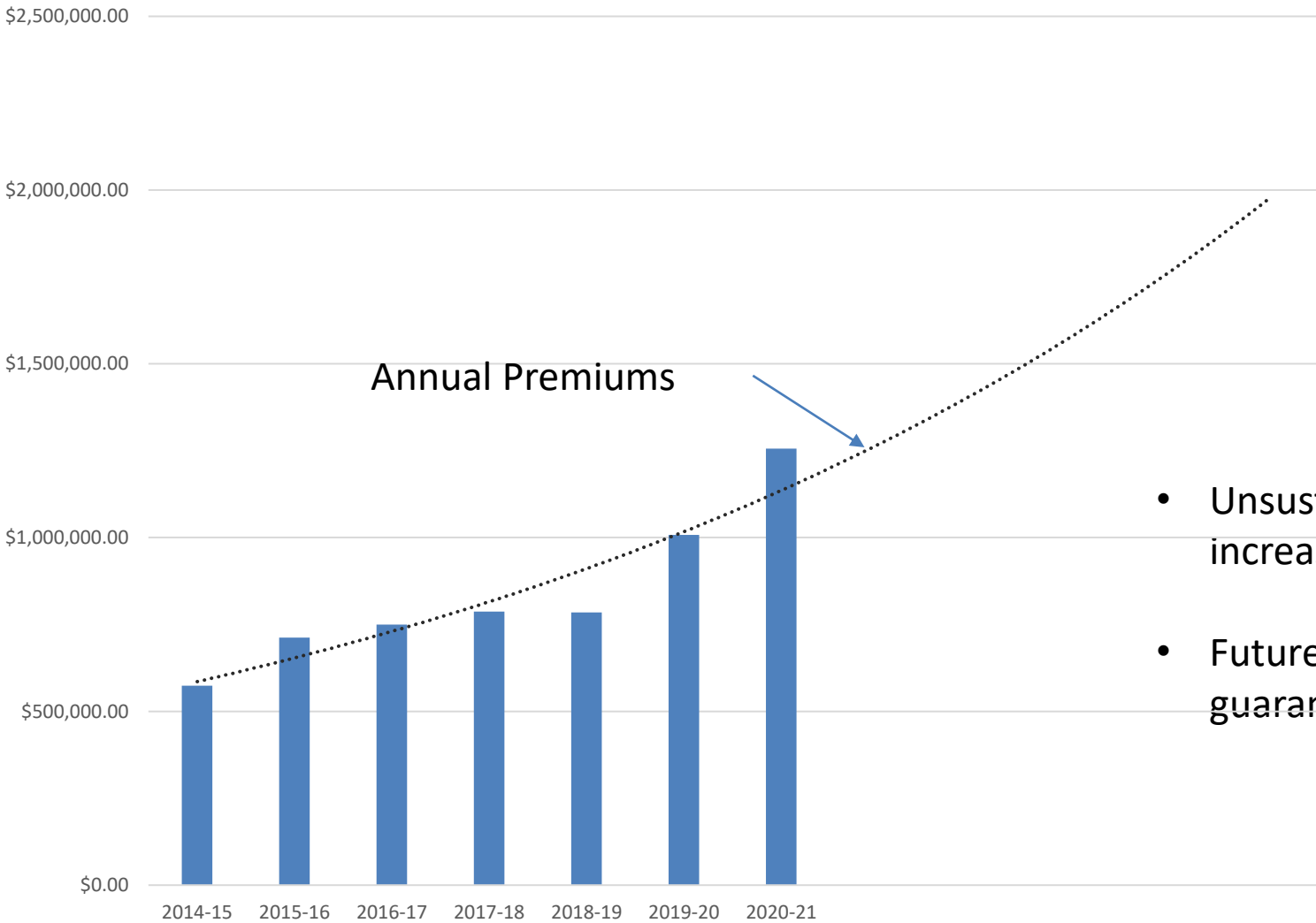


Vanpool Self-Insurance Discussion



Current Situation



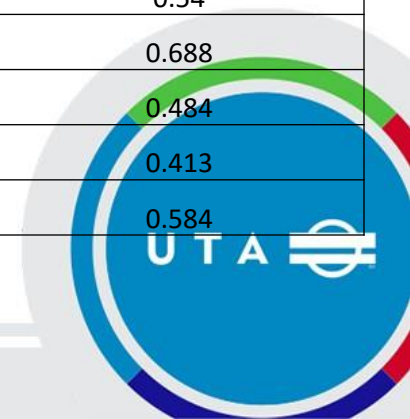
- Unsustainable premium increases
- Future coverage not guaranteed



