

To: Administration and Finance Committee

Date: January 29, 2013

From: Kathy Casenave

Reviewed by:

SUBJECT: CCCTA's Loss Trends

Summary of Issues: CalTIP- (California Transit Indemnity Pool) was created by California transit agencies to provide a pooled approach to insurance. It maintains up to \$20 million in pooled coverage programs for auto liability, general liability, public officials' errors and omissions, and vehicle physical damage along with bundled services for claims administration, safety, loss prevention and risk management.

CalTIP was created in 1987 and CCCTA was one of the 12 founding members. There are now 33 members throughout California.

In recent years CalTIP has provided an annual report that illustrates various loss trends for its members. The membership as a whole has a better than average track record when compared to other California transit operators.

CCCTA is the 5th largest transit operator in the pool, based on the number of miles driven in the last 5 years. These are some of the comparisons with the averages of all members:

- CCCTA has an experience modification rate of .74 in the 11/12 policy year. This is our lowest rate in the last 5 years; all 5 years are below the average of all members, 1.00.
- CCCTA has .62 claims per 100,000 miles driven. The average of all members is .72.
- CCCTA has an average cost of \$2,093 per 100,000 miles driven. The average of all members is \$7,027.

In short, the members of CalTIP have a better loss record than the average California transit operator and, in all categories; CCCTA has a better track record than the average CalTIP member.

Attachments:

Pages 1 & 2- Overview of Liability and Physical Damage Programs

Page 3- CalTIP Members Mileage

Page 4-6- CalTIP Experience Modification Factors, Frequency of Claims, Loss Rate

Liability Program

Member Self-Insured Retentions

Members are given the opportunity to select a self-insured retention that best fits their agency. These options are: \$0 (first dollar coverage); \$25,000; \$50,000; \$100,000; and \$250,000.

Pooled Program Layer

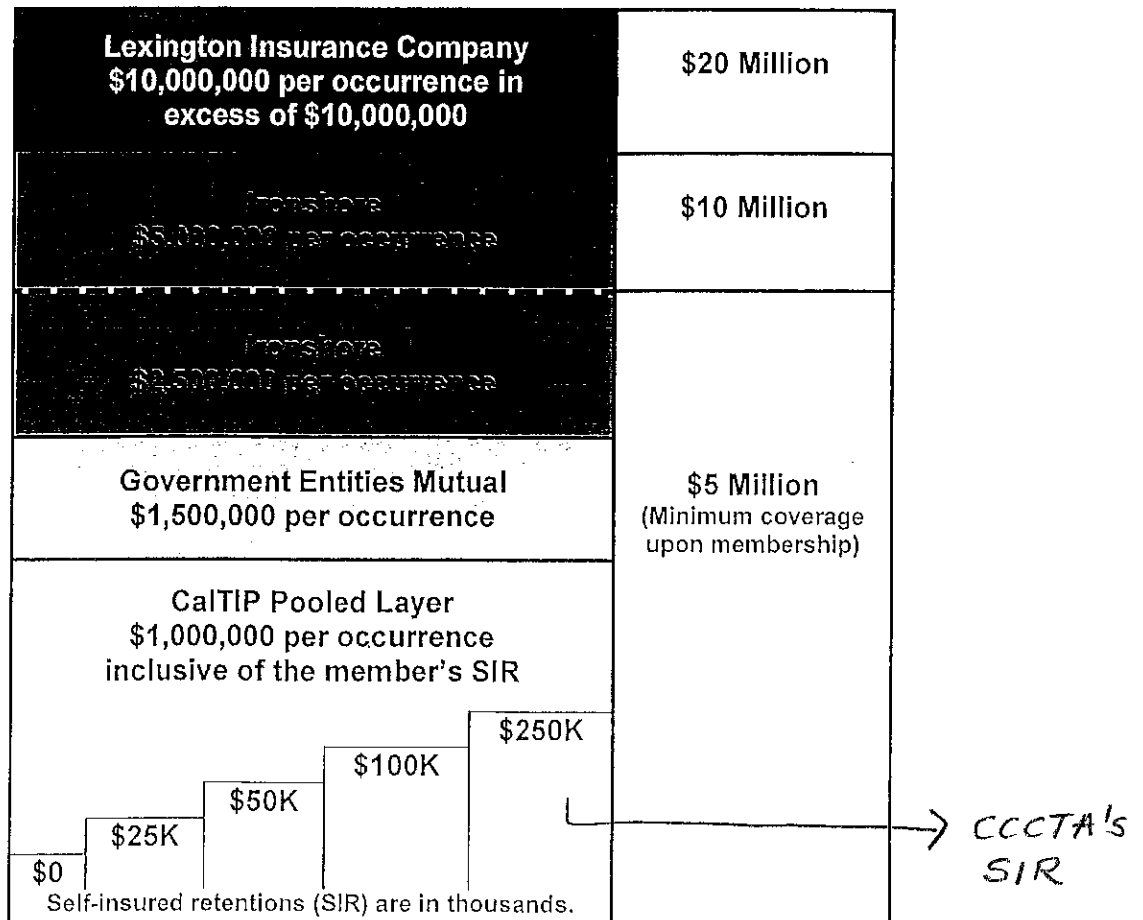
CalTIP self-funds or "pools" the first \$1 million of coverage for any claim. That amount is inclusive of the member's self-insured retention.

