

**NEW YORK COMPENSATION INSURANCE RATING BOARD**



**October 1, 2014**

**Loss Cost Filing**

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**NEW YORK WORKERS COMPENSATION  
OCTOBER 1, 2014 LOSS COST FILING**

**Actuarial Committee Recommended Loss Cost Level Change: +17.4%  
Meeting of April 30, 2014**

**Proposed Loss Cost Level Change: +6.8%  
Filing of May 15, 2014**

**Loss Cost Level Change Disapproved  
Opinion and Decision of July 11, 2014**

Following the Actuarial Committee's recommendation, several assumptions were revised that resulted in decreasing the proposed change from +17.4% to +6.8% 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 100% to 75%
2. A unity trend factor was selected
3. With respect to the LDF reform adjustment, it was assumed that cases are getting classified one year earlier than the assumption underlying the Actuarial Committee indication.
4. The impact of the closing of the Reopened Case Fund was changed from the Actuarial determination of 6.3% to a selected impact of 5.2%.
5. The filed indication reflects expected savings of 1.1% as a result of the implementation of a Medicare based medical fee schedule expected to become effective April 1, 2015, which was not included in the Actuarial Committee's indication.

The Rating Board submitted the 2014 General Loss Cost Revision to the New York State Department of Financial Services on May 15, 2014 requesting an average change of +6.8% in loss cost level to become effective October 1, 2014.

On July 11, the Department issued its Opinion and Decision in which the 2014 general loss cost revision was disapproved. 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, 2014 Loss Cost Revision

### Explanatory Memorandum

This memorandum, together with the attached actuarial exhibits, provides supporting documentation for an overall loss cost level change of +6.8%, to become effective on October 1, 2014.

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 2012 experience	1.099
2. Change indicated by Policy Year 2011 experience	1.056
3. Average change indicated by experience [(1) + (2)] / 2	1.078
4. Change in prospective claim cost, frequency and wage levels	1.000
5. Change in loss adjustment expense (LAE)	1.000
6. Change due to experience, trend and LAE (3) x (4) x (5)	1.078
7. Change due to legislation and regulation	0.993
8. Indicated Manual Loss Cost Level Change (6) x (7)	1.071
9. Change in catastrophe provision	1.000
10. Catastrophe loss cost as percent of total loss costs	0.036
11. Proposed Total Loss Cost Level Change [(8) x (1.0 - (10))] + [(9) x (10)]	1.068

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 2012

The calculation of the indicated change in loss costs derived from the experience of Policy Year 2012 is presented as Exhibit B.

The experience of Policy Year 2012, valued as of December 31, 2013, 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 loss 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 1.099 for policy year 2012. 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 different 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. This is consistent with the techniques used in previous filings. Separate development factors were derived for the non-large deductible experience, the large deductible experience, and the State Insurance Fund using the same methodology, with the exception of the 11<sup>th</sup> to 12<sup>th</sup> report development ratio for the State Insurance Fund, where the middle three of five factors was used.

The procedure used to calculate the loss development factor from 20<sup>th</sup> to ultimate (the tail factor) is similar to the procedure used in last year's filing, utilizing paid plus case losses and applying a growth factor. The growth factor is used to adjust the experience of prior years used in the tail calculation to the level of the base development year at 20<sup>th</sup> report. The adjustment is needed to reflect trend and benefit level changes in the historical experience. Information from Policy years 1987 through 1992 was included in the tail factor calculation. This approach is consistent with the methodology used by NCCI. An improvement, included in this year's filing, is the utilization of four reports of data at four successive valuations. The final tail factor is determined by averaging these four factors. This enhancement to the tail methodology should improve long term tail factor stability. Last year, a three year average was used.

Premium development factors for both non-large deductible private carriers and the State Insurance Fund are based on three-year averages. Similar to last year, the Rating Board observed anomalous values in the non-large deductible private carrier premium development

link ratios and discovered that they were caused by a few specific policies. The Rating Board obtained information on these policies and excluded them again from this year's analysis. Premium development for private carrier large deductible experience remains based on the middle three values of the latest five years of policy experience.

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 2011 and 2012 have occurred subsequent to the 2007 reforms. The three major components of the 2007 reform are the increase in maximum weekly benefits, the elimination of the Special Disability Fund (SDF) and the introduction of capped benefit durations for claimants with non-scheduled Permanent Partial Disability Benefits (PPD). 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 evolved over time.

With respect to the closing of the SDF, in the past several filings indemnity losses were adjusted upward by the full estimated impact of the reform (17.8%). This is because most of the loss development factors are from pre-reform years, and are therefore suppressed as they reflect the subrogation from the SDF. This year, a new approach was taken to determine the impact of the SDF that needs to be applied to the reported losses. New information was obtained from the Special Funds Conservation Committee with respect to the rate at which claims were accepted into the SDF. Based on this information, it was first determined that, on average, 5.8% of indemnity claims were subject to the SDF elimination. This is multiplied by the % of cases accepted by the SDF at each development age, to determine the % out of all claims that were accepted by the SDF at each development age. The next step in the calculation is to restate each pre-reform link ratio in the loss development triangle using the following formula:

$$\text{LRS} = \text{LRO} \times \text{SDF}\% \times \text{AF} + \text{LRO} \times (1 - \text{SDF}\%)$$

Where LRS = the Restated link ratio,

LRO = Original Link Ratio

SDF% = percentage of cases accepted to the SDF at a given development age

AF = Adjustment Factor.

The adjustment factor was determined separately for the private carriers and the State Insurance Fund by restating the latest available loss development triangle which consisted entirely of pre-reform years (that was used as part of the 2008 Loss Cost Filing) in the same

way as described above, such that the restated LDF to ultimate is 17.8% higher than the original LDF to ultimate.

Finally, the impact of the SDF that is used in this filing is determined as the ratio of the ultimate LDF in the restated triangle to the ultimate LDF in the original triangle. These impacts were 17.0% in the Private Carrier analysis and 16.5% in the SIF analysis. A weighted average using 60%/40% weights resulted in the overall impact 16.8% which is used in the loss on-level factors Exhibit D Sheet 8.

As far as the PPD section of the reform (benefit duration caps), it was determined that carriers now set reserves based on their estimates of post-reform benefits, within one or two years of the date of injury, and that no carriers reflect lifetime benefits for PPD claims. This result is expected because not only has the reform been in place since 2007, but Loss-of-Earning-Capacity Guidelines were implemented in January, 2012, or 2 years before the valuation of claims used in the filing.

In the last several loss cost filings it was assumed that, for a majority of PPD losses, reserves were still reflecting lifetime benefits. In order, though, to maintain stability in the loss cost process, in lieu of reflecting the fact that no PPD losses are reserved at lifetime benefit levels, it was assumed that a portion (25%) is still at the lifetime benefit levels, and 75% reflect the duration caps.

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
- With respect to the SDF, all losses are at pre-reform level after application of ultimate development factors, using an SDF impact of 16.8% as described above
- 75% of losses reflect the elimination of lifetime benefits and application of duration caps on PPD losses
- 25% of losses *do not* reflect elimination of lifetime benefits and application of duration caps on PPD losses

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

In addition, all losses are adjusted to reflect the elimination of the Reopened Case Fund. This is because loss development factors do not reflect the extra costs associated with claims that would have been potentially shifted over to the Fund. While the original estimate of this provision was an increase of 4.5% (which was filed and approved in last year's filing), information obtained subsequent to the original estimate supports a higher impact. An impact of 5.2% is used to adjust the losses for this legislative change.

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 9.9% in loss cost level based upon Policy Year 2012 experience.

## 2. Experience of Policy Year 2011

The calculation of the change in loss cost level indicated by the experience of Policy Year 2011 is presented in Exhibit C.

As with policy year 2012, the policy year 2011 premiums are brought to the current loss cost level by an overall premium on-level factor of 1.174. The on-level calculations can be seen in Exhibit D, Sheet 1.

Policy year 2011 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 2012 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 5.6% in loss cost level based on Policy Year 2011 experience.

## 3. Average Experience Change

With equal weights given to the 9.9% increase indicated by the Policy Year 2012 experience and the 5.6% increase indicated by the Policy Year 2011 experience, the average effect of experience is an increase of 7.8%.

## 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.

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.



Following a small increase in 2010, claim frequency in New York experienced decreases in the two most recent policy years (2011 and 2012), resulting in a negative five year frequency trend. Claim costs continue to increase, with both the indemnity and medical severity trend factors higher than were seen in last year's filing. In this revision, consistent with the approach used in the past several filings, a five year exponential trend analysis was performed to derive the indicated trends. For claim frequency, the analysis resulted in an annual trend of -1.5%. For indemnity severity, the regression resulted in an annual trend of 2.6%. For medical severity, the five-year exponential regression produced the indicated annual trend of 6.3%.

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 2.2%, which is based on historical wage changes, may differ from the actual wage change during the trend period, i.e., from the experience period though the prospective policy period. According to the New York State Assembly's 2014 Economic Report, average wage growth is expected to be 3.4% in both 2014 and in 2015. Using these projections, the average annual expected wage growth from the experience period to the prospective filing period is 2.3%. The calculation can be seen on the bottom of Exhibit EE Sheet 4. Consequently, a 2.3% annual wage trend has been selected for inclusion in the overall trend calculation. This methodology is identical to the one used in last year's filing to determine the wage trend.

As can be seen in Exhibit E, combining the frequency, severity and wage trends results in a combined annual trend of 1.003 or +0.3%. This positive overall annual trend factor represents a significant increase over the negative overall annual trend factor indicated last year. This is driven mostly by the actual wages that came in lower than earlier projections of the New York State Assembly's economic report. This large swing in the annual trend factor is further exacerbated when projecting the annual trend factor over the entire trend period. Because of that, and in order to help preserve market stability, a unity trend factor was selected for this revision.

## **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 through adjustment to the loss development factors, which are reported at pre-reform levels. 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 1.163 factor for LAE represents no change in this provision of the loss cost.

## **6. Legislative and Regulatory Changes**

### **a. Increases in Maximum Weekly Benefits**

In accordance with the 2007 legislation, the maximum weekly benefit for injured workers increased to 2/3 of the statewide average weekly wage effective July 1, 2010, with additional annual increases, effective on July 1 of each subsequent year. Increases in the maximum weekly benefit are 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 minimum or 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, 2014, and then on July 1, 2015 and July 1, 2016, can be found on the attached Exhibit G, in which Sheets 2 through 4 display the calculation of the 2014, 2015

and 2016 benefit changes, respectively. Note that it was assumed that the average weekly wage and the maximum weekly benefits will increase by 3.4% in both 2015 and 2016. 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 2012 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 0.3% increase in total workers compensation claim costs.

**b. Medical Fee Schedule**

The New York Workers Compensation Board (WCB) has informed the Rating Board that the NY Physician Fee Schedule will be revised effective April 1, 2015. The revision consists of moving from a NY specific Relative Value Unit (RVU) system and varying conversion factors by region and service category, to Medicare Resource Based Relative Value Scale (RBRVS), and application of a single, NY specific, conversion factor and Medicare's Geographic Practice Cost Index (GPCI) by region.

The Rating Board estimates that the impact of changing the Fee Schedule as described above, with a conversion factor of 41.2343, would result in total system savings of 1.1%. Since this revision will apply to only a portion of the prospective filing period, this filing reflects a savings of 0.9% in the overall loss cost level.

The data used in the analysis was physician records from NYCIRB's Medical Data Call for services performed in 2011 and 2012.

NYCIRB's methodology assumes that the difference between the current and proposed Maximum Allowable Reimbursements (MARs) for each medical procedure is a reasonable estimate of the actual difference in costs which will result from the fee schedule changes.

MARs under the current fee schedules were calculated as follows for each medical procedure:

$$\text{MAR} = \text{Relative Value Unit (RVU) for physicians (using 2010 RVUs)} \times \text{Applicable Conversion Factor}$$

MARs under the proposed fee schedules (using 2014 Medicare RBRVS) were calculated as follows:

$$\text{MAR} = \frac{[(\text{Work RVU} \times \text{GPCI}_{\text{Work}}) + (\text{PE RVU} \times \text{GPCI}_{\text{PE}}) + (\text{MP RVU} \times \text{GPCI}_{\text{MP}})]}{\text{Conversion Factor (CF)}}$$

Where:

RVU = Relative Value Unit for Physicians

GPCI = Geographic Practice Cost Index as defined by Medicare

PE = Practice Expense, and

MP = Medical Malpractice insurance

CF = Conversion Factor is 41.2343

GPCI's measure the resource cost differences by geographic area in the three components of the fee schedule—physician work expenses, practice expenses (PE) (such as employee wages, rents, and medical equipment and supplies), and malpractice insurance (MP).

The estimated impact on physician costs is the weighted average percentage change in the MAR under the current and proposed fee schedules, using total paid amounts for each procedure as weights.

Studies have shown that reduction in fees may result in increases in volume and shifts in the mix of services, which will likely offset the reduction in fees. Also, fee schedule increases may result in change in provider pricing (e.g. discounts), that may offset some of those increases. To account for these offsets, utilization factors have been applied. After the application of these utilization factors, it was determined that physician costs are expected to experience a savings of 6.1%. The impact of the fee schedule change on physicians is then multiplied by the percentage of New York workers compensation medical costs that are subject to this fee schedule (46.1%) to arrive at the impact on medical costs. The impact on medical is then multiplied by the percentage of New York workers compensation benefit costs that are medical costs (38%) to yield the overall impact of -1.1%.

The results are summarized in Exhibit G, Sheet 5.

## 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  
Chemical Manufacturing

Stores and Dealers-Wholesale/Retail  
Professional and Office

All Other Manufacturing  
Contracting  
Maritime, Admiralty and Federal

Services  
Miscellaneous

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). In years prior to the 2012 filing, three years had been used. The change to five years was introduced in 2012 in order to further stabilize the industry group differentials from year to year. The underlying base is standard premium at current loss cost level and includes payroll development. Incurred losses have been developed to ultimate and are at the October 1, 2013 benefit level to be consistent with the classification pure premiums. The development of losses to ultimate and application of excess factors was done in accordance with a revised methodology separately filed with the Department. 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 five-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) is included. 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 2007 - 2011, excluding the experience of self-rated risks. In addition, losses over \$500,000 per claim 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. The classification experience was calculated in accordance with a revised methodology separately filed with the DFS.

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 +7.1% is indicated. When combined with no change in the catastrophe provisions, an overall change of +6.8% is proposed.

**12. 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, 2014 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**

**2014 Loss Cost Revision**

**List of Exhibits**

**Principal Exhibits**

- Exhibit A - Summary - All Elements**
- Exhibit B - Determination of Policy Year 2012 Loss Cost Indication**
- Exhibit C - Determination of Policy Year 2011 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**

**\* To be submitted upon approval**

## WORKERS COMPENSATION - NEW YORK

## GENERAL LOSS COST REVISION - OCTOBER 1, 2014

## SUMMARY - ALL ELEMENTS

**2 Policy Years**

1.	Loss Cost change indicated by Policy Year 2012 Experience (Exhibit B)	1.099
2.	Loss Cost change indicated by Policy Year 2011 Experience (Exhibit C)	1.056
3.	Average Loss Cost change indicated by Experience $[(1)+(2)] / 2$	1.078
4.	Projected change in Loss Costs (Trend Exhibit E Sheet 1)	1.000
5.	Change in Loss Adjustment Expenses (Exhibit F)	1.000
6.	Indicated Change in Loss Costs Based on Experience [[3] x (4) x (5)]	1.078
7.	Legislative Changes (Exhibit G)	0.993
8.	Indicated Total Loss Cost Change [(6) x (7)]	1.071
9.	Change in Catastrophe Provision (Exhibit H)	1.000
10.	Catastrophe Provision loss cost as percent of total loss costs	0.036
11.	Total Proposed Premium Level Change [(8) x (1.0 - (10))] + [(9) x (10)]	<b>1.068</b>



NEW YORK WORKERS COMPENSATION

Determination of Change in Manual Loss Cost Level

**Experience of All Carriers**

Policy Year 2012 Experience

	Valued as of <u>12/31/2013</u> (1)	To 9/30/2014 <u>Levels #</u> (2)	Development <u>Factors *</u> (3)	Adjusted Data <u>(1) x (2) x (3)</u> (4)	Excl. Lge. Ded. Loss Cost <u>Change</u> (5)	Lge. Ded. Loss Cost <u>Change</u> (6)
<b>1. Expected Total Losses**</b>						
a. Excl. Large Ded.	1,654,339,688	1.099	0.992	1,803,574,363		
b. Large Deductible	1,177,235,374	1.099	1.015	1,313,188,401		
c. SIF	1,531,003,310	1.099	0.981	1,650,603,758		
d. Total Std. Ed. Prem. a+c	3,185,342,998			3,454,178,121		
<b>2. Case Basis Indemnity Losses</b>						
a. Excl. Large Ded.	365,941,794	1.012	2.672	989,041,133	0.548	-----
b. Large Deductible	300,217,004	1.012	3.172	963,239,653	-----	0.734
c. SIF	354,195,026	1.012	2.363	846,587,919	0.513	-----
d. Total Ind. Losses a+c	720,136,820			1,835,629,052	0.531	-----
<b>3. Case Basis Medical Losses</b>						
a. Excl. Large Ded.	334,840,683	1.052	2.176	766,501,219	0.425	-----
b. Large Deductible	216,583,655	1.052	2.452	558,678,404	-----	0.425
c. SIF	281,960,496	1.052	2.086	618,754,414	0.375	-----
d. Total Med. Losses a+c	616,801,179			1,385,255,633	0.401	-----
<b>4. Indicated Change in Indemnity &amp; Medical Loss Costs</b>					0.932	1.159
Col.(5) = (2d) + (3d); Col. (6) = (2b) + (3b)						
<b>5. Loss Cost Change, incl. Loss Adjustment Expense</b>			(4) x	1.163	1.084	1.348
<b>6. Weights Based on Net Earned Premium</b>					0.944	0.056
<b>7. Final Policy Year 2012 Loss Cost Indication</b>						<b>1.099</b>
[Col (5), (5)*(6)] + [Col (6), (5)*(6)]						

