

# **Risk Management Insurance Coverage Update**

September 27, 2023



## Board Policy 2.1 – Risk Management

- The Executive Director will submit an annual report to the Board of Trustees on the status of the Authority’s risk management program.
- The Authority will maintain Public Officials Errors and Omissions Insurance in an amount determined to adequately protect the Authority.
- The Executive Director will, as necessary, procure other insurance to compensate for losses that would adversely affect the Authority.



# Board Policy 2.1 – Risk Management

The Authority will maintain Public Officials Errors and Omissions Insurance in an amount determined to adequately protect the Authority.

## 22-23 Public Officials Coverage:

While this policy is limited to \$2M, our excess/umbrella coverage provides an additional \$10M resulting in a combined limit of \$12M.

Insurance Company:	RSUI Indemnity Company
AM Best Rating:	A++ (Superior), XIV (\$1.5B -<\$2B)
Admitted/Non-Admitted:	Admitted
Policy Term:	9/1/22 to 9/1/23
Coverage:	Primary
Policy Aggregate Limit:	\$2,000,000
Public Entity D&O:	\$2,000,000
Employment Practices:	\$2,000,000
Retention - D&O:	\$250,000
Retention - EPL	\$250,000
Premium:	\$135,240



# Board Policy 2.1 – Risk Management

## 23-24 Coverage for Public Officials:

- We maintained the excess umbrella coverage of \$10M on top of this policy for a combined limit of \$12M.

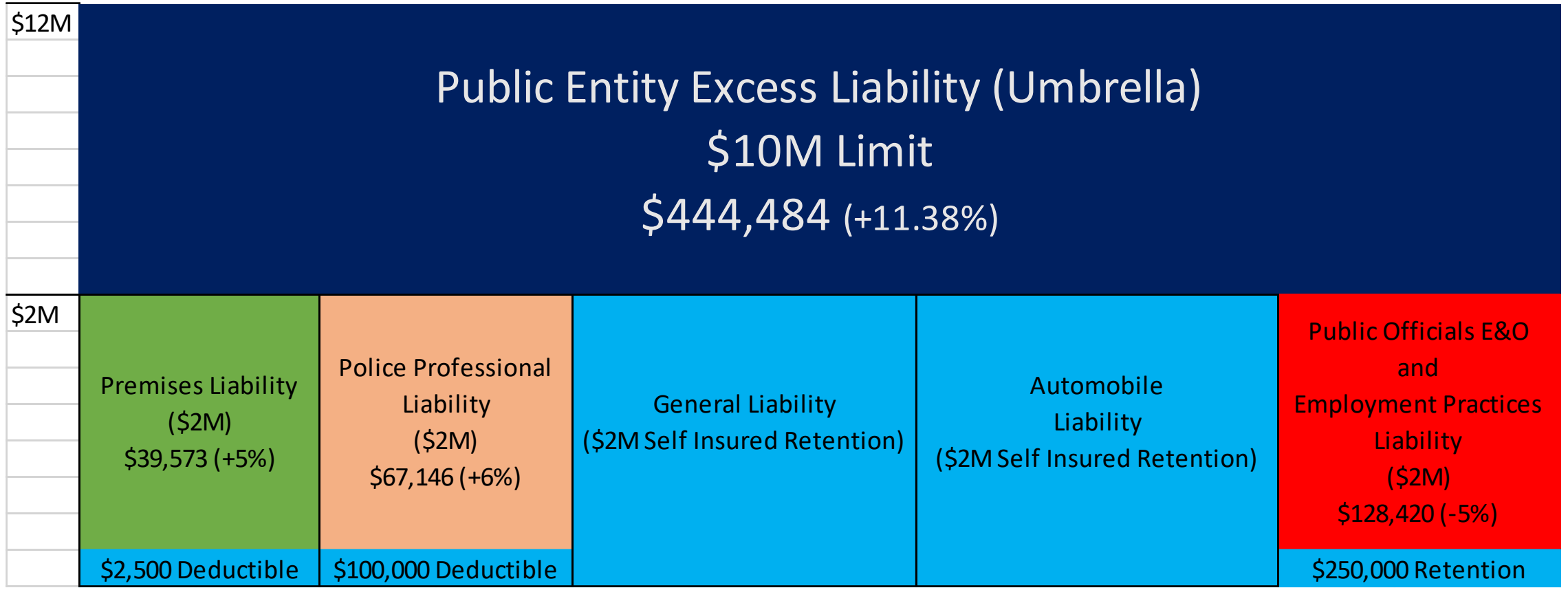
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Policy Aggregate Limit:	\$2,000,000
Public Entity D&O:	\$2,000,000
Employment Practices:	\$2,000,000
Retention - D&O:	\$250,000
Retention - EPL	\$250,000
Premium:	\$128,420 (-5%)