Reinsurance/Excess Insurance

CalTIP purchases reinsurance and excess insurance for members applying to losses that exceed CalTIP's Pooled Program Layer. All members receive \$4 million of reinsurance or excess insurance above the \$1 million Pooled Layer. Members have the option of purchasing a total of \$10 million in coverage or a total of \$20 million in coverage.

Retrospective Premium Adjustments

CalTIP returns funds to members via a retrospective adjustment calculation process. This process, which is performed annually, allocates incurred costs or assets back to members participating in specific program years. Retrospective returns are a direct result of reduced claims experience. Thus, the lower the loss experience, the greater the retrospective adjustment.



Vehicle Physical Damage Program

CalTIP's Vehicle Physical Damage Program provides members with comprehensive and collision coverage to transit staff and maintenance vehicles. The program is structured to include both self-funded (pooled) and purchased coverage. CalTIP self-funds the first layer up to \$100,000 with members selecting from various deductible options per vehicle. Excess insurance is purchased for losses exceeding \$100,000 and provides the members with coverage up to \$20 million per occurrence. CalTIP's program is additionally enhanced with an aggregate stop-loss feature. The aggregate stop-loss is equal to the five highest deductibles of any vehicles involved in a multi-vehicle loss.

Member Deductibles

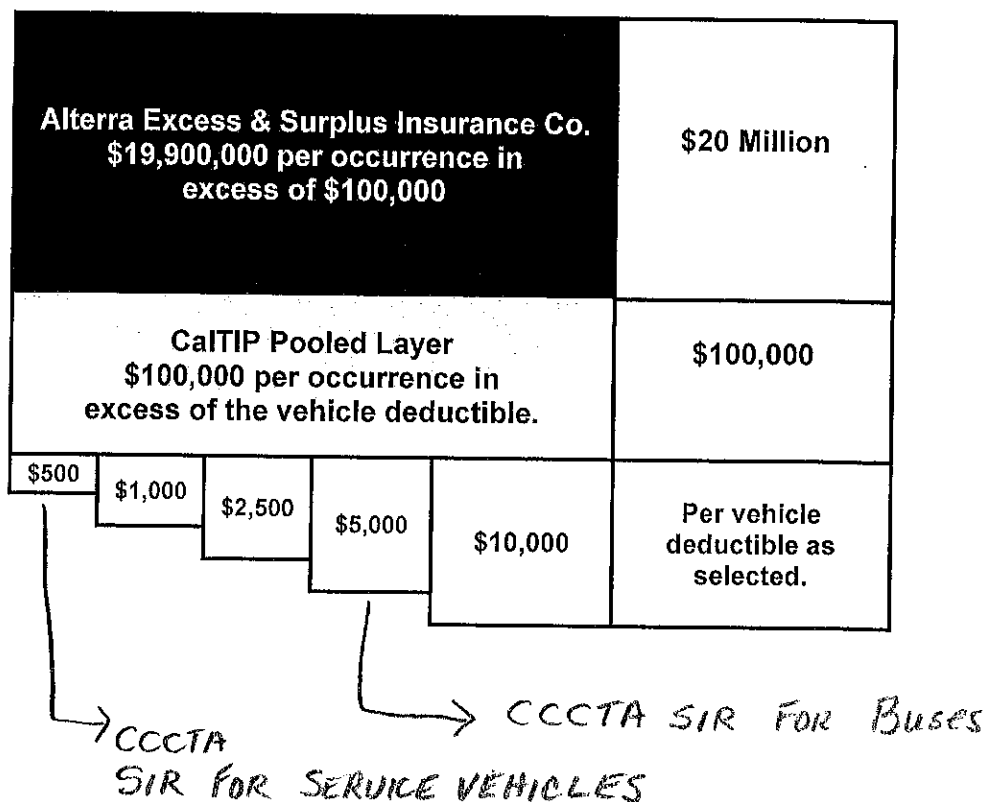
Members are given the opportunity to select a deductible option per vehicle. The deductible options are \$500, \$1,000, \$2,500, \$5,000, and \$10,000. Vehicles with an actual cash value of \$50,000 or greater may select a deductible of no less than \$5,000.

Pooled Program Layer

CalTIP self-funds or "pools" the first \$100,000 of coverage above the member agency's assigned vehicle deductible.

Excess Insurance

CalTIP purchases excess insurance for losses exceeding \$100,000. The excess insurance provides coverage for losses up to a limit of \$20 million per occurrence.



Mileage

Total Mileage by Member

Total mileage is the sum of revenue and non-revenue miles. Revenue mileage is miles operated or driven by revenue vehicles (i.e., buses or passenger vans). Non-revenue mileage is miles operated or driven by non-revenue vehicles, meaning any car or service truck.