# See Exhibit D.

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

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

NEW YORK WORKERS COMPENSATION

Determination of Change in Manual Loss Cost Level

Experience of All Carriers

Policy Year 2011 Experience

	Valued as of <u>12/31/2013</u> (1)	To 9/30/2014 <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.	1,767,714,228	1.174	0.997	2,069,070,614		
b. Large Deductible	986,049,773	1.174	1.002	1,159,937,678		
c. SIF	1,276,779,186	1.174	0.988	1,480,951,499		
d. Total Std. Ed. Prem. a+c	3,044,493,414			3,550,022,113		
2. Case Basis Indemnity Losses						
a. Excl. Large Ded.	600,783,842	1.021	1.786	1,094,996,441	0.529	-----
b. Large Deductible	379,939,654	1.021	1.985	769,640,908	-----	0.664
c. SIF	467,653,329	1.021	1.613	769,788,478	0.520	-----
d. Total Ind. Losses a+c	1,068,437,171			1,864,784,919	0.525	-----
3. Case Basis Medical Losses						
a. Excl. Large Ded.	433,072,482	1.052	1.779	810,498,615	0.392	-----
b. Large Deductible	227,840,106	1.052	1.935	463,795,877	-----	0.400
c. SIF	293,151,042	1.052	1.693	522,112,559	0.353	-----
d. Total Med. Losses a+c	726,223,524			1,332,611,174	0.375	-----
4. Indicated Change in Indemnity & Medical Loss Costs Col.(5) = (2d) + (3d); Col. (6) = (2b) + (3b)					0.900	1.064
5. Loss Cost Change, incl. Loss Adjustment Expense (4) x			1.163		1.047	1.237
6. Weights Based on Net Earned Premium					0.954	0.046
<b>7. Final Policy Year 2011 Loss Cost Indication</b> [Col (5), (5)*(6)] + [Col (6), (5)*(6)]						<b>1.056</b>

# 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 2011 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 10/01/10	Base	1.000	0.750	0.750	<b>1.174</b>
NR 10/01/11	1.093	1.093	0.250	0.273	
NR 10/01/12	1.000	1.093			
NR 10/01/13	1.099	1.201			
				1.023	

**Section B - Factor Adjusting 2012 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 10/01/11	Base	1.000	0.750	0.750	<b>1.099</b>
NR 10/01/12	1.000	1.000	0.250	0.250	
NR 10/01/13	1.099	1.099			
				1.000	

**New York Workers Compensation**

**Determination of On-level Factors**

**Section C - Factor Adjusting 2011 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)
07/01/10	Base	1.000	0.123	0.123	<b>1.071*</b>
07/01/11	1.012	1.012	0.750	0.759	
07/01/12	1.007	1.019	0.127	0.129	
05/01/13	1.007	1.026			
07/01/13	1.003	1.029			
01/01/14	1.052	1.083			
				1.011	

\* Selected: 1.021 (see Sheet 4 and explanatory memorandum)

**Section D - Factor Adjusting 2012 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)
07/01/11	Base	1.000	0.124	0.124	<b>1.062*</b>
07/01/12	1.007	1.007	0.651	0.656	
05/01/13	1.007	1.014	0.098	0.099	
07/01/13	1.003	1.017	0.127	0.129	
01/01/14	1.052	1.070			
				1.008	

\* Selected: 1.012 (see Sheet 4 and explanatory memorandum)

New York Workers Compensation

Determination of On-level Factors **-ALTERNATIVE A**

**Section C - Factor Adjusting 2011 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)
07/01/10	Base	1.000	0.123	0.123	<b>1.251</b>
07/01/11	1.012	1.012	0.750	0.759	
07/01/12	1.007	1.019	0.127	0.129	
05/01/13	1.007	1.026			
07/01/13	1.003	1.029			
01/01/14	1.052	1.083			
07/01/16	1.168	1.265			
				1.011	

**Section D - Factor Adjusting 2012 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)
07/01/11	Base	1.000	0.124	0.124	<b>1.240</b>
07/01/12	1.007	1.007	0.651	0.656	
05/01/13	1.007	1.014	0.098	0.099	
07/01/13	1.003	1.017	0.127	0.129	
01/01/14	1.052	1.070			
07/01/16	1.168	1.250			
				1.008	

New York Workers Compensation

Determination of On-level Factors **-ALTERNATIVE B**

**Section C - Factor Adjusting 2011 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)
07/01/10	Base	1.000	0.123	0.123	<b>0.704</b>
07/01/11	1.012	1.012	0.750	0.759	
07/01/12	1.007	1.019	0.127	0.129	
05/01/13	1.007	1.026			
07/01/13	1.003	1.029			
01/01/14	1.052	1.083			
07/01/16	1.168	1.265			
07/02/16	0.563	0.712			
				1.011	

**Section D - Factor Adjusting 2012 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)
07/01/11	Base	1.000	0.124	0.124	<b>0.698</b>
07/01/12	1.007	1.007	0.651	0.656	
05/01/13	1.007	1.014	0.098	0.099	
07/01/13	1.003	1.017	0.127	0.129	
01/01/14	1.052	1.070			
07/01/16	1.168	1.250			
07/02/16	0.563	0.704			
				1.008	

**New York Workers Compensation**

**Determination of On-level Factors**

**Section E - Factor Adjusting 2011 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)
12/01/10	Base	1.000	0.419	0.419	<b>1.052</b>
12/01/11	1.000	1.000	0.581	0.581	
01/01/14	1.052	1.052			
				1.000	

**Section F - Factor Adjusting 2012 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)
12/01/11	Base	1.000	1.000	1.000	<b>1.052</b>
01/01/14	1.052	1.052			
				1.000	

**New York Workers Compensation  
 Determination of Onlevel Factors**

**Section G - Selection of Indemnity Onlevel Factors**

**Indemnity Onlevel Selection**

	Assumption	Indemnity Onlevel Factors		Development Adjustment
		PY 2011	PY 2012	
A	All Carriers' reserves of post reform losses are low reflecting: Post reform durations (i.e. duration caps) and do not reflect elimination of the Special Disability Fund	<b>1.251</b>	<b>1.240</b>	Yes
B	All Carriers' reserves of post reform losses based on pre-reform benefits i.e. pre-reform durations (i.e. lifetime) and do not reflect elimination of the Special Disability Fund	<b>0.704</b>	<b>0.698</b>	No

Selected Onlevels Using 75/25 Split:

	<u>PY 2011</u>	<u>PY 2012</u>	<u>Weights</u>
(1) Method A	1.251	1.240	
(2) LDF Adjustment	0.900	0.900	
(3) Adjusted Method A	1.126	1.116	75%
(4) Method B	0.704	0.698	25%
(5) Final ONLEVEL FACTOR	<b>1.021</b>	<b>1.012</b>	



Development: Reform Adjustment Summary

Paid + Case	1st to 20th			20th to Ult			1st to Ult Adjustment	Total Full Year Adjustment	% of year impacted	Total Adjustment
	Original	Restated	Adjustment	Original	Restated	Adjustment				
PC	2.603	2.374	0.912	1.029	1.013	0.984	0.898	-10.2%	100%	<b>-10.2%</b>
SIF	2.212	2.072	0.937	1.067	1.030	0.965	0.904	-9.6%	100%	<b>-9.6%</b>
<b>Total</b>										<b>-10.0%</b>

60%  
40%

Restating the LDFs: Example

(1) Original Factor: Private Carriers: PY 2002 6th to 7th link ratio	1.026
(2) Development portion	0.026
(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)	57.7%
(6) Development portion that is NSPPD (2)x(5)	0.015
(7) Development portion that is other than NSPPD (2)-(6)	0.011
(8)* % of cases effected by limited duration	55%
(9) Restated NSPPD Development portion (6) x [1-(8)]	0.007
(10) Restated total development 1+(9)+(7)	1.018

\* Row (8) assumes at this point in the development, 55% are cases are now limited, whereas before they were still developing. 45% of the cases are still developing at this point in the triangle, even after the reform, as they still haven't reached the maximum duration. These assumed percentages can be found on the top of each column of the "restated" triangles (see Exhibit D, Sheet 6 and Exhibit D, Sheet 7). The percentages are based on a distribution of severities obtained from the WCB.

66.7% Non Sched out of PPD  
86.56% PPD out of Indemnity  
57.72% % impacted

**Private Carriers: Policy Year Paid + Case Triangle**

**ORIGINAL TRIANGLE**

PY	1st to 2nd	2nd to 3rd	3rd to 4th	4th to 5th	5th to 6th	6th to 7th	7th to 8th	8th to 9th	9th to 10th	10th to 11th	11th to 12th	12th to 13th	13th to 14th	14th to 15th	15th to 16th	16th to 17th	17th to 18th	18th to 19th	19th to 20th	20th to ULT		
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20			
1990																				1.006	1.029	
1991																					1.008	1.029
1992																	1.003				1.002	1.029
1993																1.008					1.009	1.029
1994															1.002						1.004	1.029
1995															1.010						1.004	1.029
1996															1.004						1.004	1.029
1997															1.005						1.003	1.029
1998															1.009						1.004	1.029
1999															1.006						1.007	1.029
2000															1.005						1.002	1.029
2001															1.009						1.004	1.029
2002															1.002						1.005	1.029
2003															1.006						1.007	1.029
2004															1.008						1.007	1.029
2005															1.008						1.007	1.029
2006															1.006						1.005	1.029
2007															1.009						1.005	1.029
2008															1.004						1.005	1.029
2009															1.005						1.003	1.029
2010															1.006						1.004	1.029
2011															1.009						1.002	1.029
5 Year Average															1.006						1.004	1.029
3 Year Average															1.005						1.004	1.029
2 Year Average															1.005						1.004	1.029
Mid 3 of 5															1.005						1.004	1.029

**RESTATED TRIANGLE**

PY	1st to 2nd	2nd to 3rd	3rd to 4th	4th to 5th	5th to 6th	6th to 7th	7th to 8th	8th to 9th	9th to 10th	10th to 11th	11th to 12th	12th to 13th	13th to 14th	14th to 15th	15th to 16th	16th to 17th	17th to 18th	18th to 19th	19th to 20th	20th to ULT		
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20			
% Cases effected	0	5	15	25	40	55	70	75	80	85	90	95	95	95	95	95	95	95	95	95	95	
1990																					1.001	1.013
1991																					1.001	1.013
1992																					1.004	1.013
1993																					1.004	1.013
1994																					1.002	1.013
1995																					1.001	1.013
1996																					1.002	1.013
1997																					1.002	1.013
1998																					1.002	1.013
1999																					1.001	1.013
2000																					1.002	1.013
2001																					1.002	1.013
2002																					1.001	1.013
2003																					1.001	1.013
2004																					1.002	1.013
2005																					1.002	1.013
2006																					1.002	1.013
2007																					1.002	1.013
2008																					1.002	1.013
2009																					1.002	1.013
2010																					1.002	1.013
2011																					1.001	1.013
5 Year Average																					1.002	1.013
3 Year Average																					1.002	1.013
2 Year Average																					1.002	1.013
Mid 3 of 5																					1.002	1.013

	1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/7th	7th/8th	8th/9th	9th/10th	10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th	19th/20th	20th/ULT	
5 Year Average	1.493	1.224	1.100	1.049	1.041	1.021	1.012	1.013	1.007	1.005	1.002	1.003	1.002	1.001	1.002	1.002	1.002	1.002	1.002	1.002	1.013
3 Year Average	1.516	1.216	1.103	1.043	1.036	1.021	1.012	1.012	1.008	1.007	1.002	1.002	1.001	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.013
2 Year Average	1.511	1.204	1.105	1.040	1.040	1.019	1.013	1.015	1.008	1.008	1.002	1.003	1.001	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.013
Mid 3 of 5	1.496	1.225	1.102	1.047	1.040	1.020	1.012	1.014	1.008	1.005	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.002	1.002	1.013

66.7% Non Sched out of PPD  
86.6% PPD out of Indemnity  
57.7% % impacted

SIF: Policy Year Paid +Case Development

ORIGINAL TRIANGLE	PY	1st to 2nd 2	2nd to 3rd 3	3rd to 4th 4	4th to 5th 5	5th to 6th 6	6th to 7th 7	7th to 8th 8	8th to 9th 9	9th to 10th 10	10th to 11th 11	11th to 12th 12	12th to 13th 13	13th to 14th 14	14th to 15th 15	15th to 16th 16	16th to 17th 17	17th to 18th 18	18th to 19th 19	19th to 20th 20	20th to ULT
1990																				1.005	1.067
1991																		1.005	1.007	1.007	1.067
1992																	1.007	1.008	1.004	1.008	1.067
1993																1.007	1.006	1.011	1.008	1.006	1.067
1994															1.007	1.002	1.010	1.005	1.009		
1995														1.010	1.010	1.012	1.007	1.004	1.009		
1996													1.010	1.010	1.013	1.012	1.011				
1997												1.004	1.010	1.010	1.007	1.009					
1998											0.999	1.005	1.009	1.007	1.009						
1999										1.004	1.008	1.009	1.008	1.026							
2000									0.995	1.001	1.004	1.010	1.009								
2001								1.005	0.970	1.009	1.003	1.082									
2002							1.002	0.979	1.006	1.011	1.010										
2003						1.000	1.006	1.001	1.001	0.999											
2004					0.986	1.002	0.993	0.995	0.999												
2005				1.079	1.017	1.008	0.998	1.005													
2006			1.212	1.046	1.013	1.047	0.994														
2007	1.466		1.278	1.114	1.054	1.017															
2008	1.432		1.275	1.085	1.025																
2009	1.511		1.225	1.091																	
2010	1.424		1.217																		
2011	1.497																				
5 Year Average	1.466	1.241	1.083	1.019	1.015	0.999	0.997	0.994	1.005	1.005	1.022	1.009	1.012	1.010	1.007	1.008	1.008	1.007	1.007	1.067	
3 Year Average	1.477	1.239	1.097	1.031	1.024	0.995	1.000	1.002	1.006	1.006	1.034	1.009	1.014	1.010	1.010	1.009	1.009	1.007	1.007	1.067	
2 Year Average	1.461	1.221	1.088	1.040	1.032	0.996	1.000	1.000	1.005	1.007	1.046	1.009	1.017	1.008	1.011	1.008	1.007	1.008	1.007	1.067	
Mid 3 of 5	1.465	1.239	1.085	1.018	1.009	0.998	1.000	0.998	1.005	1.005	1.008	1.009	1.010	1.009	1.008	1.007	1.008	1.008	1.007	1.067	

RESTATED TRIANGLE	PY	1st to 2nd 2	2nd to 3rd 3	3rd to 4th 4	4th to 5th 5	5th to 6th 6	6th to 7th 7	7th to 8th 8	8th to 9th 9	9th to 10th 10	10th to 11th 11	11th to 12th 12	12th to 13th 13	13th to 14th 14	14th to 15th 15	15th to 16th 16	16th to 17th 17	17th to 18th 18	18th to 19th 19	19th to 20th 20	20th to ULT	
% Cases effected		0	5	15	25	40	55	70	75	80	85	90	95	95	95	95	95	95	95	95	95	
1990																				1.004	1.002	1.030
1991																		1.002	1.003	1.003	1.030	
1992																	1.003	1.004	1.002	1.003	1.030	
1993																1.003	1.003	1.005	1.004	1.003	1.030	
1994															1.003	1.001	1.004	1.002	1.004	1.003	1.030	
1995														1.004	1.005	1.003	1.002	1.004				
1996													1.004	1.004	1.006	1.005	1.005					
1997												1.002	1.005	1.004	1.003	1.004						
1998												0.999	1.002	1.004	1.004							
1999										1.002	1.004	1.004	1.004	1.012								
2000									0.997	1.001	1.002	1.005	1.004									
2001								1.003	0.983	1.005	1.002	1.039										
2002							1.001	0.987	1.003	1.006	1.005											
2003						1.000	1.004	1.001	1.001	0.999												
2004					0.988	1.002	0.995	0.997	0.999													
2005				1.072	1.015	1.006	0.999	1.003														
2006			1.206	1.042	1.011	1.036	0.996															
2007	1.466		1.270	1.104	1.046	1.013																
2008	1.432		1.267	1.078	1.021																	
2009	1.511		1.219	1.083																		
2010	1.424		1.211																			
2011	1.497																					
		1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/7th	7th/8th	8th/9th	9th/10th	10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th	19th/20th	20th/ult	
5 Year Average	1.466	1.235	1.076	1.016	1.011	0.999	0.998	0.997	1.003	1.002	1.010	1.004	1.004	1.005	1.004	1.003	1.003	1.003	1.003	1.003	1.030	
3 Year Average	1.477	1.232	1.088	1.026	1.018	0.997	1.000	1.001	1.003	1.003	1.016	1.004	1.006	1.004	1.004	1.004	1.004	1.004	1.003	1.003	1.030	
2 Year Average	1.461	1.215	1.081	1.034	1.025	0.998	1.000	1.000	1.003	1.004	1.022	1.004	1.008	1.004	1.005	1.004	1.004	1.003	1.004	1.003	1.030	
Mid 3 of 5	1.465	1.232	1.078	1.016	1.007	0.999	1.000	0.999	1.003	1.003	1.004	1.004	1.004	1.004	1.004	1.003	1.003	1.003	1.004	1.003	1.030	

## New York Workers Compensation

### Derivation of SDF Adjustment

	<u>Weight</u>	<u>SDF Impact</u>
Private Carriers (see Exhibit D, Sheet 9)	60% (a)	17.0% (c)
<u>State Insurance Fund (see Exhibit D, Sheet 10)</u>	40% (b)	<u>16.5% (d)</u>
Total SDF Impact = (a)x(c) + (b)x(d)		<b>16.8%</b>

### Percentage of Claims Accepted by the Special Disability Fund

1) Total SDF Claims Accepted (Private Carriers + SIF)*	27,102
2) Total Workers Compensation Indemnity Claims**	470,253
3) Percentage of Claims Assumed to be in the SDF = (1)/(2)	<b>5.8%</b>

\* Data Based on Accident Years 1998-2005 from Special Funds Conservation Committee

\*\* Data Based on Accident Years 1998-2005 from New York Financial Call Information System

