



ELITE CONTRACTORS TRUST OF NEW YORK

**Membership Meeting
March 2, 2010**



Agenda

- Introductions
- Background
- Financial Timeline
- Claim Administration
- Forensic Review
- Joint & Several
- Questions
- Contact information
- Information available on the WCB website



Background

- Trust established: 08/27/1999 6 members
- Terminated: 07/16/2008 2675 total members
- WCB Possession: 04/01/2010 scheduled

- Last filing: 09/30/2008 GAAP deficit \$61,847,187

- Accounting firm:
 - Dopkins & Company, LLP to 09/30/2008
 - D'Arcangelo & Co., LLP to 09/30/2007
 - UHY, LLP to 09/30/2006

- Actuary:
 - By The Numbers Actuarial Consulting to 09/30/2008
 - EMB America, LLC to 09/30/2007
 - SG Risk, Inc. to 09/30/2006



Background continued

- Administrator:
 - NCA Comp, Inc. NYS runoff 04/01/2010 to present
 - FCS Administrators, Inc. Trustee runoff to 04/09/2010
 - Compensation Risk Managers, LLC to 09/07/2008
- Group Description: Employers who are contractors in New York State



Financial Timeline

- 2002 – 2005 No funding issues
- 2005 CRM Elite Trustees paid \$2.5M dividends to members without prior approval from the WCB
- 2006 Financial Statement GAAP deficit \$3M (85% funded)
- 2006 WCB initiates a PwC Level II Actuarial Review
- PwC Level II results- Reserves are understated by \$9M at 09/30/06
- January 2008 CRM issues press release stating that Elite had a very successful year in 2007 and had no funding issues
- 2007 Financial Statement GAAP (filed May 2008) deficit \$4M



Financial Timeline continued

- Actuarial rate analysis- 2008 14% discount off manual rates
- April 15, 2008, Trustees & CRM inform WCB that 1,120 members elected not to renew coverage leaving 21 active members
- April 18, 2008, WCB notifies Trustees that the Trust will be terminated July 2, 2008, due to limited membership size
- June 2, 2008, CRM agreed to surrendered its license as a NYS third party administrator (TPA) effective September 8, 2008
- June 10, 2008, Trustees elect to represent Trust during runoff
- July 25, 2008, Trustees select FCS Administrators as new TPA effective September 8, 2008



Financial Timeline continued

- 2008 Financial Statement shows GAAP deficit \$62M
- June 3, 2009, WCB directs Trustees to initiate an immediate deficit assessment to members
- June 30, 2009, FCS issues a \$37M assessment to the members
- Collections are \$1.7M as of January 2010
- January 2010 WCB will take over administration of the Trust effective 4/1/10 to ensure claimants receive uninterrupted benefits



Claim Administration

Upon transition, NCA Comp, Inc. – the WCB's contracted Administrator, is responsible for:

- Claims Handling
- Preparation of Annual Financial/Actuarial Reports
- Preparation of income tax filings for the Trust
- Issuance and Collection of any Assessments issued to former members of the Trust

WCB will continue to monitor cash status monthly



Forensic Review

Conduct a Performance/Operational, Claims and Financial reviews

- Will reconstruct the Trust from date of inception to date of termination
- Outcome:
 - Each year will be evaluated based on comparison of the contributions received to the claims and related expenses for that year
 - Shortfalls will be allocated only to the members that were actively participating in that year
 - Payments on past assessments will be factored in to any billing
 - Payment term options will be established



Members' Responsibilities Under Joint & Several

- Dissolution/Termination of the trust does not relieve the members of the trust from their joint and several obligations
- Each year will be evaluated based on a comparison of the contributions received to the claims and related expenses for that year
- Shortfalls will be allocated to the members that were actively participating in that year



Questions??



Contact Information

NCA Comp, Inc.

716-842-0045

NYS Workers' Compensation Board

Self Insurance Office

518-402-6153



Information Available via Web

- http://www.wcb.state.ny.us/content/terminated-self-insured-trusts/DocumentsToPrint/Elite_Trust/Elite_Trust.jsp

- Information that may be found at this web address includes;
 - All financial statements filed 2000-2008
 - All actuarial statements filed 2001-2008
 - Trust agreement
 - Trust amendments
 - Listing of Trustees (historical)
 - Membership List
 - Trust resolutions