MEMBER	07/08	08/09	09/10	10/11	11/12	TOTAL ALL YEARS
[REDACTED]	353,000	315,976	300,499	229,275	237,521	1,436,271
[REDACTED]	125,000	128,000	124,000	120,420	172,100	669,520
[REDACTED]	62,952	64,846	62,231	60,793	61,716	312,538
[REDACTED]	119,275	114,560	111,605	115,499	115,839	576,778
CCCTA	4,514,526	4,405,065	3,349,685	3,265,411	3,290,011	⑤ 18,824,698
[REDACTED]	1,502,362	1,616,299	1,666,921	1,742,745	1,759,763	8,288,090
[REDACTED]	133,717	108,586	77,519	83,576	87,944	491,342
[REDACTED]	1,508,951	1,500,060	1,244,397	1,328,318	1,388,723	6,970,449
[REDACTED]	306,326	251,895	202,775	191,540	194,121	1,146,657
[REDACTED]	2,098,931	2,116,142	2,086,073	1,979,568	2,104,397	10,385,111
[REDACTED]	4,517,362	4,632,752	4,649,628	4,584,877	4,685,566	④ 23,070,185
[REDACTED]	873,078	883,148	1,029,911	1,200,953	1,173,191	5,160,281
[REDACTED]	94,336	81,084	60,011	115,083	109,834	460,348
[REDACTED]	3,243,494	2,705,032	2,413,779	2,381,140	2,424,358	13,167,803
[REDACTED]	532,506	523,099	428,121	305,372	351,430	2,140,528
[REDACTED]	849,271	851,853	840,626	771,843	750,022	4,063,615
[REDACTED]	3,353,109	3,501,241	3,828,574	3,912,154	4,224,962	⑥ 18,820,040
[REDACTED]	788,860	716,723	744,355	740,020	785,504	3,775,462
[REDACTED]	859,179	855,952	1,312,301	0	0	3,027,432
[REDACTED]	634,356	545,181	332,428	256,604	253,999	2,022,568
[REDACTED]	12,740,698	12,899,959	13,190,541	12,728,288	13,011,421	① 64,570,907
[REDACTED]	1,249,939	1,435,175	1,411,295	1,643,977	1,574,626	7,315,012
[REDACTED]	442,703	465,759	433,132	379,323	374,876	2,095,793
[REDACTED]	6,197,568	6,489,509	5,972,253	5,423,648	5,589,064	② 29,672,042
[REDACTED]	1,649,170	1,679,274	1,738,528	1,738,343	2,051,525	8,856,840
[REDACTED]	4,897,684	5,230,489	4,628,594	4,697,597	4,097,455	③ 23,551,819
[REDACTED]	1,128,638	1,145,291	1,112,835	1,235,892	1,203,993	5,826,649
[REDACTED]	480,690	476,681	395,643	473,572	495,325	2,321,911
[REDACTED]	276,441	260,936	225,325	249,749	239,957	1,252,408
[REDACTED]	13,956	6,000	15,000	157,441	923,420	1,115,817
[REDACTED]	368,025	423,398	428,972	465,033	572,994	2,258,422
[REDACTED]	2,012,556	2,035,502	2,123,149	2,062,530	2,167,743	10,401,480
[REDACTED]	2,030,301	1,984,568	1,867,349	1,897,752	1,919,766	9,699,736
[REDACTED]	178,136	206,950	213,274	221,039	228,494	1,047,893
[REDACTED]	2,384,885	2,612,672	2,576,609	2,558,284	2,547,012	12,679,462
CalTIP Total	62,521,981	63,269,657	61,197,938	59,317,659	61,168,672	307,475,907