5.8% Percentage of claims assumed to be in the SDF

1.189 Impact

17.80% Target Impact 17.0%

Private Carriers: Policy Year Paid + Case Triangle

ORIGINAL TRIANGLE

PY	1st to 2nd 2	2nd to 3rd 3	3rd to 4th 4	4th to 5th 5	5th to 6th 6	6th to 7th 7	7th to 8th 8	8th to 9th 9	9th to 10th 10	10th to 11th 11	11th to 12th 12	12th to 13th 13	13th to 14th 14	14th to 15th 15	15th to 16th 16	16th to 17th 17	17th to 18th 18	18th to 19th 19	19th to ULT	
1990																			1.003	1.032
1991																			1.003	1.032
1992																1.008	1.009	1.006	1.032	
1993															1.002	1.006	1.004	1.002	1.032	
1994														1.001	1.010	1.004	1.004	1.004	1.032	
1995													1.006	1.004	1.005	1.004	1.003			
1996												1.005	1.009	1.005	1.005	1.003				
1997											1.006	1.009	1.004	1.005	1.003					
1998										1.009	1.001	1.004	1.002	1.002						
1999									1.006	1.002	1.005	1.007	1.002							
2000								1.023	1.018	1.008	1.007	1.005								
2001							1.012	1.029	1.015	1.018	1.003									
2002						1.026	1.024	1.011	1.020	1.014										
2003					1.052	1.034	1.018	1.024	1.010											
2004				1.055	1.071	1.040	1.021	1.027												
2005			1.097	1.077	1.038	1.028	1.021													
2006		1.260	1.113	1.058	1.068	1.026														
2007	1.465	1.226	1.109	1.050	1.037															
2008	1.452	1.249	1.114	1.043																
2009	1.526	1.200	1.115																	
2010	1.509	1.219																		
2011	1.513																			

RESTATED TRIANGLE

PY	1st to 2nd 2	2nd to 3rd 3	3rd to 4th 4	4th to 5th 5	5th to 6th 6	6th to 7th 7	7th to 8th 8	8th to 9th 9	9th to 10th 10	10th to 11th 11	11th to 12th 12	12th to 13th 13	13th to 14th 14	14th to 15th 15	15th to 16th 16	16th to 17th 17	17th to 18th 18	18th to 19th 19	19th to ULT	
% Cases effected	4.4%	12.5%	27.6%	44.3%	60.1%	74.9%	84.2%	90.3%	94.2%	96.6%	98.2%	99.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
1990																			1.014	1.043
1991																			1.014	1.043
1992																1.019	1.020	1.017	1.043	
1993															1.013	1.017	1.015	1.013	1.043	
1994														1.012	1.021	1.015	1.015	1.015	1.043	
1995													1.017	1.015	1.016	1.015	1.014			
1996												1.016	1.020	1.016	1.016	1.014				
1997											1.017	1.020	1.015	1.016	1.014					
1998										1.020	1.012	1.015	1.013	1.013						
1999									1.016	1.013	1.016	1.018	1.013							
2000								1.033	1.029	1.019	1.018	1.016								
2001							1.021	1.039	1.025	1.029	1.014									
2002						1.034	1.033	1.021	1.031	1.025										
2003					1.059	1.042	1.027	1.034	1.020											
2004				1.060	1.078	1.049	1.030	1.037												
2005			1.100	1.082	1.045	1.036	1.030													
2006		1.262	1.116	1.062	1.074	1.033														
2007	1.465	1.226	1.109	1.051	1.038															
2008	1.452	1.249	1.114	1.043																
2009	1.526	1.200	1.115																	
2010	1.509	1.219																		
2011	1.513																			

1st to 19th	2.596	Original	19th to Ult	1.032	Total Dev Adjustment	1.170
1st to 19th	3.005	Restated	19th to Ult	1.043	or	17.0%
Adjustment	1.158		Adjustment	1.011		

5.8% Percentage of claims assumed to be in the SDF

1.185 Impact

17.80% Target Impact 16.5%

SIF: Policy Year Paid +Case Development

ORIGINAL TRIANGLE

PY	1st to 2nd	2nd to 3rd	3rd to 4th	4th to 5th	5th to 6th	6th to 7th	7th to 8th	8th to 9th	9th to 10th	10th to 11th	11th to 12th	12th to 13th	13th to 14th	14th to 15th	15th to 16th	16th to 17th	17th to 18th	18th to 19th	19th to ULT	
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19		
1990																			1.009	1.074
1991																		1.005	1.007	1.074
1992																	1.007	1.008	1.004	1.074
1993															1.007	1.006	1.011	1.008	1.008	1.074
1994														1.007	1.002	1.010	1.005	1.009	1.074	
1995													1.010	1.012	1.007	1.004	1.009			
1996												1.010	1.010	1.013	1.012	1.011				
1997											1.004	1.010	1.010	1.007	1.009					
1998										0.999	1.005	1.009	1.007	1.009						
1999									1.004	1.008	1.009	1.008	1.026							
2000								0.995	1.001	1.004	1.010	1.009								
2001								0.970	1.009	1.003	1.082									
2002						1.002	0.979	1.006	1.011	1.010										
2003					1.000	1.006	1.001	1.001	0.999											
2004				0.986	1.002	0.993	0.995	0.999												
2005			1.079	1.017	1.008	0.998	1.005													
2006			1.212	1.046	1.013	1.047	0.994													
2007	1.466	1.278	1.114	1.054	1.017															
2008	1.432	1.275	1.085	1.025																
2009	1.511	1.225	1.091																	
2010	1.424	1.217																		
2011	1.497																			

RESTATED TRIANGLE

PY	1st to 2nd	2nd to 3rd	3rd to 4th	4th to 5th	5th to 6th	6th to 7th	7th to 8th	8th to 9th	9th to 10th	10th to 11th	11th to 12th	12th to 13th	13th to 14th	14th to 15th	15th to 16th	16th to 17th	17th to 18th	18th to 19th	19th to ULT	
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19		
% Cases effected	5.0%	18.4%	39.4%	59.4%	74.6%	85.6%	91.4%	94.8%	97.0%	98.4%	99.0%	99.4%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
1990																			1.020	1.086
1991																		1.015	1.018	1.086
1992																	1.017	1.019	1.015	1.086
1993															1.018	1.017	1.022	1.019	1.086	
1994														1.018	1.012	1.021	1.016	1.020	1.086	
1995													1.021	1.022	1.018	1.015	1.020			
1996												1.020	1.020	1.023	1.023	1.022				
1997											1.014	1.021	1.021	1.018	1.020					
1998												1.015	1.020	1.017	1.020					
1999									1.014	1.019	1.020	1.019	1.037							
2000								1.005	1.011	1.014	1.020	1.020								
2001							1.015	0.980	1.020	1.014	1.094									
2002						1.011	0.989	1.016	1.022	1.021										
2003					1.008	1.015	1.011	1.011	1.009											
2004				0.992	1.010	1.002	1.005	1.009												
2005			1.084	1.023	1.016	1.007	1.015													
2006		1.212	1.047	1.014	1.048	0.995														
2007	1.466	1.278	1.115	1.055	1.018															
2008	1.432	1.275	1.085	1.025																
2009	1.511	1.225	1.091																	
2010	1.424	1.217																		
2011	1.497																			

1st to 19th	2.25375628	Original	19th to Ult	1.074	Total Dev Adjustment	1.16484036
1st to 19th	2.59739621	Restated	19th to Ult	1.086	or	16.5%
Adjustment	1.15247431		Adjustment	1.01073		

WORKERS COMPENSATION - NEW YORK  
 DETERMINATION OF TREND FACTOR

<b>(A)</b>	Annual Loss Trend (See Exhibit EE)	<u>Average Annual Change</u>
	(1) Selected Indemnity Claim Cost Trend	1.026
	(2) Selected Indemnity Claim Frequency Trend	0.985
	(3) Indemnity Loss Trend [(1) x (2)]	1.011
	(4) Selected Medical Claim Cost Trend	1.063
	(5) Selected Medical Claim Frequency Trend	0.985
	(6) Medical Loss Trend [(4) x (5)]	1.047
	(7) Indemnity Weight*	0.590
	(8) Medical Weight*	0.410
	(9) Indicated Annual Loss Trend [(3)x(7) + (6)x(8)]	1.026
<b>(B)</b>	Annual Wage Trend	1.023
<b>(C)</b>	Annual Loss/Wage Trend (A9) / (B)	1.003
<b>(D)</b>	Selected Loss/Wage Trend	1.000
<b>(E)</b>	Trended to Average Accident Date (D) <sup>3.25</sup>	1.000
<b>(F)</b>	Final Loss/Wage Trend Factor	<b>1.000</b>

\* Policy Year 2012 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 @12/13						Paid Defense & Cost Containment Expense by Accident Year @12/13					
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
1998	55,593,836	1.073	59,652,186	858,625,933	0.069	1999	59,691,036	1.078	64,346,937	899,407,272	0.072
1999	62,169,096	1.085	67,453,469	912,762,075	0.074	2000	60,976,366	1.092	66,586,192	905,680,132	0.074
2000	60,428,908	1.101	66,532,228	866,005,208	0.077	2001	59,080,142	1.111	65,638,038	780,738,859	0.084
2001	56,704,279	1.121	63,565,497	728,135,100	0.087	2002	54,533,530	1.134	61,841,023	727,213,022	0.085
2002	52,832,295	1.147	60,598,642	725,848,693	0.083	2003	75,974,808	1.162	88,282,727	983,548,005	0.090
2003	77,130,551	1.177	90,782,659	1,010,630,600	0.090	2004	76,181,448	1.195	91,036,830	967,079,721	0.094
2004	75,396,838	1.205	90,853,190	969,212,543	0.094	2005	75,561,735	1.234	93,243,181	985,965,722	0.095
2005	79,167,126	1.251	99,038,075	1,017,917,406	0.097	2006	84,745,986	1.283	108,729,100	1,044,323,087	0.104
2006	86,271,039	1.307	112,756,248	1,186,774,743	0.095	2007	95,795,372	1.347	129,036,366	1,471,812,369	0.088
2007	100,487,534	1.379	138,572,309	1,709,296,430	0.081	2008	100,035,436	1.443	144,351,134	1,836,822,515	0.079
2008	103,167,280	1.492	153,925,582	2,015,074,037	0.076	2009	104,107,949	1.580	164,490,559	1,978,187,138	0.083
2009	99,120,326	1.641	162,656,455	2,008,518,269	0.081	2010	95,106,480	1.796	170,811,238	2,030,932,274	0.084
2010	90,525,954	1.913	173,176,150	2,126,626,833	0.081	2011	80,034,769	2.202	176,236,561	2,095,213,254	0.084
2011	69,606,016	2.502	174,154,252	2,104,697,679	0.083	2012	52,023,482	3.206	166,787,283	1,850,920,679	0.090
2012	38,328,970	4.389	168,225,849	1,828,251,849	0.092	2013	17,918,620	9.487	169,993,948	1,647,037,842	0.103

Source: New York Financial Data Calls

\* Indemnity losses are adjusted to the current benefit level.

All Year Average 0.084  
Average 2008-2012 0.083  
Average 2010-2012 0.085

Source: New York Financial Data Calls

\* Indemnity losses are adjusted to the current benefit level.

All Year Average 0.087  
Average 2009-2013 0.089  
Average 2011-2013 0.092

CY	Incurred Losses	AOE Incurred	Adjustments for Excluding the Large Deductible		Inc. AOE Ratio to Loss *
			Adj. to AOE	Adj. to Loss	
	(1)	(2)	(3)	(4)	(5)
1999	12,190,030,000	1,191,923,000	0.010	0.66	0.071
2000	13,036,758,000	1,271,399,000	0.008	0.66	0.070
2001	16,499,675,000	1,572,009,000	0.008	0.66	0.068
2002	19,625,724,000	1,733,224,000	0.008	0.63	0.061
2003	20,131,432,000	1,503,135,000	0.007	0.64	0.052
2004	21,158,156,700	1,891,204,800	0.004	0.64	0.060
2005	21,516,206,058	1,986,173,553	0.007	0.65	0.065
2006	19,786,622,352	1,948,192,140	0.008	0.65	0.069
2007	18,513,969,963	1,746,118,572	0.009	0.67	0.069
2008	22,161,623,000	1,960,693,000	0.008	0.67	0.065
2009	17,604,683,000	1,936,449,000	0.008	0.68	0.080
2010	20,487,721,000	1,858,147,000	0.007	0.69	0.067
2011	20,603,656,000	1,768,629,000	0.005	0.69	0.063
2012	22,434,533,000	1,607,421,000	0.005	0.70	0.054
2013	21,177,827,000	1,897,021,000	0.005	0.70	0.066

Source: Insurance Expense Exhibit

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

All Year Average \* 0.073  
5 Year Average \* 0.074  
3 Year Average \* 0.068

\* Adj for reform by factor of 0.895

Final DCCE (3 yr avg PY & AY) 0.089  
Final AOE 0.074  
Total LAE 0.163  
Current LAE 0.163  
Change in LAE **1.000**

Paid DCC - page 14 data

Paid Loss	Paid DCC	Paid DCC/Loss
961,464,639	61,584,064	0.064
1,018,201,641	114,193,931	0.112
1,097,848,700	147,753,424	0.135
1,080,224,919	112,961,524	0.105
1,343,928,260	41,136,944	0.031
1,142,753,333	80,022,647	0.070
893,985,675	62,392,630	0.070
1,133,121,107	74,609,951	0.066
1,118,133,443	90,949,345	0.081
1,110,478,756	97,873,765	0.088
1,303,133,279	112,387,710	0.086
1,385,724,978	123,654,506	0.089
1,475,092,461	135,338,799	0.092
1,566,208,572	144,338,682	0.092
1,624,123,717	150,580,494	0.093



New York Workers Compensation  
 Proposed Maximum Weekly 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, 2014	\$809	0.1%	1.001	0.281	0.0%
July 1, 2015	\$836	0.4%	1.005	0.688	0.3%
July 1, 2016	\$864	0.4%	1.009	0.031	0.0%
Total Filing Impact					0.3%

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	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
5 Maximum Comp	\$804.69	\$808.65	\$804.69	\$808.65	\$804.69	\$808.65	\$804.69	\$808.65	\$804.69	\$808.65
6 Eff Wkly Wage for Min (4)/(3)	\$45.00	\$45.00	\$225.00	\$225.00	\$225.00	\$225.00	\$225.00	\$225.00	\$225.00	\$225.00
7 Eff Wkly Wage for Max (5)/(3)	\$1,207.04	\$1,212.98	\$1,207.04	\$1,212.98	\$1,207.04	\$1,212.98	\$1,207.04	\$1,212.98	\$1,207.04	\$1,212.98
8 Avg Weekly Wage	\$1,433.03	\$1,433.03	\$1,433.03	\$1,433.03	\$588.71	\$588.71 **	\$588.71	\$588.71 **	\$1,433.03	\$1,433.03
9 Ratio to Avg -Min- (6)/(8)	0.03	0.03	0.16	0.16	0.38	0.38	0.38	0.38	0.16	0.16
10 Ratio to Avg -Max- (7)/(8)	0.84	0.85	0.84	0.85	2.05	2.06	2.05	2.06	0.84	0.85
11 "B" Value for (9)	0.0022	0.0022	0.1255	0.1255	1.9456	1.9456	1.9456	1.9456	0.1255	0.1255
12 "B" Value for (10)	26.2852	27.0409	26.2852	27.0409	87.1541	87.3709	87.1541	87.3709	26.2852	27.0409
13 Difference (12) - (11)	26.2830	27.0387	26.1597	26.9154	85.2085	85.4253	85.2085	85.4253	26.1597	26.9154
14 "A" Value for (9)	0.1346	0.1346	1.3190	1.3190	7.5531	7.5531	7.5531	7.5531	1.3190	1.3190
15 "A" Value for (10)	46.2069	47.1012	46.2069	47.1012	94.9379	95.0433	94.9379	95.0433	46.2069	47.1012
16 Difference 100 - (15)	53.7931	52.8988	53.7931	52.8988	5.0621	4.9567	5.0621	4.9567	53.7931	52.8988
17 (9) x (14)	0.0040	0.0040	0.2110	0.2110	2.8702	2.8702	2.8702	2.8702	0.2110	0.2110
18 Product (10) x (16)	45.1862	44.9640	45.1862	44.9640	10.3773	10.2107	10.3773	10.2107	45.1862	44.9640
19 'Limit' Factor {(13) + (17) + (18)}	71.4733	72.0068	71.5569	72.0904	98.4560	98.5062	98.4560	98.5062	71.5569	72.0904
20 Eff. Avg. Weekly Wage (8) x (19)	\$1,024.23	\$1,031.88	\$1,025.43	\$1,033.08	\$579.62	\$579.92	\$579.62	\$579.92	\$1,025.43	\$1,033.08
21 Average Weekly Benefit	\$682.82	\$687.92	\$683.62	\$688.72	\$386.41	\$386.61	\$386.41	\$386.61	\$683.62	\$688.72
22 Indicated Change in Costs	-	0.7%	-	0.7%	-	0.1%	-	0.1%	-	0.7%

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

New York Incurred Losses *	July 1, 2013	Benefit Change	July 1, 2014
Death	\$368,604,607	0.7%	\$371,184,839
Permanent Total	\$485,638,760	0.7%	\$489,038,231
Permanent Partial - Major	\$10,706,735,593	0.1%	\$10,717,442,329
Permanent Partial - Minor	\$481,343,878	0.1%	\$481,825,221
Temporary	\$483,071,294	0.7%	\$486,452,793
<b>Total Indemnity</b>	<b>\$12,525,394,132</b>	<b>0.2%</b>	<b>\$12,545,943,414</b>

\* Policy Year 2007-2011 Unit Statistical Plan data are for all carriers, on\_ leveled, developed.