## Board Policy 2.1 – Risk Management

The Executive Director will, as necessary, procure other insurance to compensate for losses that would adversely affect the Authority.





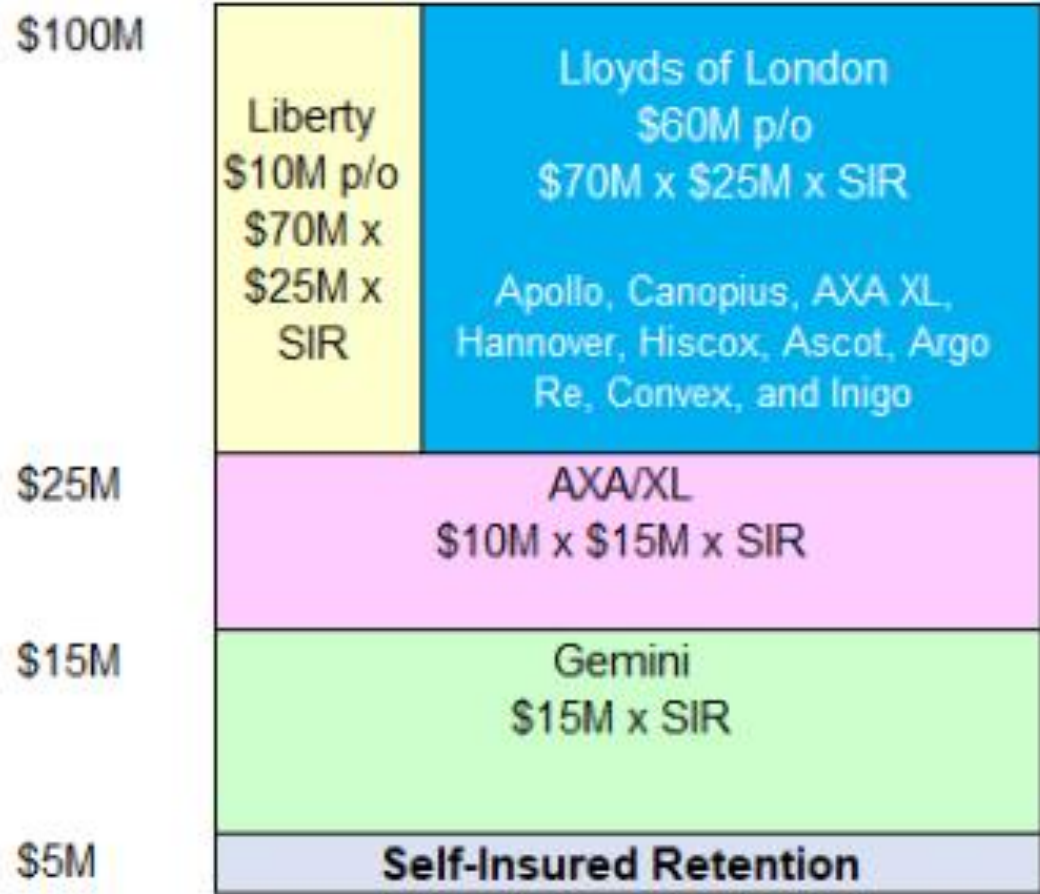
The Public Entity Excess Liability Market has experienced hardening conditions for the last several years due to adverse losses on a national basis. Utah’s governmental tort protections have enabled us to retain a full \$10M in limits with a single carrier, rather than on a more expensive “piecemeal” basis with multiple insurers which agencies in more challenging state jurisdictions must do.