SOURCE - CalTIP annual mileage certification survey results.

CCCTA is the 5th largest operator based on miles driven

Experience Modification Factors

Experience modifications factors (Xmods) are designed to adjust your CalTIP contributions up or down based on whether your historical claim results have been better or worse than the CalTIP average. Xmods below 1.00 indicate better than average experience. Xmods above 1.00 indicate worse than average experience.

MEMBER	07/08	08/09	09/10	10/11	11/12	
[REDACTED]	0.65	0.64	0.54	0.51	0.76	
[REDACTED]	0.82	0.73	0.62	0.61	0.85	
[REDACTED]	0.74	0.72	0.61	0.57	0.66	
[REDACTED]	0.99	0.98	1.01	1.03	1.01	
CCCTA	0.86	0.92	0.82	0.82	(5) 0.74	
[REDACTED]	1.09	1.32	1.37	1.55	1.47	
[REDACTED]	0.74	0.72	0.61	0.57	0.66	
[REDACTED]	0.49	0.50	0.41	0.39	0.49	
[REDACTED]	0.74	0.85	0.61	0.50	0.77	
[REDACTED]	1.68	2.04	1.56	1.56	1.50	
[REDACTED]	1.09	0.96	1.08	1.09	(4) 1.24	
[REDACTED]	0.80	0.70	0.72	0.66	0.58	
[REDACTED]	0.74	0.72	0.61	0.56	0.67	
[REDACTED]	0.95	0.97	1.02	1.17	1.00	
[REDACTED]	1.10	1.02	1.16	1.17	1.06	
[REDACTED]	0.81	0.80	0.46	0.44	0.47	
[REDACTED]	0.81	0.63	0.69	0.67	(6) 0.64	
[REDACTED]	0.59	0.56	0.65	0.63	0.77	
[REDACTED]	1.63	1.76	1.99	N/A	N/A	
[REDACTED]	0.63	0.60	0.54	0.51	0.56	
[REDACTED]	0.92	0.96	1.02	1.24	(1) 1.17	
[REDACTED]	0.64	0.56	0.45	0.55	0.55	
[REDACTED]	0.90	0.96	1.02	1.07	1.04	
[REDACTED]	1.33	1.16	1.21	1.05	(2) 1.01	
[REDACTED]	0.87	0.98	0.68	0.51	0.63	
[REDACTED]	0.89	0.79	0.84	0.72	(3) 0.90	
[REDACTED]	1.05	1.24	1.15	0.87	0.81	
[REDACTED]	0.82	0.61	0.50	0.45	0.56	
[REDACTED]	0.96	0.95	0.78	0.54	0.62	
[REDACTED]	0.76	0.74	0.62	0.59	0.68	
[REDACTED]	0.99	1.02	1.04	0.93	0.94	
[REDACTED]	1.22	1.20	1.21	1.41	N/A	
[REDACTED]	0.77	0.66	0.77	0.95	1.05	
[REDACTED]	0.96	0.99	1.16	1.36	1.14	
[REDACTED]	0.96	1.13	1.00	1.10	1.03	