Indemnity Losses as Percent of Total Losses #	0.62
Medical Losses as Percent of Total Losses #	0.38

# Based on PY 2011 Ult Loss

Estimated Claim Cost Effect of Benefit Change = 0.1%  
 $\{(0.616861303448068 \times 1.002 + (0.383138696551932 \times 1.00)) - 1.00\}$

Factor to Reflect Expected Increase in System Utilization 1.10

**Estimated Rate Level Effect of Benefit Change = 0.1%**

**Estimated Premium Effect of Benefit Change = \$4,196,009**

New York Workers Compensation

Maximum @ July 1, 2015 = 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, 2014	July 1, 2015	July 1, 2014	July 1, 2015	July 1, 2014	July 1, 2015	July 1, 2014	July 1, 2015	July 1, 2014	July 1, 2015
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	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
5 Maximum Comp	\$808.65	\$835.82	\$808.65	\$835.82	\$808.65	\$835.82	\$808.65	\$835.82	\$808.65	\$835.82
6 Eff Wkly Wage for Min (4)/ (3)	\$45.00	\$45.00	\$224.99	\$224.99	\$224.99	\$224.99	\$224.99	\$224.99	\$224.99	\$224.99
7 Eff Wkly Wage for Max (5)/ (3)	\$1,212.92	\$1,253.67	\$1,212.92	\$1,253.67	\$1,212.92	\$1,253.67	\$1,212.92	\$1,253.67	\$1,212.92	\$1,253.67
8 Avg Weekly Wage	\$1,481.17	\$1,481.17	\$1,481.17	\$1,481.17	\$608.49	\$608.49 **	\$608.49	\$608.49 **	\$1,481.17	\$1,481.17
9 Ratio to Avg -Min- (6)/(8)	0.03	0.03	0.15	0.15	0.37	0.37	0.37	0.37	0.15	0.15
10 Ratio to Avg -Max- (7)/(8)	0.82	0.85	0.82	0.85	1.99	2.06	1.99	2.06	0.82	0.85
11 "B" Value for (9)	0.0022	0.0022	0.1060	0.1060	1.7688	1.7688	1.7688	1.7688	0.1060	0.1060
12 "B" Value for (10)	24.7822	27.0409	24.7822	27.0409	85.7837	87.3709	85.7837	87.3709	24.7822	27.0409
13 Difference (12) - (11)	24.7800	27.0387	24.6762	26.9349	84.0149	85.6021	84.0149	85.6021	24.6762	26.9349
14 "A" Value for (9)	0.1346	0.1346	1.1926	1.1926	7.0814	7.0814	7.0814	7.0814	1.1926	1.1926
15 "A" Value for (10)	44.3959	47.1012	44.3959	47.1012	94.2593	95.0433	94.2593	95.0433	44.3959	47.1012
16 Difference 100 - (15)	55.6041	52.8988	55.6041	52.8988	5.7407	4.9567	5.7407	4.9567	55.6041	52.8988
17 (9) x (14)	0.0040	0.0040	0.1789	0.1789	2.6201	2.6201	2.6201	2.6201	0.1789	0.1789
18 Product (10) x (16)	45.5954	44.9640	45.5954	44.9640	11.4241	10.2107	11.4241	10.2107	45.5954	44.9640
19 "Limit" Factor {(13) + (17) + (18)}	70.3794	72.0068	70.4505	72.0778	98.0591	98.4330	98.0591	98.4330	70.4505	72.0778
20 Eff. Avg. Weekly Wage (8) x (19)	\$1,042.44	\$1,066.55	\$1,043.49	\$1,067.60	\$596.68	\$598.95	\$596.68	\$598.95	\$1,043.49	\$1,067.60
21 Average Weekly Benefit	\$695.00	\$711.07	\$695.70	\$711.77	\$397.81	\$399.32	\$397.81	\$399.32	\$695.70	\$711.77
22 Indicated Change in Costs	-	2.3%	-	2.3%	-	0.4%	-	0.4%	-	2.3%

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

New York Incurred Losses *	July 1, 2014	Benefit Change	July 1, 2015
Death	\$371,184,839	2.3%	\$379,722,090
Permanent Total	\$489,038,231	2.3%	\$500,286,111
Permanent Partial - Major	\$10,717,442,329	0.4%	\$10,760,312,098
Permanent Partial - Minor	\$481,825,221	0.4%	\$483,752,522
Temporary	\$486,452,793	2.3%	\$497,641,207
<b>Total Indemnity</b>	<b>\$12,545,943,414</b>	<b>0.6%</b>	<b>\$12,621,714,029</b>

\* Policy Year 2007-2011 Unit Statistical Plan data are for all carriers, on\_ leveled, developed.

Indemnity Losses as Percent of Total Losses #	0.618
Medical Losses as Percent of Total Losses #	0.382

# Based on PY 2011 Ult Loss

Estimated Claim Cost Effect of Benefit Change = 0.4%  
 $\{(0.618 \times 1.006 + (0.382 \times 1.00)) - 1.00\}$

Factor to Reflect Expected Increase in System Utilization 1.10

**Estimated Rate Level Effect of Benefit Change = 0.4%**

**Estimated Premium Effect of Benefit Change = \$16,784,037**

New York Workers Compensation

Maximum @ July 1, 2016 = 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, 2015	July 1, 2016	July 1, 2015	July 1, 2016	July 1, 2015	July 1, 2016	July 1, 2015	July 1, 2016	July 1, 2015	July 1, 2016
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	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
5 Maximum Comp	\$835.82	\$863.90	\$835.82	\$863.90	\$835.82	\$863.90	\$835.82	\$863.90	\$835.82	\$863.90
6 Eff Wkly Wage for Min (4)/(3)	\$45.00	\$45.00	\$224.99	\$224.99	\$224.99	\$224.99	\$224.99	\$224.99	\$224.99	\$224.99
7 Eff Wkly Wage for Max (5)/(3)	\$1,253.67	\$1,295.79	\$1,253.67	\$1,295.79	\$1,253.67	\$1,295.79	\$1,253.67	\$1,295.79	\$1,253.67	\$1,295.79
8 Avg Weekly Wage	\$1,530.94	\$1,530.94	\$1,530.94	\$1,530.94	\$628.93	\$628.93 **	\$628.93	\$628.93 **	\$1,530.94	\$1,530.94
9 Ratio to Avg -Min- (6)/(8)	0.03	0.03	0.15	0.15	0.36	0.36	0.36	0.36	0.15	0.15
10 Ratio to Avg -Max- (7)/(8)	0.82	0.85	0.82	0.85	1.99	2.06	1.99	2.06	0.82	0.85
11 "B" Value for (9)	0.0022	0.0022	0.1060	0.1060	1.6058	1.6058	1.6058	1.6058	0.1060	0.1060
12 "B" Value for (10)	24.7822	27.0409	24.7822	27.0409	85.7837	87.3709	85.7837	87.3709	24.7822	27.0409
13 Difference (12) - (11)	24.7800	27.0387	24.6762	26.9349	84.1779	85.7651	84.1779	85.7651	24.6762	26.9349
14 "A" Value for (9)	0.1346	0.1346	1.1926	1.1926	6.6346	6.6346	6.6346	6.6346	1.1926	1.1926
15 "A" Value for (10)	44.3959	47.1012	44.3959	47.1012	94.2593	95.0433	94.2593	95.0433	44.3959	47.1012
16 Difference 100 - (15)	55.6041	52.8988	55.6041	52.8988	5.7407	4.9567	5.7407	4.9567	55.6041	52.8988
17 (9) x (14)	0.0040	0.0040	0.1789	0.1789	2.3885	2.3885	2.3885	2.3885	0.1789	0.1789
18 Product (10) x (16)	45.5954	44.9640	45.5954	44.9640	11.4241	10.2107	11.4241	10.2107	45.5954	44.9640
19 'Limit' Factor {(13) + (17) + (18)}	70.3794	72.0068	70.4505	72.0778	97.9905	98.3643	97.9905	98.3643	70.4505	72.0778
20 Eff. Avg. Weekly Wage (8) x (19)	\$1,077.47	\$1,102.38	\$1,078.55	\$1,103.47	\$616.29	\$618.64	\$616.29	\$618.64	\$1,078.55	\$1,103.47
21 Average Weekly Benefit	\$718.35	\$734.96	\$719.07	\$735.68	\$410.88	\$412.45	\$410.88	\$412.45	\$719.07	\$735.68
22 Indicated Change in Costs	-	2.3%	-	2.3%	-	0.4%	-	0.4%	-	2.3%

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

New York Incurred Losses *	July 1, 2015	Benefit Change	July 1, 2016
Death	\$379,722,090	2.3%	\$388,455,698
Permanent Total	\$500,286,111	2.3%	\$511,792,691
Permanent Partial - Major	\$10,760,312,098	0.4%	\$10,803,353,347
Permanent Partial - Minor	\$483,752,522	0.4%	\$485,687,532
Temporary	\$497,641,207	2.3%	\$509,086,955
<b>Total Indemnity</b>	<b>\$12,621,714,029</b>	<b>0.6%</b>	<b>\$12,698,376,224</b>

\* Policy Year 2007-2011 Unit Statistical Plan data are for all carriers, on\_ leveled, developed.

Indemnity Losses as Percent of Total Losses #	0.622
Medical Losses as Percent of Total Losses #	0.378

# Based on PY 2011 Ult Loss

Estimated Claim Cost Effect of Benefit Change = 0.4%  
{( 0.622 x 1.006 + (0.378 x 1.00)) - 1.00}

Factor to Reflect Expected Increase in System Utilization 1.10

**Estimated Rate Level Effect of Benefit Change = 0.4%**

**Estimated Premium Effect of Benefit Change = \$16,784,037**

## New York Workers Compensation Effect of Change in Medical Fee Schedule

Effective Date: 4/1/2015

1) Impact on Total Physician Costs in New York	-6.1%
2) Total Physician Costs as a % of total medical costs in New York*	46.1%
3) Impact on total medical costs in New York = (1) x (2)	-2.8%
4) Total medical costs as a percentage of total Workers Compensation (WC) costs in New York**	38.0%
5) Impact on total WC costs in New York= (3) x (4)	-1.1%
6) Portion of the medical fee change that impacts the filing effective period	87.5%
7) Final Impact on total WC costs in New York for October 1, 2014 filing = (5) x (6)	<b>-1.0%</b>

\* Based on NYCIRB medical data call, for Service Year 2012

\*\* Based on NYCIRB Financial Call data

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

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

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

New York Workers Compensation

Determination of Industry Group Differentials  
(Incurred Losses Determined by Revised Ratemaking Methodology)

<u>Industry Group</u>	<u>Policy Year</u>	<u>Expected Losses On 10/2013 Level</u>	<u>Incurred USP Losses on 10/2013 Level</u>	<u>Loss Ratio</u>	<u>Number of Compensable Cases</u>	<u>Group Credibility</u>	<u>Cred. Wt'd Loss Ratio</u>	<u>Indicated Ind. Group Differential</u>	<u>Differential Adjustment Factor</u>	<u>Final Ind. Group Differential</u>
Food&Bev Mfg.	2007	\$101,782,517	\$89,019,159	0.875	1,305					
	2008	\$105,654,027	\$96,259,602	0.911	1,432					
	2009	\$103,238,361	\$124,748,612	1.208	1,508					
	2010	\$102,576,785	\$131,580,609	1.283	1,479					
	2011	\$104,396,064	\$121,817,793	1.167	1,395					
	Total	\$517,647,755	\$563,425,775	1.088	7,119	0.706	1.070	1.044	1.001	<b>1.045</b>
Chemical Mfg.	2007	\$34,397,408	\$35,290,223	1.026	437					
	2008	\$34,557,554	\$31,583,636	0.914	428					
	2009	\$33,065,372	\$37,832,275	1.144	435					
	2010	\$36,873,141	\$38,345,615	1.040	435					
	2011	\$37,881,860	\$37,641,116	0.994	434					
	Total	\$176,775,335	\$180,692,865	1.022	2,169	0.320	1.024	1.000	1.001	<b>1.000</b>
All Other Mfg.	2007	\$325,022,888	\$332,543,814	1.023	4,751					
	2008	\$330,475,493	\$326,060,010	0.987	4,275					
	2009	\$300,103,809	\$286,494,182	0.955	3,718					
	2010	\$316,296,535	\$302,960,961	0.958	3,592					
	2011	\$342,616,177	\$310,079,649	0.905	3,375					
	Total	\$1,614,514,903	\$1,558,138,616	0.965	19,711	1.000	0.965	0.942	1.002	<b>0.943</b>
Contracting	2007	\$901,491,797	\$834,975,572	0.926	6,531					
	2008	\$1,007,730,857	\$978,230,633	0.971	6,668					
	2009	\$948,823,797	\$939,032,064	0.990	6,156					
	2010	\$982,284,572	\$1,057,668,150	1.077	6,201					
	2011	\$1,084,896,559	\$1,136,711,806	1.048	6,332					
	Total	\$4,925,227,581	\$4,946,618,225	1.004	31,888	1.000	1.004	0.980	0.991	<b>0.972</b>
Stores&Dealers	2007	\$410,695,650	\$451,850,077	1.100	6,943					
	2008	\$415,597,509	\$421,522,703	1.014	6,259					
	2009	\$393,264,525	\$426,138,373	1.084	5,634					
	2010	\$416,781,128	\$455,501,918	1.093	5,935					
	2011	\$448,965,948	\$471,352,505	1.050	5,911					
	Total	\$2,085,304,760	\$2,226,365,576	1.068	30,682	1.000	1.068	1.042	0.995	<b>1.037</b>
Prof&Office	2007	\$706,332,682	\$703,406,200	0.996	9,206					
	2008	\$725,785,511	\$729,817,209	1.006	8,872					
	2009	\$744,234,221	\$733,732,975	0.986	8,594					
	2010	\$809,006,879	\$777,276,934	0.961	8,384					
	2011	\$885,384,773	\$827,964,786	0.935	8,415					
	Total	\$3,870,744,067	\$3,772,198,104	0.975	43,471	1.000	0.975	0.951	1.009	<b>0.960</b>
Services	2007	\$1,250,159,166	\$1,248,001,845	0.998	16,091					
	2008	\$1,422,304,868	\$1,451,277,616	1.020	16,989					
	2009	\$1,456,086,041	\$1,597,607,144	1.097	18,022					
	2010	\$1,661,596,978	\$1,736,634,509	1.045	18,889					
	2011	\$1,695,614,347	\$1,836,767,738	1.083	19,079					
	Total	\$7,485,761,400	\$7,870,288,852	1.051	89,070	1.000	1.051	1.026	1.003	<b>1.029</b>
Miscellaneous	2007	\$217,535,144	\$209,607,846	0.964	3,237					
	2008	\$225,024,270	\$229,611,693	1.020	3,169					
	2009	\$286,845,912	\$307,665,452	1.073	4,251					
	2010	\$274,895,574	\$296,670,602	1.079	3,687					
	2011	\$294,340,773	\$366,331,110	1.245	3,697					
	Total	\$1,298,641,673	\$1,409,886,703	1.086	18,041	1.000	1.086	1.059	0.993	<b>1.052</b>
Mar,Adm, Fed	2007	\$9,647,301	\$11,689,987	1.212	115					
	2008	\$10,957,909	\$9,772,823	0.892	93					
	2009	\$9,680,955	\$10,662,501	1.101	103					
	2010	\$9,237,722	\$9,728,602	1.053	75					
	2011	\$8,888,359	\$12,187,804	1.371	64					
	Total	\$48,412,246	\$54,041,717	1.116	450	0.112	1.036	1.011	0.996	<b>1.007</b>
All Ind Groups	2007	\$3,957,064,553	\$3,916,384,723	0.990	48,616					
	2008	\$4,278,087,997	\$4,274,135,925	0.999	48,185					
	2009	\$4,275,342,993	\$4,463,913,578	1.044	48,421					
	2010	\$4,609,549,315	\$4,806,367,900	1.043	48,677					
	2011	\$4,902,984,860	\$5,120,854,307	1.044	48,702					
	Total	\$22,023,029,719	\$22,581,656,433	1.025	242,601	1.000	1.025	1.000	1.000	<b>1.000</b>
				Cred. Std.	12,000					

New York Workers Compensation

Industry Group Differential Adjustment Factor Calculation  
(Incurred Losses Determined by Revised Ratemaking Methodology)

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	\$311,102,085	\$252,323,690	\$563,425,775	1.0102	1.0838
2	\$95,309,550	\$85,383,315	\$180,692,865	1.0124	1.0785
3	\$875,718,283	\$682,420,333	\$1,558,138,616	1.0088	1.0873
4	\$2,598,013,769	\$2,348,604,456	\$4,946,618,225	1.0213	1.0574
5	\$1,127,378,988	\$1,098,986,588	\$2,226,365,576	1.0187	1.0636
6	\$2,036,382,820	\$1,735,815,284	\$3,772,198,104	1.0040	1.0989
7	\$4,087,973,738	\$3,782,315,114	\$7,870,288,852	1.0109	1.0822
8	\$734,946,176	\$674,940,527	\$1,409,886,703	1.0205	1.0593
9	\$27,488,552	\$26,553,165	\$54,041,717	1.0177	1.0658
Total	\$11,894,313,961	\$10,687,342,472	\$22,581,656,433	1.0131	0.9953

- (7) Annual Indemnity Trend from 10/2014 loss cost revision. 1.011
- (8) Annual Medical Trend from 10/2014 loss cost revision. 1.047

\* 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	1.0349	<b>1.001</b>
2	1.0346	<b>1.001</b>
3	1.0356	<b>1.002</b>
4	1.0248	<b>0.991</b>
5	1.0290	<b>0.995</b>
6	1.0430	<b>1.009</b>
7	1.0371	<b>1.003</b>
8	1.0260	<b>0.993</b>
9	1.0300	<b>0.996</b>
Total	1.0337	<b>1.000</b>



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	
2003	Dev. 5/6					1,706,042,303	1,694,938,690	0.993
2004	Dev. 5/6					1,719,140,749	1,692,732,750	0.985
2005	Dev. 5/6					1,782,580,613	1,782,184,787	1.000
2006	Dev. 5/6					1,993,214,933	1,991,824,233	0.999
2007	Dev. 5/6					2,028,280,071	2,028,721,702	1.000
2004	Dev. 4/5				1,730,904,366	1,736,060,060		1.003
2005	Dev. 4/5				1,806,831,217	1,782,580,613		0.987
2006	Dev. 4/5				1,998,374,057	1,993,576,587		0.998
2007	Dev. 4/5				2,028,970,801	2,028,278,143		1.000
2008	Dev. 4/5				1,985,283,732	1,986,798,743		1.001
2005	Dev. 3/4			1,902,378,226	1,806,835,355			0.950
2006	Dev. 3/4			2,025,103,051	1,998,374,057			0.987
2007	Dev. 3/4			2,045,874,037	2,029,294,468			0.992
2008	Dev. 3/4			1,989,117,769	1,985,282,717			0.998
2009	Dev. 3/4			1,420,302,682	1,422,523,551			1.002
2006	Dev. 2/3		2,094,474,379	2,025,103,277				0.967
2007	Dev. 2/3		2,091,940,115	2,045,874,037				0.978
2008	Dev. 2/3		1,988,586,275	1,990,456,666				1.001
2009	Dev. 2/3		1,423,348,397	1,420,301,667				0.998
2010	Dev. 2/3		1,571,239,564	1,573,771,294				1.002
2007	Dev. 1/2	2,172,341,154	2,091,940,115					0.963
2008	Dev. 1/2	2,065,162,030	1,988,586,275					0.963
2009	Dev. 1/2	1,455,337,812	1,431,570,019					0.984
2010	Dev. 1/2	1,574,143,660	1,571,238,549					0.998
2011	Dev. 1/2	1,573,145,927	1,578,822,013					1.004
		1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/Ult.	
<b>5 Year Average</b>								
Age to Age		0.982	0.989	0.986	0.998	0.995	1.000	
Age to Ult.		0.951	0.968	0.979	0.993	0.995	1.000	
<b>4 Year Average</b>								
Age to Age		0.987	0.995	0.995	0.997	0.996	1.000	
Age to Ult.		0.970	0.983	0.988	0.993	0.996	1.000	
<b>3 Year Average</b>								
Age to Age		0.995	1.000	0.997	1.000	1.000	1.000	
Age to Ult.		0.992	0.997	0.997	1.000	1.000	1.000	
<b>2 Year Average</b>								
Age to Age		1.001	1.000	1.000	1.001	1.000	1.000	
Age to Ult.		1.002	1.001	1.001	1.001	1.000	1.000	
Premium Development to Ultimate*		0.992	0.997	0.997	1.000	1.000	1.000	