Rideshare 11 Year History

Policy Year	# Occurrences	# Claims	Claims Costs	Cost/Claim	Premium	
2009-10	15	24	\$89,000	\$3,000	\$499,000	
2010-11	24	33	\$219,000	\$6,000	\$500,000	
2011-12	18	31	\$92,000	\$2,000	\$467,000	
2012-13			\$73,000		\$522,000	
2013-14			\$105,000		\$561,000	
2014-15	18	38	\$46,000	\$1,000	\$573,000	
2015-16	24	36	\$56,000	\$1,000	\$711,000	
2016-17	15	26	\$50,000	\$2,000	\$749,000	
2017-18	17	29	\$29,000	\$1,000	\$787,000	
2018-19	16	28	\$798,000	\$28,000	\$784,000	
2019-20	8	15	\$49,000	\$3,000	\$1,007,000	
2020-21	7	9	\$150,000	\$16,000	\$1,256,000	Difference
Totals			\$1,760,000		\$8,421,000	\$6,661,000
						Loss Ratio
Average	16	27	\$146,000	\$7,000	\$701,000	0.21
2020 Q2 Private Auto Industry Average						0.47
Liberty						0.54
AAA						0.688
Allstate						0.484
State Farm						0.413
Farmers						0.584

The private auto industry's average loss ratio is 2.23 times greater than Rideshare. Commercial Auto is even higher. Based on these numbers if our insurer was taking into account our loss ratio a fair premium would have been less than half what we're paying now.



Rideshare

Actuary Projections

Projected Ultimate Loss and ALAE Fiscal Year 2021-22

Total Funding Amounts, Undiscounted²

SIR	Expected ¹	← Confidence Level →				
		70%	⁴ 75%	80%	85%	90%
\$50,000	\$135,000	\$168,000	\$185,000	\$206,000	\$232,000	\$267,000
\$100,000	161,000	200,000	221,000	246,000	277,000	318,000
\$250,000	206,000	256,000	283,000	315,000	354,000	407,000
\$500,000	249,000	310,000	342,000	380,000	428,000	492,000
\$1,000,000	314,000	391,000	431,000	479,000	540,000	621,000
\$2,000,000	360,000	448,000	494,000	550,000	619,000	712,000

1. Losses will be less than this amount half the time.
2. Without consideration of investment income.
3. Self-insured Retention – the amount of risk that UTA would retain.
4. Allocated Loss Adjustment Expenses – expenses incurred for the handling of claims (i.e., adjuster salaries, office expenses, etc.)



Financials

Dollars in thousands	2022	2023	2024	2025	2026	5-year savings
Stay with outside insurance						
Annual Insurance Premiums (estimated)	\$1,320	\$1,486	\$1,667	\$1,862	\$2,073	
Move to self insurance						
Excess \$2M Coverage	400	420	441	463	486	
Risk staff to handle claims	40	41	42	44	45	
Annual Losses to Self Insurance Fund	360	360	360	360	360	
Savings to move to self insurance	\$520	\$665	\$824	\$995	\$1,182	\$4,185
What UTA could do with savings to mitigate Exposure						
Establish a reserves above self insurance fund and excess loss coverage for catastrophic loss	300	200	200	200	200	1,100
Equip current 450+ vanpools with on-going monitoring equipment	100	100	100	100	100	
Vanpool staff to monitor infractions and take action	75	79	83	87	91	
Total mitigation costs	475	379	383	387	391	2,014
New potential savings with less risk exposure	\$45	\$286	\$441	\$608	\$791	\$2,171

Potential Benefits

- **Create long-term savings**
 - Reduce premium costs
 - Reduce average cost per claim
 - Reduce number of claims
- **Better asset control**
 - Decrease loss/theft
 - Simplified SGR Auditing (Soft cost savings)
 - Increase driver accountability



Questions?



Recommended Action (by roll call)

Motion to approve Resolution R2021-08-04
Establishing a Self-Insurance/Catastrophic Loss Reserve Fund