SOURCE - CalTIP experience modification factors calculated by ARM Tech.

Frequency

Number of Claims per 100,000 Miles

Frequency is the number of claims experienced per mile traveled. It is determined by taking the claim count divided by the miles traveled, multiplied by 100,000. The result is the number of claims incurred per 100,000 miles traveled.

CalTIP Average
0.72

MEMBER	07/08	08/09	09/10	10/11	11/12	AVERAGE		
[REDACTED]	0.85	0.63	1.00	0.87	0.00	0.70		
[REDACTED]	1.60	0.78	1.61	0.83	0.58	1.05		
[REDACTED]	0.00	1.54	0.00	0.00	0.00	0.32		
[REDACTED]	0.00	0.00	0.00	0.87	0.00	0.17		
CCCTA	0.80	0.61	0.54	0.58	0.52	⑤ 0.62		
[REDACTED]	0.53	0.87	0.96	0.80	1.31	0.90		
[REDACTED]	2.24	0.92	1.29	1.20	0.00	1.22		
[REDACTED]	0.53	0.53	0.48	0.45	0.43	0.49		
[REDACTED]	0.33	0.40	1.48	0.52	0.00	0.52		
[REDACTED]	1.29	1.56	1.29	1.06	1.09	1.26		
[REDACTED]	1.51	1.62	1.40	1.18	1.22	④ 1.38		
[REDACTED]	0.34	0.23	0.58	0.58	0.34	0.43		
[REDACTED]	1.06	1.23	1.67	0.87	0.00	0.87		
[REDACTED]	1.88	1.85	1.04	0.76	0.82	1.32		
[REDACTED]	0.75	0.76	1.64	0.98	0.28	0.89		
[REDACTED]	0.82	0.23	0.12	0.39	0.53	0.42		
[REDACTED]	0.33	0.11	0.18	0.26	0.19	⑥ 0.21		
[REDACTED]	0.89	0.42	0.27	0.14	0.38	0.42		
[REDACTED]	1.86	0.82	0.61	N/A	N/A	1.02		
[REDACTED]	1.42	0.92	0.30	0.00	0.79	0.84		
[REDACTED]	0.64	0.67	0.64	0.67	0.57	① 0.64		
[REDACTED]	0.32	0.21	0.28	0.06	0.57	0.29		
[REDACTED]	0.90	1.07	0.23	1.05	1.07	0.86		
[REDACTED]	0.89	0.48	0.44	0.85	0.30	② 0.59		
[REDACTED]	0.85	1.07	0.58	0.98	0.54	0.79		
[REDACTED]	0.47	0.40	0.37	0.43	1.32	③ 0.57		
[REDACTED]	0.80	0.61	0.27	0.49	0.58	0.55		
[REDACTED]	0.21	0.21	1.26	0.42	0.20	0.43		
[REDACTED]	0.72	0.77	1.33	0.00	0.83	0.72		
[REDACTED]	0.00	0.00	0.00	1.27	0.43	0.54		
[REDACTED]	1.09	0.00	0.70	0.65	0.52	0.58		
[REDACTED]	1.69	1.47	0.99	1.12	0.46	1.13		
[REDACTED]	0.79	0.86	0.54	0.47	0.16	0.57		
[REDACTED]	2.81	0.97	0.94	0.00	0.00	0.86		
[REDACTED]	0.80	0.54	0.93	0.35	0.59	0.64		
CalTIP Average	0.87	0.76	0.67	0.66	0.63	0.72		

NOTE - The overall averages (i.e., last row and last column) are weighted. That is, they are based on the total claims and mileage for all years for all members. They are not calculated by taking an average of the yearly frequencies shown above.