\*Premium development based on three 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	
1999	Dev. 9/10									624,054,234	627,858,874	1.006
2000	Dev. 9/10									575,537,655	585,990,282	1.018
2001	Dev. 9/10									468,115,259	474,936,536	1.015
2002	Dev. 9/10									431,376,432	439,799,565	1.020
2003	Dev. 9/10									600,074,710	605,820,992	1.010
2000	Dev. 8/9								576,731,035	590,212,505		1.023
2001	Dev. 8/9								454,908,156	468,186,260		1.029
2002	Dev. 8/9								428,245,106	432,919,383		1.011
2003	Dev. 8/9								588,852,679	602,723,311		1.024
2004	Dev. 8/9								551,263,027	566,418,470		1.027
2001	Dev. 7/8							465,732,007	471,398,016			1.012
2002	Dev. 7/8							418,131,549	428,245,106			1.024
2003	Dev. 7/8							578,724,371	588,945,589			1.018
2004	Dev. 7/8							540,880,430	551,984,205			1.021
2005	Dev. 7/8							529,404,201	540,377,226			1.021
2002	Dev. 6/7					418,181,511	429,126,357					1.026
2003	Dev. 6/7					559,917,019	578,724,371					1.034
2004	Dev. 6/7					520,095,189	540,880,430					1.040
2005	Dev. 6/7					515,961,761	530,252,183					1.028
2006	Dev. 6/7					564,917,247	579,401,037					1.026
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
2006	Dev. 5/6					529,697,510	565,783,792					1.068
2007	Dev. 5/6					649,320,703	673,237,525					1.037
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					
2007	Dev. 4/5			619,270,265	650,106,623		1.050					
2008	Dev. 4/5			756,145,302	788,929,050		1.043					
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			558,445,313	619,543,025	1.109						
2008	Dev. 3/4			679,142,649	756,569,743	1.114						
2009	Dev. 3/4			682,981,682	761,732,280	1.115						
2006	Dev. 2/3		357,076,172	449,837,244	1.260							
2007	Dev. 2/3		455,483,210	558,445,313	1.226							
2008	Dev. 2/3		544,429,517	679,942,680	1.249							
2009	Dev. 2/3		569,418,122	683,116,204	1.200							
2010	Dev. 2/3		617,050,042	752,292,554	1.219							
2007	Dev. 1/2	311,015,431	455,483,210	1.465								
2008	Dev. 1/2	375,038,290	544,429,517	1.452								
2009	Dev. 1/2	374,993,842	572,222,852	1.526								
2010	Dev. 1/2	408,888,419	617,169,540	1.509								
2011	Dev. 1/2	397,206,777	600,783,842	1.513								
		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		2.672	1.790	1.493	1.231	1.110	1.057	1.053	1.031	1.019	1.023	1.014
4 Year Average		2.699	1.799	1.500	1.224	1.113	1.057	1.054	1.032	1.021	1.023	1.016
3 Year Average		2.668	1.760	1.516	1.223	1.113	1.050	1.048	1.031	1.020	1.021	1.015
2 Year Average		2.655	1.757	1.511	1.210	1.115	1.047	1.053	1.027	1.021	1.026	1.015
Latest Year		2.586	1.709	1.513	1.219	1.115	1.043	1.037	1.026	1.021	1.027	1.010
Mid 3 of 5		2.673	1.787	1.496	1.231	1.112	1.054	1.053	1.029	1.020	1.025	1.014
Loss Development to Ultimate*		2.672	1.786									

\*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	
1990 Dev. 18/19									766,844,603	769,030,839	1.003
1991 Dev. 18/19									713,657,190	715,145,080	1.002
1992 Dev. 18/19									665,889,310	670,014,979	1.006
1993 Dev. 18/19									622,242,904	623,744,207	1.002
1994 Dev. 18/19									575,369,496	577,624,405	1.004
1991 Dev. 17/18								723,466,466	725,796,622		1.003
1992 Dev. 17/18								660,013,876	665,889,310		1.009
1993 Dev. 17/18								619,841,078	622,242,904		1.004
1994 Dev. 17/18								578,013,484	580,262,397		1.004
1995 Dev. 17/18								521,504,206	522,935,693		1.003
1992 Dev. 16/17							664,608,654	670,245,715	1.008		
1993 Dev. 16/17							616,083,314	619,841,078	1.006		
1994 Dev. 16/17							575,655,672	578,013,484	1.004		
1995 Dev. 16/17							524,634,032	526,941,148	1.004		
1996 Dev. 16/17							489,638,417	491,328,462	1.003		
1993 Dev. 15/16						628,626,566	629,997,425	1.002			
1994 Dev. 15/16						569,951,964	575,655,672	1.010			
1995 Dev. 15/16						522,197,510	524,634,032	1.005			
1996 Dev. 15/16						492,072,316	494,326,512	1.005			
1997 Dev. 15/16						497,384,307	498,812,486	1.003			
1994 Dev. 14/15					585,444,867	585,902,195	1.001				
1995 Dev. 14/15					520,076,597	522,197,510	1.004				
1996 Dev. 14/15					489,820,610	492,108,894	1.005				
1997 Dev. 14/15					513,951,398	516,375,732	1.005				
1998 Dev. 14/15					575,785,151	577,033,796	1.002				
1995 Dev. 13/14				531,995,714	535,007,637	1.006					
1996 Dev. 13/14				485,611,436	489,820,610	1.009					
1997 Dev. 13/14				513,399,070	515,692,702	1.004					
1998 Dev. 13/14				584,253,841	585,547,501	1.002					
1999 Dev. 13/14				602,874,997	604,254,591	1.002					
1996 Dev. 12/13			499,508,052	502,115,711	1.005						
1997 Dev. 12/13			508,733,146	513,415,540	1.009						
1998 Dev. 12/13			582,139,536	584,380,321	1.004						
1999 Dev. 12/13			616,692,028	620,838,261	1.007						
2000 Dev. 12/13			561,295,618	564,112,543	1.005						
1997 Dev. 11/12		525,039,232	528,074,838	1.006							
1998 Dev. 11/12		581,401,499	582,172,874	1.001							
1999 Dev. 11/12		614,409,983	617,331,156	1.005							
2000 Dev. 11/12		584,489,703	588,445,275	1.007							
2001 Dev. 11/12		459,856,510	461,049,407	1.003							
1998 Dev. 10/11	591,222,777	596,736,608	1.009								
1999 Dev. 10/11	613,443,795	614,591,756	1.002								
2000 Dev. 10/11	581,733,357	586,294,859	1.008								
2001 Dev. 10/11	472,209,283	480,849,717	1.018								
2002 Dev. 10/11	428,648,445	434,813,827	1.014								
Development			10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th
5 Year Average			1.010	1.004	1.006	1.005	1.003	1.005	1.005	1.005	1.003
4 Year Average			1.011	1.004	1.006	1.004	1.004	1.006	1.004	1.005	1.004
3 Year Average			1.013	1.005	1.005	1.003	1.004	1.004	1.004	1.004	1.004
2 Year Average			1.016	1.005	1.006	1.002	1.004	1.004	1.004	1.004	1.003
Latest Year			1.014	1.003	1.005	1.002	1.002	1.003	1.003	1.003	1.004
Mid 3 of 5			1.010	1.005	1.006	1.004	1.004	1.004	1.005	1.004	1.003

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
1981	Dev. 27/28										
1982	Dev. 27/28										
1983	Dev. 27/28										
1984	Dev. 27/28										
1985	Dev. 27/28										
1982	Dev. 26/27										
1983	Dev. 26/27										
1984	Dev. 26/27										
1985	Dev. 26/27										
1986	Dev. 26/27										
1983	Dev. 25/26										
1984	Dev. 25/26										
1985	Dev. 25/26										
1986	Dev. 25/26										
1987	Dev. 25/26										
1984	Dev. 24/25										
1985	Dev. 24/25										
1986	Dev. 24/25										
1987	Dev. 24/25										
1988	Dev. 24/25										
1985	Dev. 23/24										
1986	Dev. 23/24										
1987	Dev. 23/24										
1988	Dev. 23/24										
1989	Dev. 23/24										
1986	Dev. 22/23										
1987	Dev. 22/23										
1988	Dev. 22/23										
1989	Dev. 22/23										
1990	Dev. 22/23										
1987	Dev. 21/22										
1988	Dev. 21/22										
1989	Dev. 21/22										
1990	Dev. 21/22										
1991	Dev. 21/22										
1988	Dev. 20/21										
1989	Dev. 20/21										
1990	Dev. 20/21										
1991	Dev. 20/21										
1992	Dev. 20/21										
1989	Dev. 19/20	651,234,216	655,121,351	1.006							
1990	Dev. 19/20	758,383,069	764,145,870	1.008							
1991	Dev. 19/20	715,145,080	718,724,481	1.005							
1992	Dev. 19/20	670,014,979	672,455,747	1.004							
1993	Dev. 19/20	616,152,644	616,926,640	1.001							
Development				19th/20th	20th/Ult.*						
5 Year Average				1.005	1.029						
4 Year Average				1.005	1.029						
3 Year Average				1.003	1.029						
2 Year Average				1.003	1.029						
Latest Year				1.001	1.029						
Mid 3 of 5				1.005	1.029						

\* From Exhibit BB, Sheet 2G

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	
1999	Dev. 9/10									341,445,573	348,548,187	1.021
2000	Dev. 9/10									322,889,864	328,623,954	1.018
2001	Dev. 9/10									282,895,027	287,072,602	1.015
2002	Dev. 9/10									280,421,439	288,552,929	1.029
2003	Dev. 9/10									384,737,670	387,200,619	1.006
2000	Dev. 8/9								321,754,466	334,460,264		1.039
2001	Dev. 8/9								274,503,142	281,230,772		1.025
2002	Dev. 8/9								276,217,163	280,925,299		1.017
2003	Dev. 8/9								379,702,967	386,390,204		1.018
2004	Dev. 8/9								349,239,296	361,728,594		1.036
2001	Dev. 7/8							274,232,754	283,006,173			1.032
2002	Dev. 7/8							266,904,174	274,952,846			1.030
2003	Dev. 7/8							374,369,022	379,769,307			1.014
2004	Dev. 7/8							341,034,388	349,984,481			1.026
2005	Dev. 7/8							382,165,034	395,293,792			1.034
2002	Dev. 6/7						264,557,917	273,642,804				1.034
2003	Dev. 6/7						362,421,074	372,730,080				1.028
2004	Dev. 6/7						329,785,055	341,041,654				1.034
2005	Dev. 6/7						372,204,107	383,229,983				1.030
2006	Dev. 6/7						397,036,568	412,712,589				1.039
2003	Dev. 5/6					349,395,132	366,387,180					1.049
2004	Dev. 5/6					314,048,495	328,021,055					1.044
2005	Dev. 5/6					359,320,006	372,247,659					1.036
2006	Dev. 5/6					382,231,242	397,948,784					1.041
2007	Dev. 5/6					482,010,525	506,511,261					1.051
2004	Dev. 4/5				303,884,008	315,023,017						1.037
2005	Dev. 4/5				334,774,927	358,881,921						1.072
2006	Dev. 4/5				362,557,337	382,240,950						1.054
2007	Dev. 4/5				456,423,800	482,834,491						1.058
2008	Dev. 4/5				499,807,757	523,871,499						1.048
2005	Dev. 3/4			309,393,885	334,787,730							1.082
2006	Dev. 3/4			326,078,236	361,772,015							1.109
2007	Dev. 3/4			427,023,797	456,558,601							1.069
2008	Dev. 3/4			462,209,879	500,400,747							1.083
2009	Dev. 3/4			470,791,142	515,532,829							1.095
2006	Dev. 2/3		289,714,316	326,082,402								1.126
2007	Dev. 2/3		361,726,259	425,553,634								1.176
2008	Dev. 2/3		398,637,695	462,767,884								1.161
2009	Dev. 2/3		411,202,035	470,945,498								1.145
2010	Dev. 2/3		442,666,862	498,338,000								1.126
2007	Dev. 1/2	297,197,737	361,726,259									1.217
2008	Dev. 1/2	325,091,974	398,217,080									1.225
2009	Dev. 1/2	338,725,777	414,465,200									1.224
2010	Dev. 1/2	352,890,578	442,753,517									1.255
2011	Dev. 1/2	354,614,550	433,072,482									1.221
		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		2.177	1.773	1.228	1.147	1.088	1.054	1.044	1.033	1.027	1.027	1.018
4 Year Average		2.170	1.763	1.231	1.152	1.089	1.058	1.043	1.033	1.026	1.024	1.017
3 Year Average		2.171	1.761	1.233	1.144	1.082	1.053	1.043	1.034	1.025	1.024	1.017
2 Year Average		2.185	1.765	1.238	1.136	1.089	1.053	1.046	1.035	1.030	1.027	1.018
Latest Year		2.140	1.753	1.221	1.126	1.095	1.048	1.051	1.039	1.034	1.036	1.006
Mid 3 of 5		2.160	1.766	1.223	1.144	1.087	1.053	1.045	1.033	1.029	1.026	1.018
Loss Development to Ultimate*		2.176	1.779									

\*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	
1990	Dev. 18/19									332,510,097	337,021,569	1.014
1991	Dev. 18/19									294,901,908	294,711,558	0.999
1992	Dev. 18/19									278,860,273	283,697,746	1.017
1993	Dev. 18/19									270,127,224	270,031,742	1.000
1994	Dev. 18/19									259,125,144	259,959,414	1.003
1991	Dev. 17/18								297,349,883	300,742,747		1.011
1992	Dev. 17/18								274,924,410	277,864,553		1.011
1993	Dev. 17/18								270,471,482	270,127,224		0.999
1994	Dev. 17/18								259,425,488	260,882,997		1.006
1995	Dev. 17/18								264,077,154	265,702,777		1.006
1992	Dev. 16/17							275,668,047	279,090,966			1.012
1993	Dev. 16/17							268,931,262	269,050,305			1.000
1994	Dev. 16/17							258,364,553	259,425,488			1.004
1995	Dev. 16/17							263,009,822	265,964,987			1.011
1996	Dev. 16/17							245,754,236	246,992,023			1.005
1993	Dev. 15/16						274,362,352	276,869,455				1.009
1994	Dev. 15/16						254,957,479	257,806,864				1.011
1995	Dev. 15/16						262,048,987	263,009,822				1.004
1996	Dev. 15/16						250,279,903	249,542,349				0.997
1997	Dev. 15/16						283,286,165	284,486,953				1.004
1994	Dev. 14/15					260,805,893	262,851,117					1.008
1995	Dev. 14/15					261,954,834	260,957,728					0.996
1996	Dev. 14/15					249,991,493	250,309,715					1.001
1997	Dev. 14/15					286,320,157	286,720,779					1.001
1998	Dev. 14/15					313,999,243	318,392,307					1.014
1995	Dev. 13/14				265,106,857	268,985,008						1.015
1996	Dev. 13/14				248,196,591	248,640,687						1.002
1997	Dev. 13/14				281,707,895	286,903,027						1.018
1998	Dev. 13/14				320,070,900	321,759,210						1.005
1999	Dev. 13/14				346,987,396	351,859,018						1.014
1996	Dev. 12/13			251,277,391	255,173,039							1.016
1997	Dev. 12/13			278,083,786	280,138,373							1.007
1998	Dev. 12/13			314,309,405	320,166,741							1.019
1999	Dev. 12/13			353,281,748	358,794,104							1.016
2000	Dev. 12/13			328,137,626	333,085,136							1.015
1997	Dev. 11/12		285,132,823	287,941,464								1.010
1998	Dev. 11/12		310,442,420	311,510,608								1.003
1999	Dev. 11/12		344,528,500	353,520,711								1.026
2000	Dev. 11/12		339,896,196	345,369,556								1.016
2001	Dev. 11/12		278,521,682	280,742,129								1.008
1998	Dev. 10/11	314,190,310	318,445,301									1.014
1999	Dev. 10/11	339,086,349	343,266,675									1.012
2000	Dev. 10/11	331,199,426	340,785,926									1.029
2001	Dev. 10/11	286,133,323	294,986,963									1.031
2002	Dev. 10/11	283,721,004	288,760,571									1.018
Development				10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th
5 Year Average				1.021	1.013	1.015	1.011	1.004	1.005	1.006	1.007	1.007
4 Year Average				1.023	1.013	1.014	1.010	1.003	1.004	1.005	1.006	1.005
3 Year Average				1.026	1.017	1.017	1.012	1.005	1.002	1.007	1.004	1.007
2 Year Average				1.025	1.012	1.016	1.010	1.008	1.001	1.008	1.006	1.002
Latest Year				1.018	1.008	1.015	1.014	1.014	1.004	1.005	1.006	1.003
Mid 3 of 5				1.020	1.011	1.016	1.011	1.003	1.006	1.007	1.008	1.006

