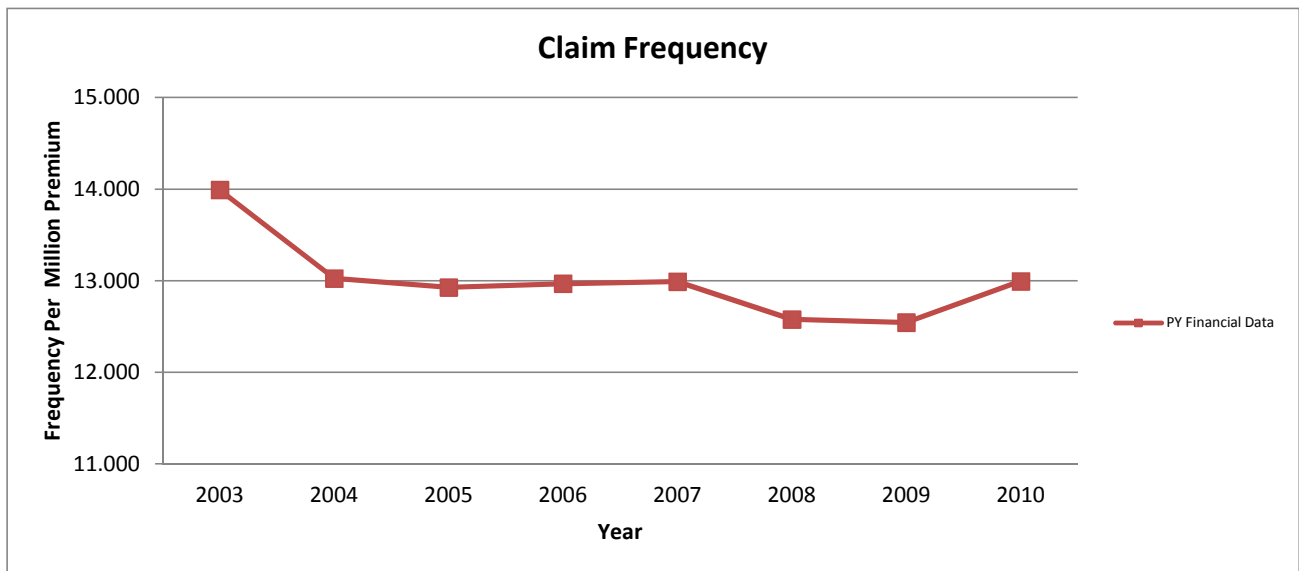
*** Adjusted to the level of Policy Year 1991

Trend Analysis

Claim Frequency - All Carriers excluding LD

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

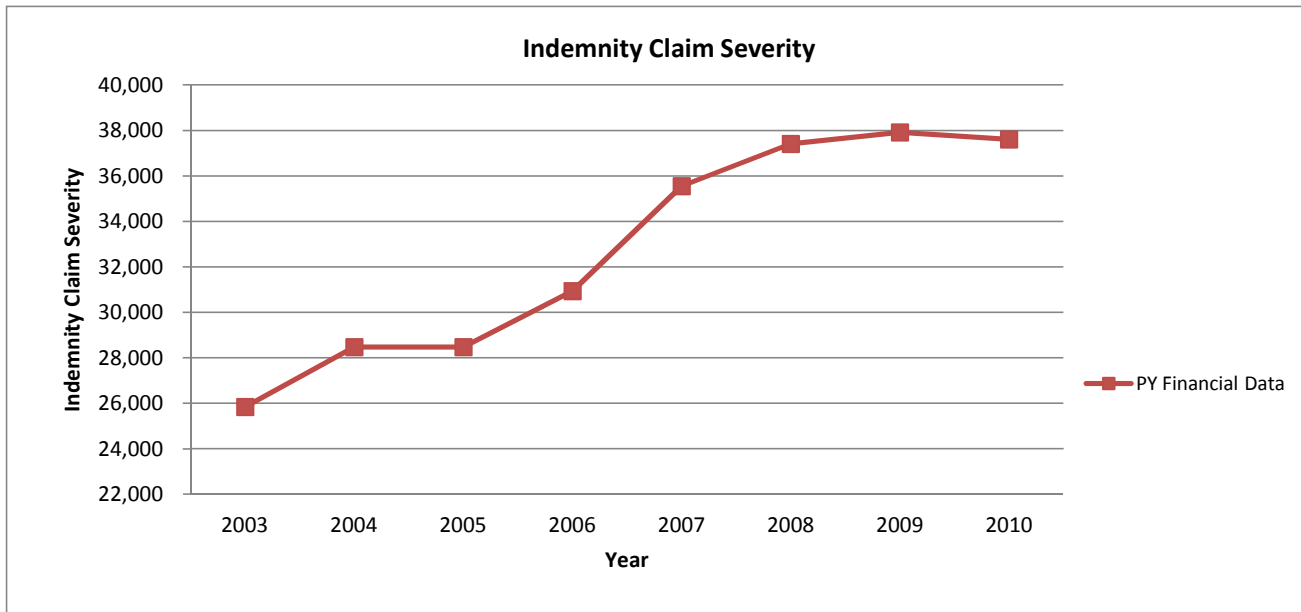
<u>PY</u>	Financial Trend Policy Year Data	
2003	13.992	
2004	13.025	
2005	12.927	
2006	12.968	
2007	12.991	
2008	12.578	
2009	12.544	
2010	12.994	
	Trend	R squared
2007-2010	0.0%	0.000
2006-2010	-0.3%	0.072
2003-2010	-0.9%	0.469