Loss Rate

Incurring Losses per 100,000 Miles

Loss rate is the cost incurred per mile traveled. It is determined by taking the incurred losses (paid losses plus reserves) divided by the miles traveled, multiplied by 100,000. The result is a dollar amount of incurred losses per 100,000 miles traveled.

CalTIP Average
\$ 7,027

MEMBER	07/08	08/09	09/10	10/11	11/12	AVERAGE	
[REDACTED]	\$ 1,948	\$ 684	\$ 22,892	\$ 4,387	\$ 0	\$ 6,119	
[REDACTED]	5,339	31,122	8,307	187	3,084	9,312	
[REDACTED]	0	3,135	0	0	0	650	
[REDACTED]	0	0	0	25,974	0	5,201	
CCCTA	2,025	1,652	2,016	3,463	1,497	(5) 2,093	
[REDACTED]	4,588	8,267	51,470	8,488	5,960	15,846	
[REDACTED]	2,426	1,672	2,394	596	0	1,509	
[REDACTED]	854	1,430	1,448	2,360	2,753	1,749	
[REDACTED]	846	150	257,788	97	0	45,862	
[REDACTED]	6,483	23,539	7,017	3,987	8,185	9,935	
[REDACTED]	9,127	26,141	6,444	6,098	5,635	(4) 10,692	
[REDACTED]	1,017	213	3,300	2,840	312	1,599	
[REDACTED]	4,255	1,526	773	44,436	0	12,350	
[REDACTED]	4,093	5,581	2,389	4,925	3,613	4,148	
[REDACTED]	8,462	785	1,857	1,732	1,067	3,090	
[REDACTED]	1,153	176	22	27,329	1,124	5,681	
[REDACTED]	12,473	794	15,567	8,068	772	(6) 7,387	
[REDACTED]	93,496	879	3,440	277	1,062	20,656	
[REDACTED]	18,718	33,412	648	N/A	N/A	15,040	
[REDACTED]	1,453	1,537	878	0	5,118	1,657	
[REDACTED]	5,965	6,090	6,336	11,037	3,252	(1) 6,519	
[REDACTED]	525	340	12,978	822	2,018	3,280	
[REDACTED]	3,741	5,822	431	28,674	9,365	9,038	
[REDACTED]	4,166	5,337	2,446	10,702	1,858	(2) 4,836	
[REDACTED]	2,040	2,016	1,824	4,234	3,755	2,821	
[REDACTED]	856	2,789	6,930	21,077	4,176	(3) 7,090	
[REDACTED]	1,466	13,792	33,686	2,293	18,576	13,753	
[REDACTED]	945	128	2,329	372	1,021	912	
[REDACTED]	1,783	1,449	1,245	0	5,303	1,935	
[REDACTED]	0	0	0	19,245	1,451	3,917	
[REDACTED]	1,074	0	7,543	2,045	867	2,249	
[REDACTED]	6,847	4,202	36,900	12,913	810	12,409	
[REDACTED]	2,813	5,289	9,468	23,343	6,822	9,411	
[REDACTED]	21,536	1,437	803	0	0	4,108	
[REDACTED]	3,814	10,191	7,235	6,050	1,609	5,831	
CalTIP Average	\$ 5,979	\$ 7,013	\$ 9,499	\$ 9,329	\$ 3,405	\$ 7,027	

NOTE - The overall averages (i.e., last row and last column) are weighted. That is, they are based on the incurred losses and mileage for all years for all members. They are not calculated by taking an average of the yearly severities shown above.