- This market has stabilized somewhat recently, relative to recent past due to a handful of new market entrants in the excess layers;
- We are pro-actively working with Railroad Markets to prepare for possible expansion of limits depending on future operational requirements.

**Total Cost = \$1,262,487 (+3.79%)**

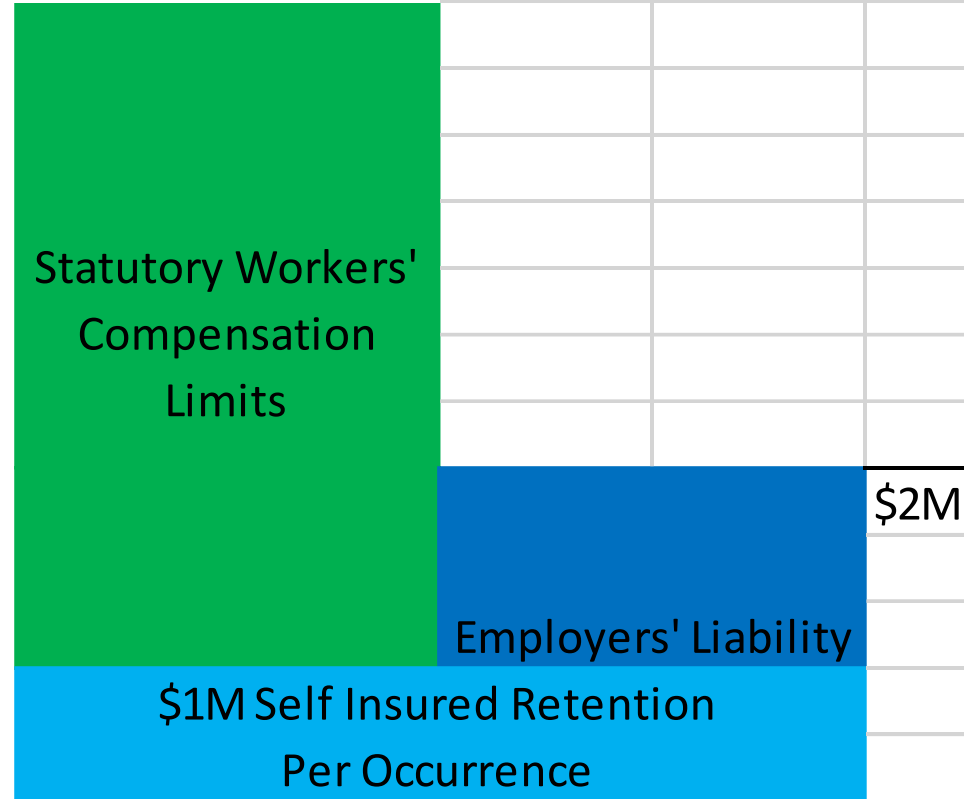
(including Surplus Lines Taxes/Fees)



- The premium increase this year is the result of an increase in UTA's payroll.
- Coverage has moved this year to the Utah Local Government's Trust, for better pricing but also because the Trust provides local loss control and risk management resources. The Trust has also been our property insurance provider for several years.