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
1981	Dev. 27/28										
1982	Dev. 27/28										
1983	Dev. 27/28										
1984	Dev. 27/28										
1985	Dev. 27/28										
1982	Dev. 26/27										
1983	Dev. 26/27										
1984	Dev. 26/27										
1985	Dev. 26/27										
1986	Dev. 26/27										
1983	Dev. 25/26										
1984	Dev. 25/26										
1985	Dev. 25/26										
1986	Dev. 25/26										
1987	Dev. 25/26										
1984	Dev. 24/25										
1985	Dev. 24/25										
1986	Dev. 24/25										
1987	Dev. 24/25										
1988	Dev. 24/25										
1985	Dev. 23/24										
1986	Dev. 23/24										
1987	Dev. 23/24										
1988	Dev. 23/24										
1989	Dev. 23/24										
1986	Dev. 22/23										
1987	Dev. 22/23										
1988	Dev. 22/23										
1989	Dev. 22/23										
1990	Dev. 22/23										
1987	Dev. 21/22										
1988	Dev. 21/22										
1989	Dev. 21/22										
1990	Dev. 21/22										
1991	Dev. 21/22										
1988	Dev. 20/21										
1989	Dev. 20/21										
1990	Dev. 20/21										
1991	Dev. 20/21										
1992	Dev. 20/21										
1989	Dev. 19/20	306,429,540	310,094,648	1.012							
1990	Dev. 19/20	331,925,360	332,401,932	1.001							
1991	Dev. 19/20	295,594,974	296,439,079	1.003							
1992	Dev. 19/20	283,697,746	286,191,516	1.009							
1993	Dev. 19/20	267,762,810	267,259,710	0.998							

Development	19th/20th	20th/Ult.*
5 Year Average	1.005	1.061
4 Year Average	1.003	1.061
3 Year Average	1.003	1.061
2 Year Average	1.004	1.061
Latest Year	0.998	1.061
Mid 3 of 5	1.004	1.061

\* From Exhibit BB, Sheet 2G

WORKERS COMPENSATION - NEW YORK

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

Private Carriers Excluding Large Deductible Experience  
Including Growth Factor & Excluding IBNR

	<u>INDEMNITY</u>	<u>MEDICAL</u>
1. Case incurred losses for Policy Year 1987 valued as of 12/31/07	563,818,535	234,915,623
2. Case incurred losses for Policy Year 1988 valued as of 12/31/08	589,611,608	274,333,352
3. Case incurred losses for Policy Year 1989 valued as of 12/31/09	645,606,245	303,053,064
4a. Change in case incurred losses from 12/31/07 to 12/31/08 for Policy Year 1987	2,494,557	4,559,858
4b. Change in case incurred losses from 12/31/07 to 12/31/08 for all Policy Years prior to 1987	8,878,122	4,179,195
5a. Change in case incurred losses from 12/31/08 to 12/31/09 for Policy Year 1988	1,518,856	1,288,525
5b. Change in case incurred losses from 12/31/08 to 12/31/09 for all Policy Years prior to 1988	24,259,059	20,803,607
6a. Change in case incurred losses from 12/31/09 to 12/31/10 for Policy Year 1989	3,678,310	2,467,305
6b. Change in case incurred losses from 12/31/09 to 12/31/10 for all Policy Years prior to 1989	14,044,025	7,891,678
7a. Growth Factor for 1987 Line 4b.	0.832	0.823
7b. Growth Factor for 1988 Line 5b.	0.827	0.733
7c. Growth Factor for 1989 Line 6b.	0.773	0.692
<b>8 Development factor 20th to ultimate: Average [(8a)+(8b)+(8c)]/3</b>	<b>1.037</b>	<b>1.065</b>
8a. $1 + \frac{(4a)}{(1)} + \frac{(4b)}{(1) * (7a)}$	1.023	1.041
8b. $1 + \frac{(5a)}{(2)} + \frac{(5b)}{(2) * (7b)}$	1.053	1.108
8c. $1 + \frac{(6a)}{(3)} + \frac{(6b)}{(3) * (7c)}$	1.034	1.046
9 Case incurred losses for Policy Year 1988 valued as of 12/31/08	589,611,608	274,333,352
10 Case incurred losses for Policy Year 1989 valued as of 12/31/09	645,606,245	303,053,064
11 Case incurred losses for Policy Year 1990 valued as of 12/31/10	764,145,870	333,506,391
12a. Change in case incurred losses from 12/31/08 to 12/31/09 for Policy Year 1988	1,518,856	1,288,525
12b. Change in case incurred losses from 12/31/08 to 12/31/09 for all Policy Years prior to 1988	24,259,059	20,803,607
13a. Change in case incurred losses from 12/31/09 to 12/31/10 for Policy Year 1989	3,678,310	2,467,305
13b. Change in case incurred losses from 12/31/09 to 12/31/10 for all Policy Years prior to 1989	14,044,025	7,891,678
14a. Change in case incurred losses from 12/31/10 to 12/31/11 for Policy Year 1990	2,962,370	5,180,287
14b. Change in case incurred losses from 12/31/10 to 12/31/11 for all Policy Years prior to 1990	5,585,441	11,981,245
15a. Growth Factor for 1988 Line 12b.	0.827	0.733
15b. Growth Factor for 1989 Line 13b.	0.773	0.692
15c. Growth Factor for 1990 Line 14b.	0.682	0.669
<b>16 Development factor 20th to ultimate: Average [(16a)+(16b)+(16c)]/3</b>	<b>1.034</b>	<b>1.075</b>
16a. $1 + \frac{(12a)}{(9)} + \frac{(12b)}{(9) * (15a)}$	1.053	1.108
16b. $1 + \frac{(13a)}{(10)} + \frac{(13b)}{(10) * (15b)}$	1.034	1.046
16c. $1 + \frac{(14a)}{(11)} + \frac{(14b)}{(11) * (15c)}$	1.015	1.070



WORKERS COMPENSATION - NEW YORK

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

Private Carriers Excluding Large Deductible Experience  
Including Growth Factor & Excluding IBNR

	<u>INDEMNITY</u>	<u>MEDICAL</u>
17. Case incurred losses for Policy Year 1989 valued as of 12/31/09	645,606,245	303,053,064
18. Case incurred losses for Policy Year 1990 valued as of 12/31/10	764,145,870	333,506,391
19. Case incurred losses for Policy Year 1991 valued as of 12/31/11	718,724,481	296,439,079
20a. Change in case incurred losses from 12/31/09 to 12/31/10 for Policy Year 1989	3,678,310	2,467,305
20b. Change in case incurred losses from 12/31/09 to 12/31/10 for all Policy Years prior to 1989	14,044,025	7,891,678
21a. Change in case incurred losses from 12/31/10 to 12/31/11 for Policy Year 1990	2,962,370	5,180,287
21b. Change in case incurred losses from 12/31/10 to 12/31/11 for all Policy Years prior to 1990	5,585,441	11,981,245
22a. Change in case incurred losses from 12/31/11 to 12/31/12 for Policy Year 1991	3,206,653	4,638,540
22b. Change in case incurred losses from 12/31/11 to 12/31/12 for all Policy Years prior to 1991	14,527,851	5,320,253
23a. Growth Factor for 1989 Line 20b.	0.773	0.692
23b. Growth Factor for 1990 Line 21b.	0.682	0.669
23c. Growth Factor for 1991 Line 22b.	0.766	0.800
<b>24. Development factor 20th to ultimate: Average [(24a)+(24b)+(24c)]/3</b>	<b>1.026</b>	<b>1.051</b>
24a. $1 + \frac{(20a)}{(17)} + \frac{(20b)}{(17) * (23a)}$	1.034	1.046
24b. $1 + \frac{(21a)}{(18)} + \frac{(21b)}{(18) * (23b)}$	1.015	1.070
24c. $1 + \frac{(22a)}{(19)} + \frac{(22b)}{(19) * (23c)}$	1.030	1.038
25. Case incurred losses for Policy Year 1990 valued as of 12/31/10	764,145,870	333,506,391
26. Case incurred losses for Policy Year 1991 valued as of 12/31/11	718,724,481	296,439,079
27. Case incurred losses for Policy Year 1992 valued as of 12/31/12	665,226,598	282,465,614
28a. Change in case incurred losses from 12/31/10 to 12/31/11 for Policy Year 1990	2,962,370	5,180,287
28b. Change in case incurred losses from 12/31/10 to 12/31/11 for all Policy Years prior to 1990	5,585,441	11,981,245
29a. Change in case incurred losses from 12/31/11 to 12/31/12 for Policy Year 1991	3,206,653	4,638,540
29b. Change in case incurred losses from 12/31/11 to 12/31/12 for all Policy Years prior to 1991	14,527,851	5,320,253
30a. Change in case incurred losses from 12/31/12 to 12/31/13 for Policy Year 1992	357,592	669,696
30b. Change in case incurred losses from 12/31/12 to 12/31/13 for all Policy Years prior to 1992	6,886,287	10,541,285
31a. Growth Factor for 1990 Line 28b.	0.682	0.669
31b. Growth Factor for 1991 Line 29b.	0.766	0.800
31c. Growth Factor for 1992 Line 30b.	0.845	0.857
<b>32 Development factor 20th to ultimate: Average [(32a)+(32b)+(32c)]/3</b>	<b>1.019</b>	<b>1.051</b>
32a. $1 + \frac{(28a)}{(25)} + \frac{(28b)}{(25) * (31a)}$	1.015	1.070
32b. $1 + \frac{(29a)}{(26)} + \frac{(29b)}{(26) * (31b)}$	1.030	1.038
32c. $1 + \frac{(30a)}{(27)} + \frac{(30b)}{(27) * (31c)}$	1.013	1.046
<b>33. Indicated average development factor from 20th to ultimate</b>	<b>1.029</b>	<b>1.061</b>
$[(8) + (16) + (24) + (32)] / 4$		

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	
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
2006	Dev. 5/6					1,008,869,164	1,010,848,286	1.002
2007	Dev. 5/6					885,219,755	886,909,915	1.002
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
2007	Dev. 4/5				879,406,270	885,219,755		1.007
2008	Dev. 4/5				760,572,662	763,055,875		1.003
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
2008	Dev. 3/4			756,817,515	760,572,662			1.005
2009	Dev. 3/4			684,597,588	684,087,414			0.999
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		
2009	Dev. 2/3		689,342,821	684,597,588		0.993		
2010	Dev. 2/3		767,705,995	774,990,139		1.009		
2007	Dev. 1/2	895,208,255	905,695,755		1.012			
2008	Dev. 1/2	752,115,412	760,568,070		1.011			
2009	Dev. 1/2	683,282,216	689,342,821		1.009			
2010	Dev. 1/2	733,079,082	767,705,995		1.047			
2011	Dev. 1/2	970,029,241	986,049,773		1.017			
		1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/Ult.	
<b>All Year Average</b>								
Age to Age		1.019	1.001	0.996	0.998	0.997	1.000	
Age to Ult.		1.011	0.992	0.991	0.995	0.997	1.000	
<b>4 Year Average</b>								
Age to Age		1.021	0.999	0.995	1.003	1.000	1.000	
Age to Ult.		1.018	0.997	0.998	1.003	1.000	1.000	
<b>3 Year Average</b>								
Age to Age		1.024	0.999	0.992	1.005	1.002	1.000	
Age to Ult.		1.022	0.998	0.999	1.007	1.002	1.000	
<b>2 Year Average</b>								
Age to Age		1.032	1.001	1.002	1.005	1.002	1.000	
Age to Ult.		1.042	1.010	1.009	1.007	1.002	1.000	
<b>Mid 3 of 5 Year Average</b>								
Age to Age		1.013	1.001	1.001	1.001	0.999	1.000	
Age to Ult.		1.015	1.002	1.001	1.000	0.999	1.000	
Premium Development to Ultimate*		1.015	1.002	1.001	1.000	0.999	1.000	

\*Premium development based on Mid 3 of 5 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	
1999	Dev. 9/10									264,403,152	269,955,603	1.021
2000	Dev. 9/10									320,011,064	328,101,744	1.025
2001	Dev. 9/10									393,653,168	403,494,558	1.025
2002	Dev. 9/10									353,663,045	359,246,741	1.016
2003	Dev. 9/10									392,326,364	399,240,345	1.018
2000	Dev. 8/9								316,171,378	322,269,929		1.019
2001	Dev. 8/9								373,038,401	381,101,646		1.022
2002	Dev. 8/9								344,879,853	353,663,045		1.025
2003	Dev. 8/9								380,719,285	392,450,635		1.031
2004	Dev. 8/9								390,994,401	399,909,647		1.023
2001	Dev. 7/8							363,138,746	376,468,036			1.037
2002	Dev. 7/8							320,693,024	332,172,727			1.036
2003	Dev. 7/8							367,523,061	380,719,285			1.036
2004	Dev. 7/8							378,883,375	391,085,676			1.032
2005	Dev. 7/8							340,689,610	351,415,292			1.031
2002	Dev. 6/7						314,634,192	326,562,827				1.038
2003	Dev. 6/7						345,652,918	363,484,177				1.052
2004	Dev. 6/7						354,242,128	378,883,375				1.070
2005	Dev. 6/7						329,904,443	340,746,920				1.033
2006	Dev. 6/7						325,719,528	337,516,089				1.036
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					305,520,257	329,904,443					1.080
2006	Dev. 5/6					311,109,910	325,771,041					1.047
2007	Dev. 5/6					330,235,491	347,127,149					1.051
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				283,416,809	311,109,910						1.098
2007	Dev. 4/5				305,988,647	330,285,418						1.079
2008	Dev. 4/5				326,198,063	352,739,593						1.081
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
2008	Dev. 3/4			291,439,348	326,223,240							1.119
2009	Dev. 3/4			346,943,796	387,012,306							1.115
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		234,018,009	291,439,348								1.245
2009	Dev. 2/3		279,693,236	346,945,037								1.240
2010	Dev. 2/3		293,386,414	365,816,014								1.247
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
2010	Dev. 1/2	186,954,668	293,386,643									1.569
2011	Dev. 1/2	234,347,991	379,939,654									1.621
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		3.201	2.003	1.598	1.251	1.139	1.083	1.064	1.046	1.034	1.024	1.021
4 Year Average		3.230	2.024	1.596	1.252	1.139	1.088	1.066	1.048	1.034	1.025	1.021
3 Year Average		3.120	1.972	1.582	1.244	1.129	1.086	1.059	1.046	1.033	1.026	1.020
2 Year Average		3.024	1.896	1.595	1.244	1.117	1.080	1.049	1.035	1.032	1.027	1.017
Latest Year		3.072	1.895	1.621	1.247	1.115	1.081	1.051	1.036	1.031	1.023	1.018
Mid 3 of 5		3.172	1.985	1.598	1.246	1.138	1.085	1.062	1.042	1.035	1.023	1.021
Loss Development to Ultimate*		3.172	1.985									

\*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	
1999	Dev. 9/10									146,215,895	149,703,346	1.024
2000	Dev. 9/10									181,355,348	186,446,606	1.028
2001	Dev. 9/10									224,545,944	229,818,539	1.023
2002	Dev. 9/10									206,545,837	211,125,683	1.022
2003	Dev. 9/10									246,514,443	252,490,628	1.024
2000	Dev. 8/9								179,880,215	183,618,036		1.021
2001	Dev. 8/9								214,528,921	222,485,322		1.037
2002	Dev. 8/9								202,180,243	206,545,837		1.022
2003	Dev. 8/9								241,347,113	246,607,072		1.022
2004	Dev. 8/9								250,758,904	261,192,881		1.042
2001	Dev. 7/8							208,258,643	217,000,379			1.042
2002	Dev. 7/8							194,186,915	200,576,201			1.033
2003	Dev. 7/8							228,505,089	241,347,113			1.056
2004	Dev. 7/8							240,108,185	250,853,494			1.045
2005	Dev. 7/8							231,964,855	240,366,875			1.036
2002	Dev. 6/7						190,508,942	197,852,449				1.039
2003	Dev. 6/7						216,240,658	227,717,417				1.053
2004	Dev. 6/7						230,482,498	240,108,185				1.042
2005	Dev. 6/7						221,787,995	232,025,220				1.046
2006	Dev. 6/7						225,751,436	241,571,184				1.070
2003	Dev. 5/6					209,808,260	219,441,533					1.046
2004	Dev. 5/6					213,782,932	228,906,131					1.071
2005	Dev. 5/6					208,402,372	221,787,995					1.064
2006	Dev. 5/6					214,685,270	225,795,302					1.052
2007	Dev. 5/6					218,512,666	239,017,573					1.094
2004	Dev. 4/5			202,883,048	213,790,861		1.054					
2005	Dev. 4/5			193,147,476	207,100,675		1.072					
2006	Dev. 4/5			198,697,037	214,685,270		1.080					
2007	Dev. 4/5			207,214,354	218,579,384		1.055					
2008	Dev. 4/5			204,541,205	228,895,757		1.119					
2005	Dev. 3/4		179,289,656	193,147,476		1.077						
2006	Dev. 3/4		175,355,912	197,117,363		1.124						
2007	Dev. 3/4		190,717,552	207,214,354		1.086						
2008	Dev. 3/4		184,486,403	204,589,475		1.109						
2009	Dev. 3/4		212,272,441	241,531,096		1.138						
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		160,462,777	184,486,403	1.150							
2009	Dev. 2/3		187,852,272	212,282,907	1.130							
2010	Dev. 2/3		189,027,977	221,051,586	1.169							
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								
2010	Dev. 1/2	149,499,691	189,028,715	1.264								
2011	Dev. 1/2	174,881,654	227,840,106	1.303								
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		2.500	1.970	1.269	1.150	1.107	1.076	1.065	1.050	1.042	1.029	1.024
4 Year Average		2.586	2.027	1.276	1.158	1.114	1.082	1.070	1.053	1.043	1.031	1.024
3 Year Average		2.571	2.015	1.276	1.150	1.111	1.085	1.070	1.053	1.046	1.029	1.023
2 Year Average		2.636	2.053	1.284	1.150	1.124	1.087	1.073	1.058	1.041	1.032	1.023
Latest Year		2.938	2.255	1.303	1.169	1.138	1.119	1.094	1.070	1.036	1.042	1.024
Mid 3 of 5		2.452	1.935	1.267	1.150	1.106	1.069	1.062	1.047	1.041	1.027	1.024
Loss Development to Ultimate*		2.452	1.935									