Trend Analysis

Indemnity Severity - All Carriers excluding LD

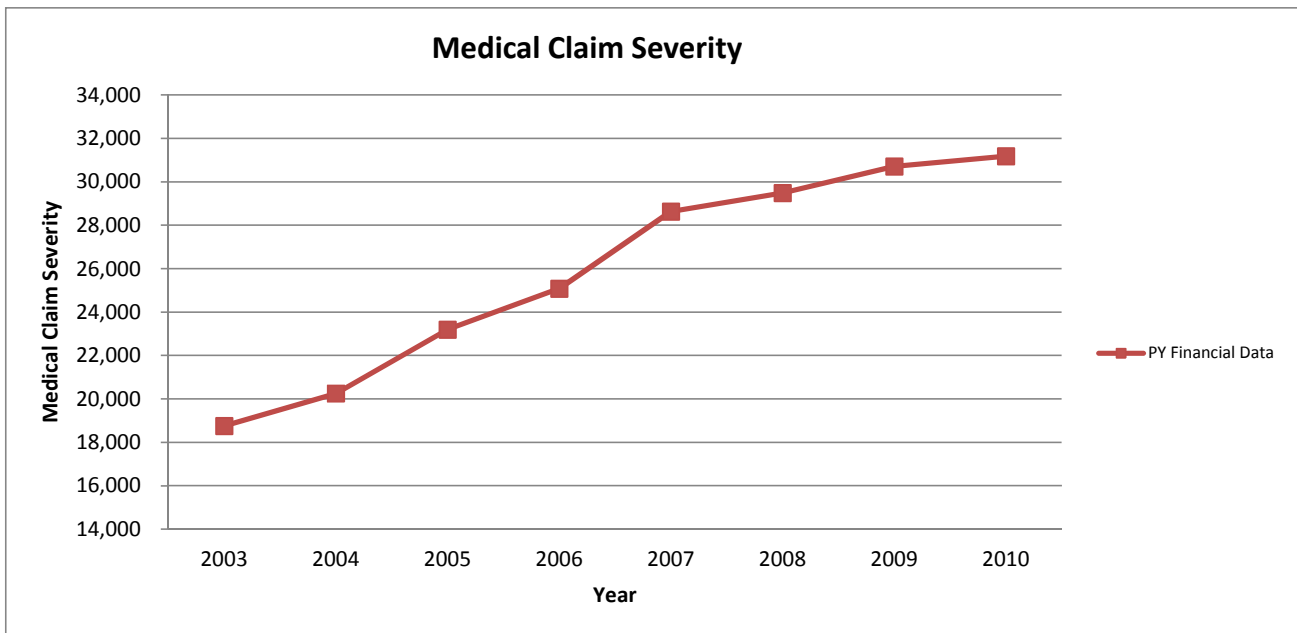
Financial Data	
PY	Indemnity Average Claim Severity (Policy Year)
2003	25,847
2004	28,476
2005	28,472
2006	30,942
2007	35,549
2008	37,406
2009	37,917
2010	37,610
	Trend R squared
2007-2010	1.8% 0.654
2006-2010	4.7% 0.726
2003-2010	6.2% 0.922