**\$100,000**

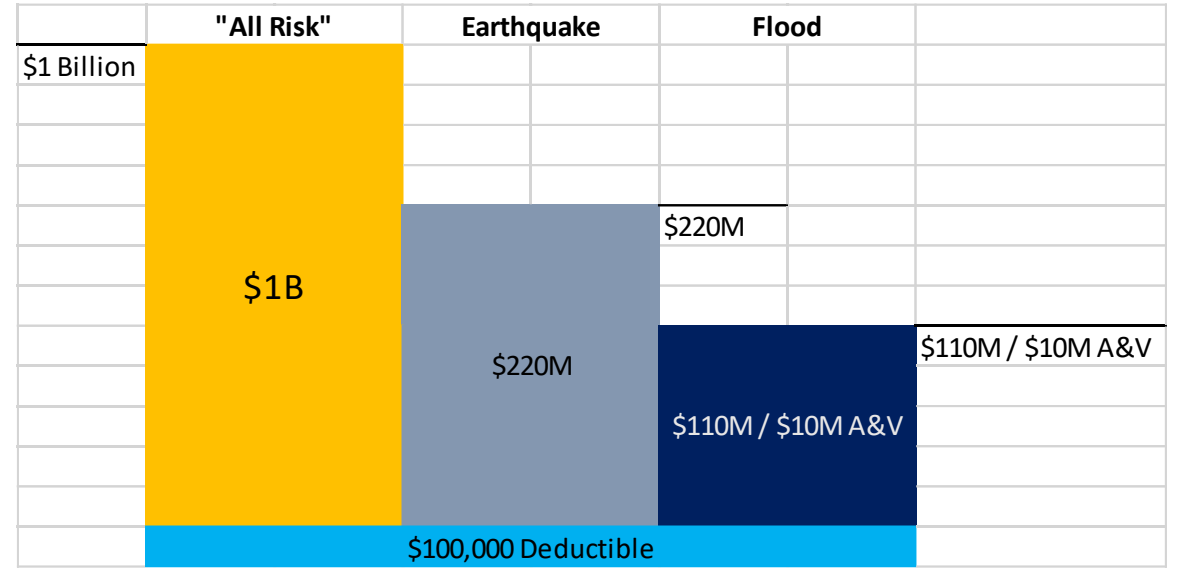
**Up 6%**



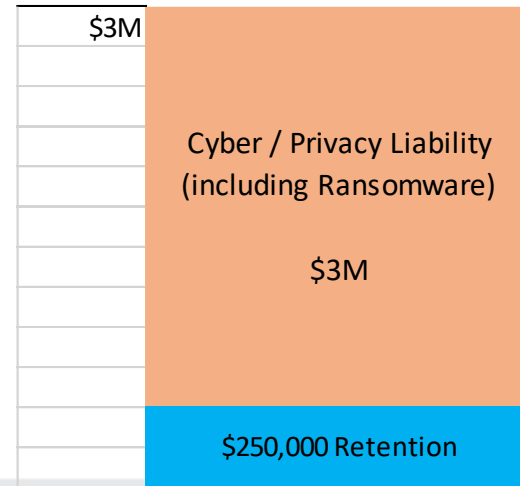
## Property & Cyber Insurance:

- The property insurance market continues to experience significant challenges due to a hardening reinsurance market, an increase in losses within the industry relative to past years, and increases related to construction costs.
- **\*Our property rate increase was 5% this year.** Recent appraisals were completed to properly value/insure our buildings, and we added the new Central Depot District Garage to our policy. These changes accounted for the balance of our premium increase at renewal.
- The Cyber Market has finally stabilized, after many years of hardening due to publicized ransomware and other hacking events occurring worldwide.
  - A benefit of the Trust is that they provide additional Cyber insurance up to \$2M over our independent program outlined to the right. This is included in their premium automatically.