\*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	
2003	Dev. 5/6					1,472,407,155	1,471,302,604	0.999
2004	Dev. 5/6					1,557,077,728	1,555,581,526	0.999
2005	Dev. 5/6					1,652,037,731	1,651,974,546	1.000
2006	Dev. 5/6					1,751,529,866	1,751,372,691	1.000
2007	Dev. 5/6					1,608,562,377	1,607,175,068	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
2007	Dev. 4/5				1,610,100,417	1,608,562,377		0.999
2008	Dev. 4/5				1,348,378,520	1,347,158,186		0.999
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
2008	Dev. 3/4			1,351,196,858	1,348,378,520			0.998
2009	Dev. 3/4			1,024,109,321	1,021,164,391			0.997
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
2009	Dev. 2/3		1,031,638,895	1,024,109,321				0.993
2010	Dev. 2/3		1,098,451,369	1,090,974,451				0.993
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
2010	Dev. 1/2	1,115,565,366	1,098,451,369					0.985
2011	Dev. 1/2	1,291,788,858	1,276,779,186					0.988
		1st/2nd	2nd/3rd	3rd/4th	4th/5th	5th/6th	6th/Ult.	
<b>5 Year Average</b>								
Age to Age		0.981	0.991	0.997	1.000	0.999	1.000	
Age to Ult.		0.968	0.987	0.996	0.999	0.999	1.000	
<b>4 Year Average</b>								
Age to Age		0.979	0.992	0.998	1.000	1.000	1.000	
Age to Ult.		0.969	0.990	0.998	1.000	1.000	1.000	
<b>3 Year Average</b>								
Age to Age		0.993	0.992	0.997	0.999	1.000	1.000	
Age to Ult.		0.981	0.988	0.996	0.999	1.000	1.000	
<b>2 Year Average</b>								
Age to Age		0.987	0.993	0.998	0.999	1.000	1.000	
Age to Ult.		0.977	0.990	0.997	0.999	1.000	1.000	
Premium Development to Ultimate*		<b>0.981</b>	<b>0.988</b>	<b>0.996</b>	<b>0.999</b>	<b>1.000</b>	<b>1.000</b>	

\*Premium development based on 3 year average

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

Policy Year		1st Report	2nd Report	3rd Report	4th Report	5th Report	6th Report	7th Report	8th Report	9th Report	10th Report	
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
2002	Dev. 9/10									503,050,975	508,667,346	1.011
2003	Dev. 9/10									528,555,814	528,265,048	0.999
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
2003	Dev. 8/9								527,789,401	528,555,814		1.001
2004	Dev. 8/9								546,500,343	545,722,570		0.999
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
2004	Dev. 7/8							549,412,548	546,500,343			0.995
2005	Dev. 7/8							540,228,373	542,675,916			1.005
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
2005	Dev. 6/7						541,313,582	540,228,373				0.998
2006	Dev. 6/7						565,965,324	562,455,642				0.994
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
2006	Dev. 5/6					540,631,059	565,965,324					1.047
2007	Dev. 5/6					574,948,812	584,631,529					1.017
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
2007	Dev. 4/5				545,498,715	574,948,812						1.054
2008	Dev. 4/5				520,454,759	533,442,267						1.025
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
2008	Dev. 3/4			479,647,831	520,454,759							1.085
2009	Dev. 3/4			473,252,307	516,334,859							1.091
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
2009	Dev. 2/3		386,466,671	473,252,307								1.225
2010	Dev. 2/3		427,498,084	520,108,244								1.217
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
2010	Dev. 1/2	300,164,998	427,498,084									1.424
2011	Dev. 1/2	312,321,724	467,653,329									1.497
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		2.379	1.623	1.466	1.241	1.083	1.019	1.015	0.999	0.997	0.994	1.005
4 Year Average		2.435	1.661	1.466	1.249	1.084	1.027	1.019	0.998	0.995	0.994	1.005
3 Year Average		2.542	1.721	1.477	1.239	1.097	1.031	1.024	0.995	1.000	1.002	1.006
2 Year Average		2.525	1.728	1.461	1.221	1.088	1.040	1.032	0.996	1.000	1.000	1.005
Latest Year		2.630	1.757	1.497	1.217	1.091	1.025	1.017	0.994	1.005	0.999	0.999
Mid 3 of 5		2.340	1.597	1.465	1.239	1.085	1.018	1.009	0.998	1.000	0.998	1.005
Loss Development to Ultimate*		2.363	1.613									

\*Loss development based on 3 Mid of 5 Year average for 1st to 10th maturities, 3 Year average for 10th/11th, 3 Mid of 5 Year average for 11th/12th and 3 year average for 12th 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
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
1993	Dev. 18/19									1,021,256,900	1,029,590,130	1.008
1994	Dev. 18/19									880,088,854	887,751,287	1.009
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
1994	Dev. 17/18								875,500,357	880,088,854		1.005
1995	Dev. 17/18								694,384,523	700,731,795		1.009
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
1995	Dev. 16/17							691,318,648	694,384,523			1.004
1996	Dev. 16/17							586,058,897	592,747,284			1.011
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
1996	Dev. 15/16						579,041,108	586,058,897				1.012
1997	Dev. 15/16						500,962,066	505,672,505				1.009
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
1997	Dev. 14/15					497,254,603	500,962,066					1.007
1998	Dev. 14/15					414,693,365	418,356,725					1.009
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				
1998	Dev. 13/14				411,933,808	414,693,365		1.007				
1999	Dev. 13/14				507,994,821	521,442,021		1.026				
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					
1999	Dev. 12/13			503,813,136	507,994,821		1.008					
2000	Dev. 12/13			457,645,461	461,853,650		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						
2000	Dev. 11/12		453,280,632	457,645,461		1.010						
2001	Dev. 11/12		429,215,641	464,416,616		1.082						
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							
2001	Dev. 10/11	427,851,578	429,215,641		1.003							
2002	Dev. 10/11	508,667,346	513,704,251		1.010							
Development				10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th
5 Year Average				1.005	1.022	1.009	1.012	1.010	1.007	1.008	1.008	1.007
4 Year Average				1.006	1.026	1.009	1.013	1.010	1.008	1.008	1.008	1.007
3 Year Average				1.006	1.034	1.009	1.014	1.010	1.009	1.009	1.009	1.007
2 Year Average				1.007	1.046	1.009	1.017	1.008	1.011	1.008	1.007	1.008
Latest Year				1.010	1.082	1.009	1.026	1.009	1.009	1.011	1.009	1.009
Mid 3 of 5				1.005	1.008	1.009	1.010	1.009	1.008	1.007	1.008	1.008

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
1981	Dev. 27/28										
1982	Dev. 27/28										
1983	Dev. 27/28										
1984	Dev. 27/28										
1985	Dev. 27/28										
1982	Dev. 26/27										
1983	Dev. 26/27										
1984	Dev. 26/27										
1985	Dev. 26/27										
1986	Dev. 26/27										
1983	Dev. 25/26										
1984	Dev. 25/26										
1985	Dev. 25/26										
1986	Dev. 25/26										
1987	Dev. 25/26										
1984	Dev. 24/25										
1985	Dev. 24/25										
1986	Dev. 24/25										
1987	Dev. 24/25										
1988	Dev. 24/25										
1985	Dev. 23/24										
1986	Dev. 23/24										
1987	Dev. 23/24										
1988	Dev. 23/24										
1989	Dev. 23/24										
1986	Dev. 22/23										
1987	Dev. 22/23										
1988	Dev. 22/23										
1989	Dev. 22/23										
1990	Dev. 22/23										
1987	Dev. 21/22										
1988	Dev. 21/22										
1989	Dev. 21/22										
1990	Dev. 21/22										
1991	Dev. 21/22										
1988	Dev. 20/21										
1989	Dev. 20/21										
1990	Dev. 20/21										
1991	Dev. 20/21										
1992	Dev. 20/21										
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							
1992	Dev. 19/20	1,024,195,589	1,031,899,417	1.008							
1993	Dev. 19/20	1,029,590,130	1,036,010,525	1.006							
Development				19th/20th	20th/Ult.*						
5 Year Average				1.007	1.067						
4 Year Average				1.007	1.067						
3 Year Average				1.007	1.067						
2 Year Average				1.007	1.067						
Latest Year				1.006	1.067						
Mid 3 of 5				1.007	1.067						

\* From Exhibit DD, Sheet 2G



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	
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
2002	Dev. 9/10									253,534,088	259,870,164	1.025
2003	Dev. 9/10									272,228,360	279,421,192	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	
2003	Dev. 8/9								274,031,803	272,228,360	0.993	
2004	Dev. 8/9								275,877,085	277,938,275	1.007	
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		
2004	Dev. 7/8							273,395,810	275,877,085	1.009		
2005	Dev. 7/8							305,942,782	318,483,730	1.041		
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			
2005	Dev. 6/7						301,650,138	305,942,782	1.014			
2006	Dev. 6/7						318,441,180	323,448,719	1.016			
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				
2006	Dev. 5/6					312,314,916	318,441,180	1.020				
2007	Dev. 5/6					334,759,001	340,089,370	1.016				
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					
2007	Dev. 4/5				321,649,763	334,759,001	1.041					
2008	Dev. 4/5				313,257,502	320,096,077	1.022					
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						
2008	Dev. 3/4			287,230,900	313,257,502	1.091						
2009	Dev. 3/4			304,250,819	324,648,785	1.067						
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							
2009	Dev. 2/3		267,652,260	304,250,819	1.137							
2010	Dev. 2/3		269,790,341	294,428,817	1.091							
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								
2010	Dev. 1/2	222,699,502	269,790,341	1.211								
2011	Dev. 1/2	239,320,379	293,151,042	1.225								
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		2.076	1.677	1.238	1.124	1.086	1.039	1.028	1.020	1.028	1.008	1.019
4 Year Average		2.136	1.724	1.239	1.123	1.087	1.043	1.029	1.019	1.039	1.007	1.026
3 Year Average		2.139	1.725	1.240	1.125	1.084	1.042	1.031	1.020	1.034	1.001	1.025
2 Year Average		2.015	1.654	1.218	1.114	1.079	1.032	1.018	1.015	1.025	1.000	1.026
Latest Year		2.013	1.643	1.225	1.091	1.067	1.022	1.016	1.016	1.041	1.007	1.026
Mid 3 of 5		2.086	1.693	1.232	1.128	1.090	1.037	1.022	1.019	1.034	1.007	1.025
Loss Development to Ultimate*		2.086	1.693									

\*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	
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
1993	Dev. 18/19									351,042,790	353,019,029	1.006
1994	Dev. 18/19									312,812,376	321,002,755	1.026
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	
1994	Dev. 17/18								309,964,203	312,812,376	1.009	
1995	Dev. 17/18								282,901,386	285,797,176	1.010	
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		
1995	Dev. 16/17							277,448,439	282,901,386	1.020		
1996	Dev. 16/17							238,924,987	241,176,100	1.009		
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			
1996	Dev. 15/16						240,438,853	238,924,987	0.994			
1997	Dev. 15/16						212,282,019	215,369,615	1.015			
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				
1997	Dev. 14/15				209,472,841	212,282,019		1.013				
1998	Dev. 14/15				188,730,772	191,111,702		1.013				
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					
1998	Dev. 13/14				185,907,323	188,730,772	1.015					
1999	Dev. 13/14				203,796,280	205,046,254	1.006					
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						
1999	Dev. 12/13			201,863,632	203,796,280	1.010						
2000	Dev. 12/13			209,640,390	211,799,054	1.010						
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							
2000	Dev. 11/12		206,309,072	209,640,390	1.016							
2001	Dev. 11/12		225,378,515	233,789,151	1.037							
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								
2001	Dev. 10/11	219,885,299	225,378,515	1.025								
2002	Dev. 10/11	259,870,164	264,709,760	1.019								
Development				10th/11th	11th/12th	12th/13th	13th/14th	14th/15th	15th/16th	16th/17th	17th/18th	18th/19th
5 Year Average				1.014	1.018	1.013	1.009	1.016	1.011	1.011	1.007	1.012
4 Year Average				1.016	1.019	1.010	1.011	1.017	1.009	1.010	1.010	1.015
3 Year Average				1.014	1.023	1.011	1.013	1.021	1.007	1.013	1.010	1.015
2 Year Average				1.022	1.027	1.010	1.011	1.013	1.005	1.015	1.010	1.016
Latest Year				1.019	1.037	1.010	1.006	1.013	1.015	1.009	1.010	1.026
Mid 3 of 5				1.016	1.015	1.011	1.009	1.013	1.014	1.011	1.010	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
1981	Dev. 27/28										
1982	Dev. 27/28										
1983	Dev. 27/28										
1984	Dev. 27/28										
1985	Dev. 27/28										
1982	Dev. 26/27										
1983	Dev. 26/27										
1984	Dev. 26/27										
1985	Dev. 26/27										
1986	Dev. 26/27										
1983	Dev. 25/26										
1984	Dev. 25/26										
1985	Dev. 25/26										
1986	Dev. 25/26										
1987	Dev. 25/26										
1984	Dev. 24/25										
1985	Dev. 24/25										
1986	Dev. 24/25										
1987	Dev. 24/25										
1988	Dev. 24/25										
1985	Dev. 23/24										
1986	Dev. 23/24										
1987	Dev. 23/24										
1988	Dev. 23/24										
1989	Dev. 23/24										
1986	Dev. 22/23										
1987	Dev. 22/23										
1988	Dev. 22/23										
1989	Dev. 22/23										
1990	Dev. 22/23										
1987	Dev. 21/22										
1988	Dev. 21/22										
1989	Dev. 21/22										
1990	Dev. 21/22										
1991	Dev. 21/22										
1988	Dev. 20/21										
1989	Dev. 20/21										
1990	Dev. 20/21										
1991	Dev. 20/21										
1992	Dev. 20/21										
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							
1992	Dev. 19/20	343,413,451	347,831,641	1.013							
1993	Dev. 19/20	353,019,029	356,795,181	1.011							
Development				19th/20th	20th/Ult.*						
5 Year Average				1.004	1.065						
4 Year Average				1.005	1.065						
3 Year Average				1.007	1.065						
2 Year Average				1.012	1.065						
Latest Year				1.011	1.065						
Mid 3 of 5				1.004	1.065						

\* From Exhibit DD, Sheet 2G

WORKERS COMPENSATION - NEW YORK  
Policy Year Loss Development Factors from 20th Report (Case Basis) to Ultimate Incurred  
New York State Insurance Fund Excluding Large Deductible Experience  
Including Growth Factor & Excluding IBNR

	INDEMNITY	MEDICAL
1. Case incurred losses for Policy Year 1987 valued as of 12/31/07	547,392,404	189,579,503
2. Case incurred losses for Policy Year 1988 valued as of 12/31/08	636,657,940	223,360,855
3. Case incurred losses for Policy Year 1989 valued as of 12/31/09	734,674,594	252,304,358
4a. Change in case incurred losses from 12/31/07 to 12/31/08 for Policy Year 1987	2,732,309	271,239
4b. Change in case incurred losses from 12/31/07 to 12/31/08 for all Policy Years prior to 1987	18,273,816	6,194,375
5a. Change in case incurred losses from 12/31/08 to 12/31/09 for Policy Year 1988	816,324	2,149,844
5b. Change in case incurred losses from 12/31/08 to 12/31/09 for all Policy Years prior to 1988	18,773,916	5,244,956
6a. Change in case incurred losses from 12/31/09 to 12/31/10 for Policy Year 1989	5,080,182	3,469,295
6b. Change in case incurred losses from 12/31/09 to 12/31/10 for all Policy Years prior to 1989	21,819,914	5,370,756
7a. Growth Factor for 1987 Line 4b.	0.657	0.661
7b. Growth Factor for 1988 Line 5b.	0.624	0.650
7c. Growth Factor for 1989 Line 6b.	0.592	0.626
<b>8 Development factor 20th to ultimate: Average [(8a)+(8b)+(8c)]/3</b>	<b>1.054</b>	<b>1.048</b>
8a. $1 + \frac{(4a)}{(1)} + \frac{(4b)}{[(1)^{(7a)}]}$	1.056	1.050
8b. $1 + \frac{(5a)}{(2)} + \frac{(5b)}{[(2)^{(7b)}]}$	1.048	1.046
8c. $1 + \frac{(6a)}{(3)} + \frac{(6b)}{[(3)^{(7c)}]}$	1.057	1.048
9 Case incurred losses for Policy Year 1988 valued as of 12/31/08	636,657,940	223,360,855
10 Case incurred losses for Policy Year 1989 valued as of 12/31/09	734,674,594	252,304,358
11 Case incurred losses for Policy Year 1990 valued as of 12/31/10	900,113,670	316,489,943
12a. Change in case incurred losses from 12/31/08 to 12/31/09 for Policy Year 1988	816,324	2,149,844
12b. Change in case incurred losses from 12/31/08 to 12/31/09 for all Policy Years prior to 1988	18,773,916	5,244,956
13a. Change in case incurred losses from 12/31/09 to 12/31/10 for Policy Year 1989	5,080,182	3,469,295
13b. Change in case incurred losses from 12/31/09 to 12/31/10 for all Policy Years prior to 1989	21,819,914	5,370,756
14a. Change in case incurred losses from 12/31/10 to 12/31/11 for Policy Year 1990	5,337,573	2,906,679
14b. Change in case incurred losses from 12/31/10 to 12/31/11 for all Policy Years prior to 1990	36,016,898	14,665,795
15a. Growth Factor for 1988 Line 12b.	0.624	0.650
15b. Growth Factor for 1989 Line 13b.	0.592	0.626
15c. Growth Factor for 1990 Line 14b.	0.532	0.540
<b>16 Development factor 20th to ultimate: Average [(16a)+(16b)+(16c)]/3</b>	<b>1.062</b>	<b>1.063</b>
16a. $1 + \frac{(12a)}{(9)} + \frac{(12b)}{[(9)^{(15a)}]}$	1.048	1.046
16b. $1 + \frac{(13a)}{(10)} + \frac{(13b)}{[(10)^{(15b)}]}$	1.057	1.048
16c. $1 + \frac{(14a)}{(11)} + \frac{(14b)}{[(11)^{(15c)}]}$	1.081	1.095
17 Case incurred losses for Policy Year 1989 valued as of 12/31/09	734,674,594	252,304,358
18 Case incurred losses for Policy Year 1990 valued as of 12/31/10	900,113,670	316,489,943
19 Case incurred losses for Policy Year 1991 valued as of 12/31/11	977,409,872	334,742,444