Trend Analysis

Medical Severity - All Carriers excluding LD

PY	Financial Data	
	Medical Average Claim Severity (Policy Year)	
2003	18,754	
2004	20,252	
2005	23,198	
2006	25,077	
2007	28,631	
2008	29,482	
2009	30,705	
2010	31,186	
	Trend	R squared
2007-2010	3.0%	0.976
2006-2010	5.2%	0.871
2003-2010	8.0%	0.959



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>
2007	1,144.21	1135.39	1135.35
2008	1,161.22	1143.79	1143.95
2009	1,109.75	1152.26	1152.55
2010	1,159.44	1160.79	1161.14
2011	1,188.10	1169.38	1169.74
Projected Average Annual Change		0.74%	0.75%
R Squared		0.218	0.225

Projected Economic Changes **

	<u>Employment</u>	<u>Total Wages</u>	<u>Average Wages</u>	<u>Projected AWW</u>
2012	1.0%	4.5%	3.5%	1229.27
2013	1.2%	5.0%	3.8%	1275.43

	<u>Total</u>	<u>Annualized</u>
Projected change 2009-2013	14.9%	3.5%
Projected change 2010-2013	10.0%	3.2%

Selected Annual Wage Trend **3.4%**

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

** Based on New York State Assembly Economic Report

New York Compensation Insurance Rating Board

**New York State Assessment Calculation
Effective October 1, 2012**

<u>Fund</u>	<u>WCB / SEP *</u>	<u>WCB/SEP, incl Premium Tax</u>
(1) 151 WC Interdepartmental	0.9%	0.9%
(2) 151 Workers' Compensation Board	3.0%	3.1%
(3) 15-8	9.4%	9.6%
(4) 25-A	4.8%	4.9%
(5) Special Funds Conservation Committee	0.3%	0.3%
(6) Total Assessment as a Percentage of SEP Premium	18.4%	18.8%
(7) Assessment as of 10/1/2011		20.2%
(8) Impact on Policyholders from Change in Assessment	$[\{1.0+(6)/100\} / \{1.0+(7)/100\}]$	0.988

* This is a ratio of the projected assessment amount to the projected standard premium for the prospective filing period.

STATE OF NEW YORK
DEPARTMENT OF FINANCIAL SERVICES

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

OPINION AND DECISION

EXECUTIVE SUMMARY

On May 15, 2012, the New York Compensation Insurance Rating Board (“NYCIRB”) submitted to the Department of Financial Services (“Department”) an application for approval of a proposed 11.8% increase in manual loss costs. This change, combined with an unchanged catastrophe provision, generates an overall proposed loss cost increase of 11.5%. For the reasons set forth below, the request is disapproved. An unchanged loss cost figure, together with the reduction in the New York State Assessment charge, would produce a 1.2% overall cost decrease for policyholders.¹

NYCIRB’S FILING

NYCIRB, licensed pursuant to Insurance Law § 2313, serves as the private rate service organization for New York State workers’ compensation insurers. Consequently, all workers’ compensation insurers report statistical information to NYCIRB. NYCIRB compiles and evaluates the data and proposes loss cost changes, which require the Superintendent’s prior approval before implementation. Pursuant to Insurance Law § 2305,

¹ A revision of the New York State Assessment was noted in NYCIRB’s filing, as the Workers’ Compensation Board provided projected assessment amounts needed to fund the costs of the Workers’ Compensation Board, Reopened Case Fund, Special Disability Fund, Interdepartmental Expenses, and the Special Funds Conservation Committee for the prospective policy period. For the most recent policy period, the Assessment charge imposed by the Workers’ Compensation Board was 20.2% of projected standard premium. The indicated Assessment charge for the upcoming policy period would be 16.9% of projected standard premium, if the full filed increase of 11.5% were approved. However, because of the disapproval of this filing, and accordingly lower anticipated premium base, the indicated Assessment charge will become 18.8% of projected standard premium. The reduction in the Assessment charge from 20.2% to 18.8% represents a 1.2% decrease in policyholder costs.

the Superintendent must hold a public hearing if the requested loss cost figure represents an increase of 7% or more.

