

To: Administration and Finance Committee

Date: October 20, 2015

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 6th largest transit operator in the pool, based on the number of miles driven in the 3 years of the most current report (FY11, FY12, FY13). These are some of the comparisons with the averages of all members:

- CCCTA has an experience modification rate of .838 in the 15/16 policy year. The average of all members is 1.00. The purpose of the experience modification (ex-mod) is to equitably allocate to each member its share of funding needed to cover claims based on their own loss experience compared to the loss experience of the pool.
- CCCTA's incurred losses for the above 3 years, capped at \$50,000 per claim, was \$377,329. The other 5 large operators incurred losses were \$247,113, \$411,917, \$776,363, \$913, 279, \$2,264,702.
- CCCTA had an average cost of \$35 per 1,000 miles driven. The other 5 large operators had an average cost of \$21, \$31, \$54, \$57, \$58. The average of all members is \$46.

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

Attachments:

Pages 2 - 4- Overview of Liability and Physical Damage Programs

Page 5- CalTIP Experience Modification Factor

CalTIP's Liability Program provides protection against covered losses wherein the member is legally liable for bodily injury or physical damage caused by either the member itself or an owned vehicle. CalTIP's pooled and excess coverage, combined with various deductible options, provides general liability, public officials' errors & omissions, limited employment practices liability and vehicle liability.

Allied World \$5,000,000 per occurrence excess of \$20,000,000	\$25 Million
Ironshore \$10,000,000 per occurrence excess of \$10,000,000	\$20 Million
Munich Re \$5,000,000 per occurrence excess of \$5,000,000	\$10 Million
Munich Re \$2,000,000 per occurrence excess of \$3,000,000	\$5 Million (Minimum coverage upon membership)
Government Entities Mutual \$2,000,000 per occurrence excess of \$1,000,000	
CalTIP Pooled Layer \$1,000,000 per occurrence inclusive of the member's SIR	
<p style="text-align: center;">Self-insured retentions (SIR) are in thousands.</p>	

Member Deductibles

Members are given the opportunity to select a deductible 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 \$1,000,000 of coverage for any claim. That amount is inclusive of the member's deductible.

Reinsurance/Excess Insurance

CalTIP purchases reinsurance and excess insurance for members applying to losses that exceed CalTIP's Pooled Program Layer. All members receive \$4,000,000 of reinsurance or excess insurance above the \$1,000,000 Pooled Layer. Members have the option of purchasing a total of \$10,000,000 in coverage or a total of \$25,000,000 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.

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 \$25 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.

Maxum Indemnity/Hiscox \$5,000,000 per occurrence excess of \$20,000,000	\$25 Million
Alterra Excess & Surplus Insurance Co. \$19,900,000 per occurrence excess of \$100,000	\$20 Million
CalTIP Pooled Layer \$100,000 per occurrence inclusive of the vehicle deductible.	\$100,000
	Per vehicle deductible as selected.

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 must select a deductible of no less than \$5,000.

Pooled Program Layer

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

Excess Insurance

CalTIP purchases excess insurance for losses exceeding \$100,000.

CALIFORNIA TRANSIT INDEMNITY POOL
LIABILITY

Exhibit LI-4

2015/16 Projected Experience Modification Factor

Member (2)	(000) 2010/11 to 2012/13 Miles (3)	Credibility (3)/[(3)+ Max(3)] (4)	2010/11 to 2012/13 Reported Incurred Losses Capped at \$50,000 Per Claim (5)	2010/11 to 2012/13 Loss Rate per 1,000 Miles (5)/(3) (6)	Uncapped 2015/16 Experience Modification Factor (7)	Prior 2014/15 Experience Modification Factor (8)	Capped 2015/16 Experience Modification Factor (9)	Change (9) - (8) (10)
	701	0.11	\$14,221	\$20	0.938	0.727	0.836	0.109
	466	0.08	11,805	25	0.966	0.775	0.891	0.116
	185	0.03	0	0	0.968	0.752	0.864	0.113
	334	0.06	50,000	150	1.124	1.196	1.124	-0.072
Central Contra Costa Transit Authority	* 10,824	0.66	377,349	35	0.838	0.784	0.838 *	0.054
	5,383	0.49	502,183	93	1.493	1.259	1.448	0.189
	254	0.04	2,477	10	0.966	0.750	0.863	0.113
	4,057	0.42	129,174	32	0.870	0.771	0.870	0.098
	577	0.09	54,717	95	1.096	0.885	1.018	0.133
	6,267	0.52	432,639	69	1.257	1.271	1.257	-0.014
	* 13,639	0.71	776,363	57	1.161	1.341	1.161 *	-0.179
	3,587	0.39	96,743	27	0.838	0.657	0.755	0.098
	327	0.05	50,000	153	1.125	0.930	1.070	0.140
	7,131	0.56	315,867	44	0.975	1.100	0.975	-0.125
	995	0.15	14,083	14	0.896	0.947	0.896	-0.051
	2,264	0.29	65,237	29	0.892	0.729	0.839	0.109
	* 11,937	0.68	247,113	21	0.625	0.641	0.625 *	-0.016
	2,316	0.29	73,487	32	0.909	0.840	0.736	0.096
	777	0.12	9,672	12	0.912	0.699	0.804	0.105
	* 38,718	0.87	2,264,702	58	1.229	1.132	1.229	0.097
	4,772	0.46	98,040	21	0.746	0.631	0.725 *	0.095
	1,179	0.17	99,087	84	1.140	1.217	1.140	-0.077
	* 17,027	0.75	913,279	54	1.118	1.286	1.118 *	-0.168
	5,900	0.51	201,184	34	0.865	0.877	0.865	-0.011
	* 13,447	0.70	411,917	31	0.762	0.829	0.762 *	-0.067
	3,612	0.39	279,848	77	1.261	1.045	1.202	0.157
	1,494	0.21	7,825	5	0.815	0.622	0.715	0.093
	705	0.11	40,300	57	1.026	0.722	0.831	0.108
	1,986	0.26	131,824	66	1.112	0.888	1.021	0.133
	1,644	0.22	17,508	11	0.827	0.890	0.827	-0.063
	5,696	0.50	193,090	34	0.866	0.936	0.866	-0.070
	692	0.11	0	0	0.891	0.939	0.891	-0.048
	7,661	0.57	299,289	39	0.910	0.925	0.910	-0.015
Total	176,557		\$8,181,023	\$46				