WORKERS COMPENSATION - NEW YORK  
Policy Year Loss Development Factors from 20th Report (Case Basis) to Ultimate Incurred  
New York State Insurance Fund Excluding Large Deductible Experience  
Including Growth Factor & Excluding IBNR

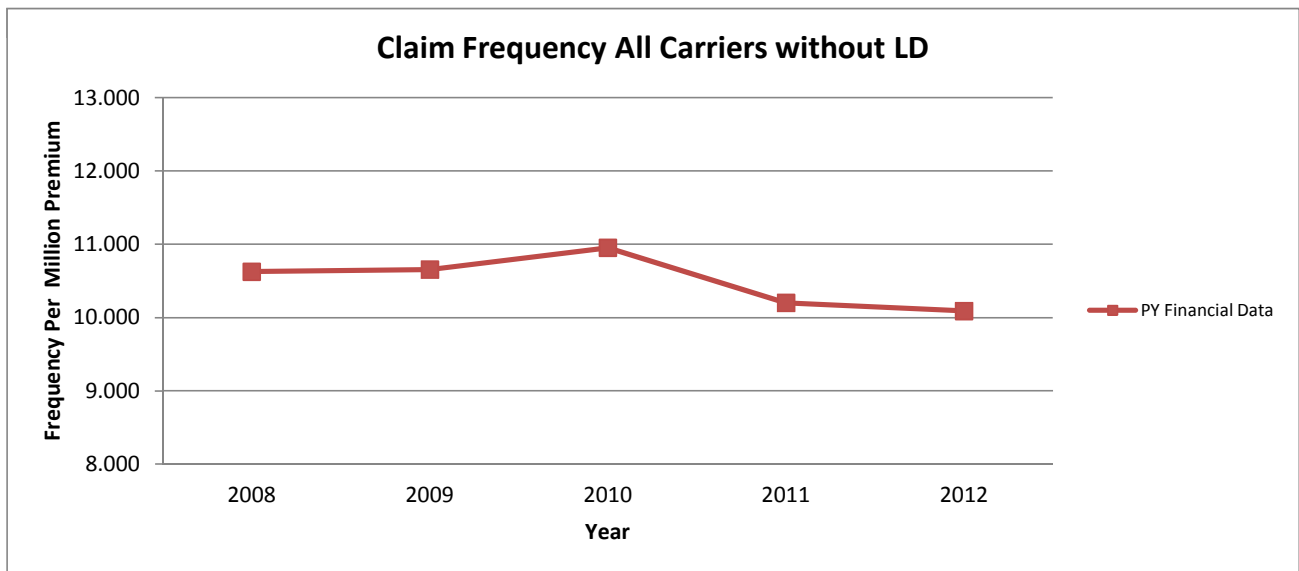
	INDEMNITY	MEDICAL
20a. Change in case incurred losses from 12/31/09 to 12/31/10 for Policy Year 1989	5,080,182	3,469,295
20b. Change in case incurred losses from 12/31/09 to 12/31/10 for all Policy Years prior to 1989	21,819,914	5,370,756
21a. Change in case incurred losses from 12/31/10 to 12/31/11 for Policy Year 1990	5,337,573	2,906,679
21b. Change in case incurred losses from 12/31/10 to 12/31/11 for all Policy Years prior to 1990	36,016,898	14,665,795
22a. Change in case incurred losses from 12/31/11 to 12/31/12 for Policy Year 1991	8,952,171	3,066,876
22b. Change in case incurred losses from 12/31/11 to 12/31/12 for all Policy Years prior to 1991	36,792,146	12,742,119
23a. Growth Factor for 1989 Line 20b.	0.592	0.626
23b. Growth Factor for 1990 Line 21b.	0.532	0.540
23c. Growth Factor for 1991 Line 22b.	0.543	0.563
<b>24 Development factor 20th to ultimate: Average [(24a)+(24b)+(24c)]/3</b>	<b>1.072</b>	<b>1.073</b>
24a. $1 + \frac{(20a)}{(17)} + \frac{(20b)}{((17) * (23a))}$	1.057	1.048
24b. $1 + \frac{(21a)}{(18)} + \frac{(21b)}{((18) * (23b))}$	1.081	1.095
24c. $1 + \frac{(22a)}{(19)} + \frac{(22b)}{((19) * (23c))}$	1.078	1.077
25 Case incurred losses for Policy Year 1990 valued as of 12/31/10	900,113,670	316,489,943
26 Case incurred losses for Policy Year 1991 valued as of 12/31/11	977,409,872	334,742,444
27 Case incurred losses for Policy Year 1992 valued as of 12/31/12	1,031,899,417	347,831,641
28a. Change in case incurred losses from 12/31/10 to 12/31/11 for Policy Year 1990	5,337,573	2,906,679
28b. Change in case incurred losses from 12/31/10 to 12/31/11 for all Policy Years prior to 1990	36,016,898	14,665,795
29a. Change in case incurred losses from 12/31/11 to 12/31/12 for Policy Year 1991	8,952,171	3,066,876
29b. Change in case incurred losses from 12/31/11 to 12/31/12 for all Policy Years prior to 1991	36,792,146	12,742,119
30a. Change in case incurred losses from 12/31/12 to 12/31/13 for Policy Year 1992	8,026,954	1,033,576
30b. Change in case incurred losses from 12/31/12 to 12/31/13 for all Policy Years prior to 1992	40,793,739	10,876,428
31a. Growth Factor for 1990 Line 20b.	0.532	0.540
31b. Growth Factor for 1991 Line 21b.	0.543	0.563
31c. Growth Factor for 1992 Line 22b.	0.603	0.639
<b>32 Development factor 20th to ultimate: Average [(32a)+(32b)+(32c)]/3</b>	<b>1.078</b>	<b>1.075</b>
32a. $1 + \frac{(28a)}{(25)} + \frac{(28b)}{((25) * (31a))}$	1.081	1.095
32b. $1 + \frac{(29a)}{(26)} + \frac{(29b)}{((26) * (31b))}$	1.078	1.077
32c. $1 + \frac{(30a)}{(27)} + \frac{(30b)}{((27) * (31c))}$	1.074	1.052
<b>33 Indicated average development factor from 20th to ultimate</b>	<b>1.067</b>	<b>1.065</b>
<b>[(8) + (16) + (24) + (32)] / 4</b>		

## Trend Analysis

### Claim Frequency - All Carriers without LD

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

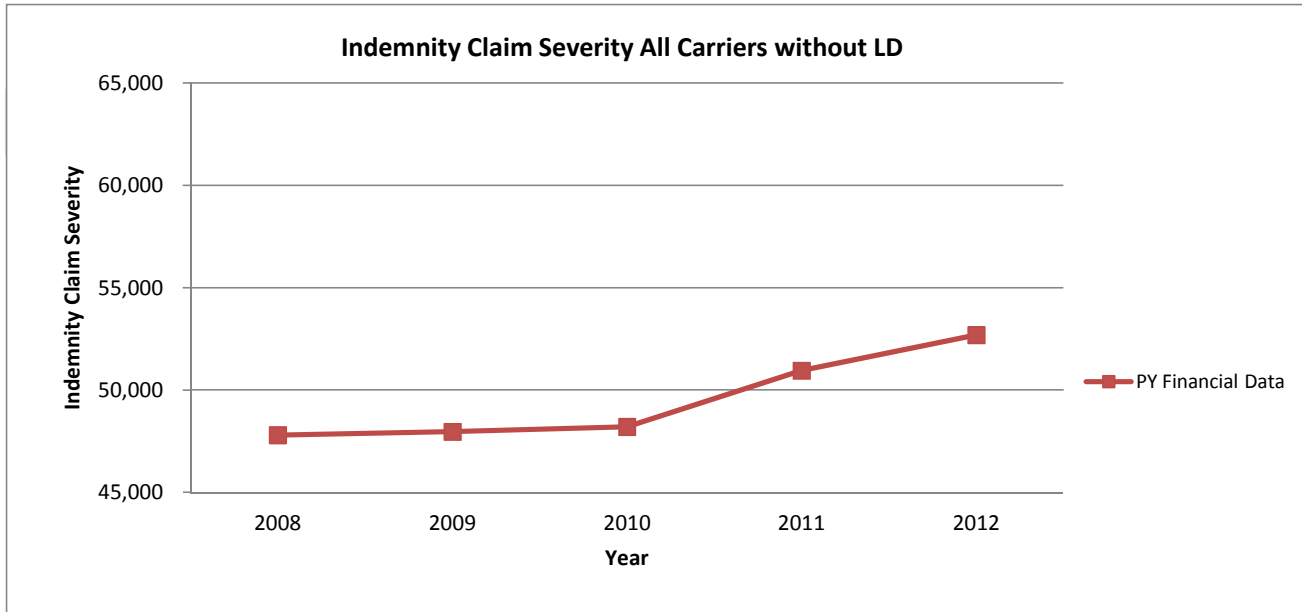
<u>PY</u>	Financial Trend Policy Year Data	
2008	10.627	
2009	10.656	
2010	10.954	
2011	10.202	
2012	10.091	
2008-2012	Trend -1.5%	R squared 0.463



## Trend Analysis

### Indemnity Severity - All Carriers without LD

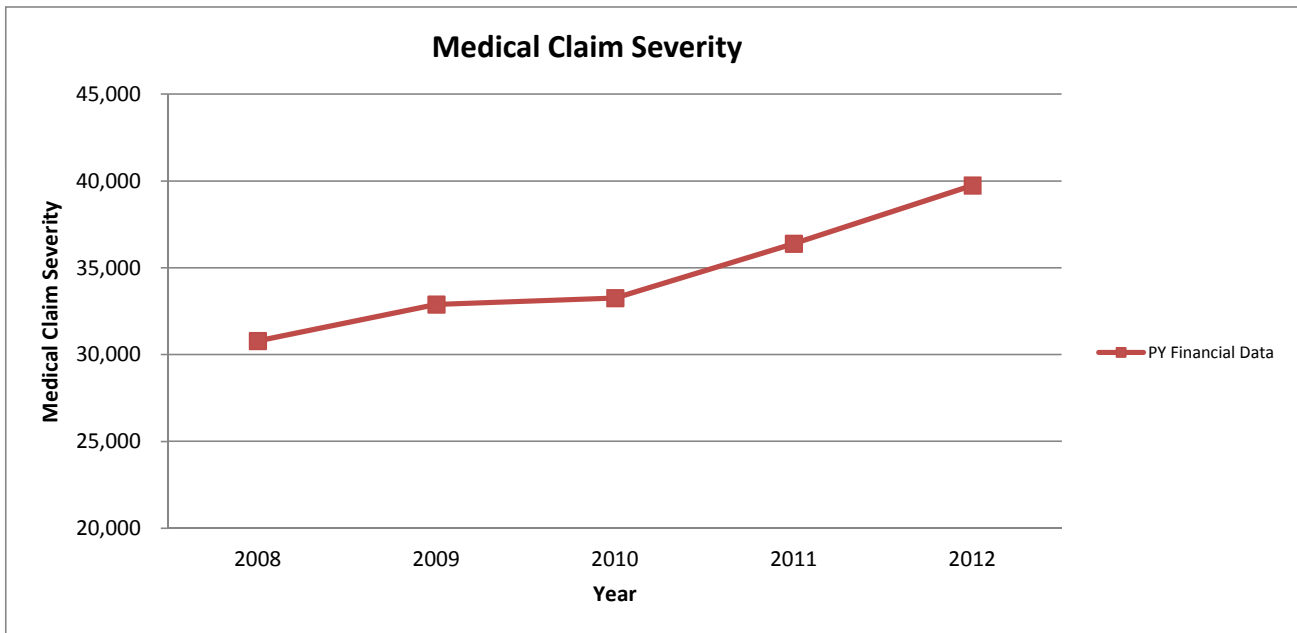
PY	Financial Data	
	Indemnity Average Claim Severity (Policy Year)	
2008	47,807	
2009	47,966	
2010	48,205	
2011	50,952	
2012	52,689	
	Trend	R squared
2008-2012	2.6%	0.848



## Trend Analysis

### Medical Severity - All Carriers without LD

PY	Financial Data	
	Medical Average Claim Severity (Policy Year)	
2008	30,788	
2009	32,897	
2010	33,259	
2011	36,393	
2012	39,742	
	Trend	R squared
2008-2012	6.3%	0.937





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>
2009	1,111.41	1125.54	1125.48
2010	1,158.91	1150.07	1150.60
2011	1,188.31	1175.13	1175.73
2012	1,207.04	1200.74	1200.86
2013	1,212.98	1226.91	1225.98
Projected Average Annual Change		2.18%	2.14%
R Squared		0.903	0.909

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

Projected Economic Changes \*\*

	<u>Employment</u>	<u>Total Wages</u>	<u>Average Wages</u>	<u>Projected AWW</u>
2014	1.2%	4.6%	3.4%	1253.73
2015	1.3%	4.7%	3.4%	1295.81
Projected change 2011 - 2015			<u>Total</u>	<u>Annualized</u>
Projected change 2012 - 2015			9.0%	2.2%
			7.4%	2.4%

**Selected Annual Wage Trend** **2.3%**

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

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



NEW YORK STATE  
DEPARTMENT *of*  
FINANCIAL SERVICES

Andrew M. Cuomo  
Governor

Benjamin M. Lawsky  
Superintendent

July 11, 2014

Mr. Monte Almer, President  
New York Compensation Insurance Rating Board  
733 Third Avenue  
New York, NY 10007

Re: New York Compensation Insurance Rating Board's 2014  
Workers' Compensation Loss Cost Revision Filing

Dear Mr. Almer:

On May 15, 2014, an application for an overall loss cost increase of 6.8% was submitted to the Department of Financial Services ("Department") by the New York Compensation Insurance Rating Board ("NYCIRB"). For the following reasons, the Department hereby disapproves the filing.

PPD Duration Cap Loss Assumptions

The Workers' Compensation Reform Act of 2007 imposed duration caps on non-scheduled PPD claims, limiting what were previously considered "lifetime" benefits to a specified period of time. Losses reserved at pre-reform levels are reserved for lifetime benefits, while those reserved at post-reform levels account for the cap. In calculating the loss cost adjustment, pre-reform losses are adjusted downward to reflect the full impact of anticipated savings from the duration caps, while post-reform losses do not need to be adjusted, as they already reflect the caps. In the current loss cost application, NYCIRB assumes that 75% of the private carrier PPD losses reflect the elimination of lifetime benefits and the application of

duration caps. This assumption represents a substantial increase in the private carrier loss reserve assumptions as compared to the 55% assumption approved as part of last year's filing.

While NYCIRB stated that its survey of private market carriers supports the view that practically all carriers now set claim reserves based on post-reform benefits, NYCIRB assumed that 75% of reserves are set at post-reform levels to maintain marketplace stability and limit any shock resulting from the changed assumption. As modified, however, the PPD duration cap loss assumptions still result in a significant change to the indication. An assumption of 60% of PPD losses reflecting the application of duration caps for the calculation of indemnity on-level factor would be less disruptive to the market, as would adhering to the 55% assumption approved as part of last year's filing.

#### Reopened Case Fund Closure Assumptions

The 2013 Business Relief Act closed the Reopened Case Fund ("RCF") as of January 1, 2014 to all new claims. As a result, claims that were formerly eligible to be assumed by the RCF will be paid by the insurer.

In connection with last year's filing, the Department approved a 4.5% loss cost increase to offset the increased costs that NYCIRB estimated insurers would incur as a result of the closure of the RCF. Based upon a review of an additional year of assessment data from the Workers' Compensation Board, NYCIRB, in the current filing, proposes to increase the estimated impact of the closure of the RCF from 4.5% to 5.2%. NYCIRB's proposed increase appears to be excessive. A review of the reserves established by four major insurance groups, representing approximately one-fifth of the total New York Workers' Compensation reserve base as December 31, 2012, reveals that they estimated the impact of the closure of the RCF at \$207 million. Extrapolating the \$207 million estimate established by these private carriers to the

entire reserve base would result in a total reserve increase of \$1.0 billion for the closure of the RCF, which is below NYCIRB's estimate of between \$1.1 billion and \$1.6 billion.

In short, the Department's review of these independent carrier reserves indicates that the original estimated impact of 4.5% was reasonable. Accordingly, there is no need in the Department's estimation to restate the estimate of the impact of the closure of the RCF at present.

#### Private Carrier Premium Development Excluding Large Deductible Experience

In the last two filings, NYCIRB selected private carrier premium development factors, excluding large deductible experience, based on an average of the latest two years of available experience. This year, however, NYCIRB based its analysis upon a three year average.

The Department disagrees with the change in NYCIRB's methodology. At this time, data from the two most recent years appears to provide a more consistent and reliable indicator for the development expected in the prospective policy period. By expanding to a three year average, NYCIRB included additional data from the time of the financial crisis that does not align with data from the following years. Accordingly, the Department believes that, at present, this particular set of development factors should continue to be based on a two year average.

#### Workers' Compensation Board Guideline Reforms

The Workers' Compensation Board ("WCB") is reforming a number of guidelines governing how benefits are administered to injured workers. The WCB recently announced reforms to the Mid and Low Back; Neck; Shoulder; Knee; and Carpal Tunnel Syndrome Medical Treatment Guidelines and introduced new Non-Acute Pain Guidelines, which are expected to be implemented before October 1, 2014. The proposed Non-Acute Pain Guidelines, for example, are designed to change the way that medical care is administered to injured workers –

particularly as it relates to drug testing, psychological evaluations and treatment, active physical therapy, and chiropractic care – to reduce their use of and dependence on opioids. Moreover, the new guidelines will require the use of generic drugs and limit the number of injections that may be administered to “trigger points.”

Based on the experience of other states that have implemented similar guidelines, particularly Washington in 2011, the reforms to existing Guidelines and the new Non-Acute Pain Guidelines are expected to substantially reduce the related medication costs incurred by workers’ compensation insurers. And, when these developments are coupled with other possible reforms that may be implemented over the next policy period by the WCB, the Department would expect carriers to realize a meaningful savings in both claims payments and necessary reserves.

**Conclusion:**

Based on the review of the filing, and for the foregoing reasons, the Department disapproves NYCIRB’s request for a loss cost increase of 6.8%.

Very truly yours,



Maurice Morgenstern  
Deputy Bureau Chief  
Property Bureau