In its May 15, 2012 filing, NYCIRB sought a loss cost increase of 11.5%. NYCIRB based its 11.5% request on: actual carrier experience, as measured by two policy years of data, which contributed 6% to the proposed increase; a trend factor, which contributed 4% to the total increase; a change in the loss adjustment expense of 0.9 %; and a benefit level change, reflecting future changes in the maximum weekly benefits, which added another 0.5% to the overall proposed change.

PUBLIC HEARING

In accordance with the requirement under Insurance Law § 2305 that a hearing be held on any proposal for a loss cost increase greater than 7%, the Department held a public hearing concerning NYCIRB's loss cost filing on June 25, 2012, at its Beaver Street offices in New York City. At the hearing, the Department heard testimony from six people: Ziv Kimmel of NYCIRB; Robert Grey of the New York Workers' Compensation Alliance / New York Committee for Occupational Safety and Health; Mark Humowiecki of the Workers Compensation Board; Monte Almer of NYCIRB; Arthur Glover of Mid Island Car Service; and James Grasso of Mid Island Car Service. During the five business days following the hearing, the Department also received written submissions from Heather C. Briccetti of the Business Council of New York State; Dean Norton of the New York Farm Bureau; Kevin S. Law of the Long Island Association; and Scott Lefkowitz of Oliver Wyman, a consulting actuarial firm.

At the June 25 hearing, Mr. Kimmel, with support from Mr. Almer, provided an actuarial analysis in support of NYCIRB's application. For example, he explained the assumptions he made in calculating carrier experience, such as the assumed breakout of losses reported at pre-reform vs. post-reform levels; the reasoning behind his choice of a

five-year period over which he calculated the trend factor; the components of his calculation of a loss adjustment expense figure, such as his assumption of increased delay between the date of injury and date of classification); and the effect on loss costs of the recent increase in the maximum weekly benefit.

All others who testified spoke in opposition to the increase filed by NYCIRB. Indeed, Mr. Robert Grey, on behalf of the New York Workers Compensation Alliance and the New York Committee for Occupational Safety and Health, testified that all changes anticipated in 2007 have been implemented and accounted for and that NYCIRB's filing overstates the current rate need.

Likewise, Mr. Humowiecki, on behalf of the Workers' Compensation Board, testified that the filing overstates future costs because it does not adequately reflect savings from 2007 reforms. He stated that, although the vast majority of the legislation's medical cost control measures were implemented almost immediately, the medical treatment guidelines were not fully implemented until 2010 and are continuing to produce additional savings. For example, as a result of the medical treatment guidelines more carriers are requiring the use of diagnostic testing networks, which permit savings of 50% or more over the fee schedule. In addition, he noted that permanent partial disability ("PPD") impairment and lost wages guidelines, which should decrease time to classification, only just took effect at the beginning of this year. He added that new guidelines for carpal tunnel syndrome and chronic pain are expected to be implemented by 2013, as well. And, Mr. Humowiecki encouraged the Department to consider a shorter time period when selecting medical trend due to permanent medical savings that have resulted from the 2007 reforms.

Mr. Arthur Grover and Mr. James Grosso of Mid Island Car Service testified that the increase filed by the NYCIRB would cause significant hardship for small businesses such as

theirs, and asserted that any increase would have a direct, negative effect on their customers and employees.

Apart from receiving testimony at the hearing, the Department also received written testimony from the Business Council of New York State, the New York Farm Bureau, the Long Island Association, and Oliver Wyman. The Business Council averred that the anticipated cost savings from the 2007 reforms have not yet been realized, noting that the Business Council's members "are reporting increases in scheduled loss of use awards and increased delays in finalizing cases, leading to added years of indemnity payments prior to the issuing of awards." The New York Farm Bureau expressly opposed the proposed 11.5% loss cost increase, observing that "while the 2007 reform is being implemented with respect to the increase in maximum weekly benefits, sections of the reform which were expected to result in significant savings have been implemented at a slower pace." The Long Island Association also opposed the requested loss cost increase, noting that, while the 2007 reforms "intended to strike a balance between controlling expenses and providing greater benefits ... the envisioned savings have not been fully realized and a significant increase in premiums only five years later would be inconsistent with the goals of the reforms." Finally, Oliver Wyman warned that "[i]f the duration caps put into place by the 2007 legislation prove to be even partially ineffective, then the combination of ineffective duration caps, the increased maximum weekly benefits, and the elimination of the SDF may cause workers compensation costs to increase materially over the level proposed in the current NYCIRB application."

DISCUSSION

Based on a careful review of NYCIRB's loss cost filing, the hearing testimony, and the written submissions, it is clear that the filing should be disapproved.

NYCIRB's filing and the hearing record demonstrate a fact that is plainly evident from the Department's oversight of the marketplace: New York's workers' compensation system is in a state of considerable transition in light of the 2007 reforms and the subsequent steps taken by the State in furtherance of the implementation of those reforms. The post-2007 developments with the clear potential to alter the workers' compensation landscape include:

- The implementation of the Guidelines for Determining Permanent Impairment and Loss of Earning Capacity, which only became effective as of January 1, 2012. (The data in the NYCIRB filing is valued only as of December 31, 2011.)
- The implementation of mandatory Medical Treatment Guidelines on December 1, 2010 for neck, shoulder, lower back, and knee injuries.
- The recent adoption of regulations by the Workers' Compensation Board that resulted in an increase in the use of diagnostic testing networks by carriers.
- The flattening of severity trends for both indemnity and medical losses in Policy Years 2008-2010.
- Improving experience in Accident Year 2011, as compared to Policy Years 2009 and 2010.

Against this evolving backdrop, both the expert testifying in favor of an increase in the loss cost level, Mr. Kimmel, and the expert testifying in opposition, Mr. Humowiecki, repeatedly acknowledged that the full impact of the 2007 cost-saving reforms remains to be seen. See, e.g., Hearing Transcript at 22-23 (Kimmel testimony that “[t]he reason carriers are maybe reserving at pre-reform[] levels, so many of them, [is] that there’s still a lot of unknowns with respect to what duration caps might be under the new system”); 26 (Kimmel statement that “[i]t still remains to be seen how it’s all going to evolve with respect to the treatment guidelines”); 63 (Humowiecki statement that Workers’ Compensation Board

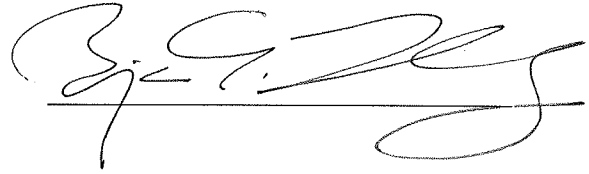
“*intends* to produce additional [medical treatment] guidelines and thereby generate additional cost savings and improvements in medical care”); 71 (Humowiecki testimony that, “[o]ver the next six months, if employers and carriers are committed to reducing workers’ compensation costs, the board *anticipates* a spike in PPD classifications”); 72 (Humowiecki assertion that, “[a]s a result of the board’s effort, we *expect* the time from accident to classification will *eventually* be similar or less than that which was experienced prior to the 2007 reform.”) (all emphases added). And although they differed in their estimates regarding the scope and timing of anticipated savings, they both agreed that loss cost levels are trending downward.

The ultimate import of this consensus becomes clear when viewed along with the uncontested evidence that a loss cost increase at this time – resulting in increased workers’ compensation premiums – would harm struggling businesses. When a loss cost filing of this sort presents a moving target, and when combined with the unrebutted evidence that any rate increase would be detrimental to other sectors of the State’s economy, it is reasonable to adopt a wait-and-see approach. Accordingly, having weighed the evidence and the competing interests, and in the exercise of considered judgment, the status quo with regard to loss costs for the upcoming year should be maintained. NYCIRB’s filing is therefore disapproved without leave to re-file.

DECISION

Based on due consideration of NYCIRB's filing submitted on May 15, 2012, the testimony taken at the public hearing held on June 25, 2012, the written submissions received thereafter, and competing marketplace forces, NYCIRB's request for a loss cost increase is hereby disapproved.

BENJAMIN M. LAWSKY
Superintendent of Financial Services

A handwritten signature in black ink, appearing to read 'B. M. Lawsky', is written over a horizontal line.

DATED: July 16, 2012
New York, New York