**\$923,275**  
Up 32.8%\*



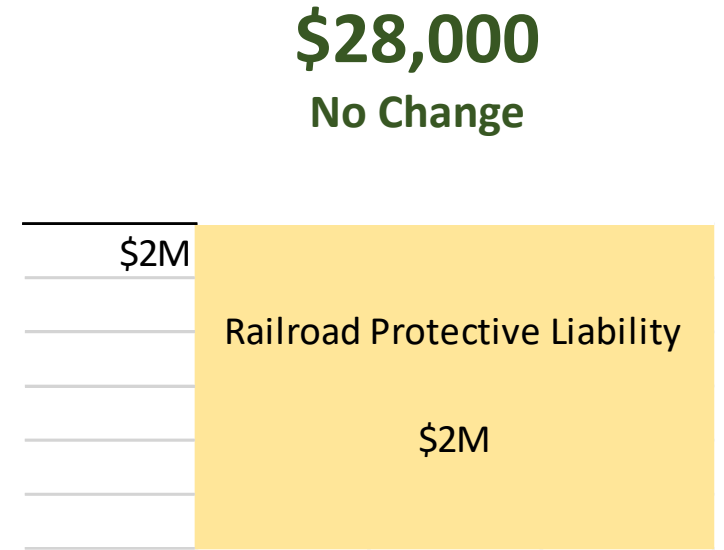
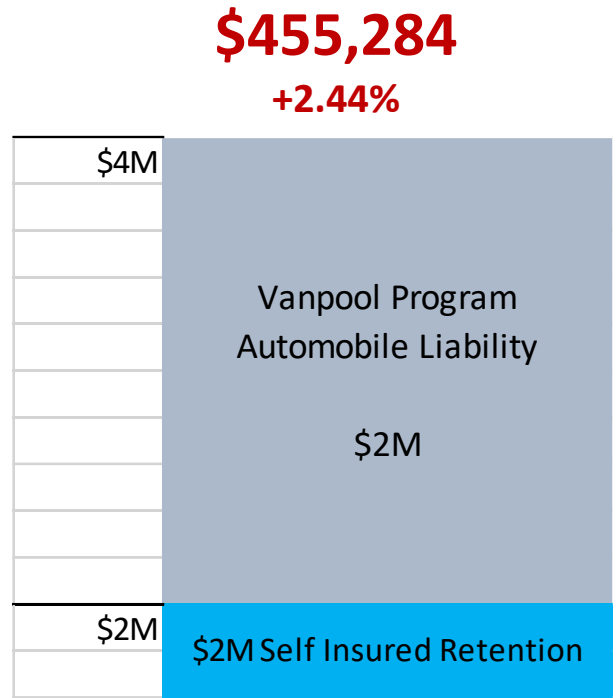
**\$68,924**  
-6%



**UTA's Vanpool coverage has evolved over the years:**

- Low deductible coverage had become prohibitively expensive in recent years.
- After analyzing losses through actuarial work, it was determined that a combination of self-insurance and excess would be more cost effective over the long term.

A Railroad Protective program for our contractors was established many years to meet insurance obligations imposed by the Railroad. Costs are apportioned back to contractors as they perform work along the ROW during the year.



**Crime Insurance:**

- This is a new policy as of 2 years ago, and satisfies the requirement for a public officials bond on key personnel, while extending coverage to all UTA employees.

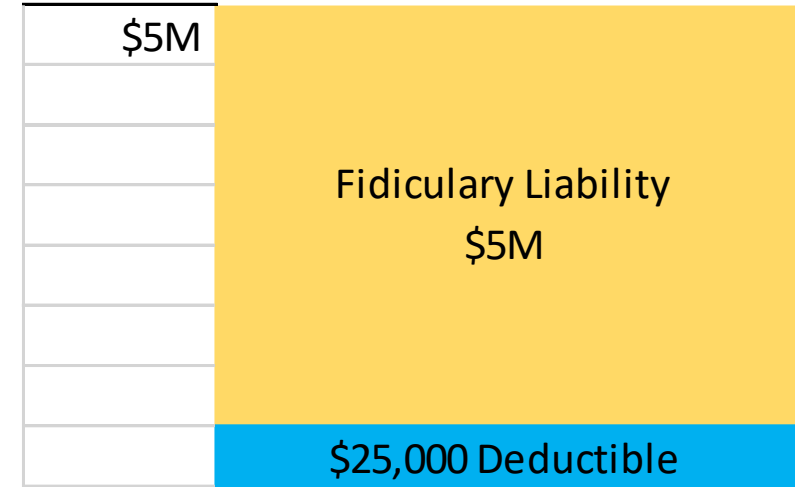
**Fiduciary Liability:**

- This policy addresses liability for Fiduciaries arising of the UTA Employee Retirement Plan. These liabilities are not covered in our excess liability program, thus a separate policy is needed for the Fiduciaries.

**\$50,524**  
Up 3.4%



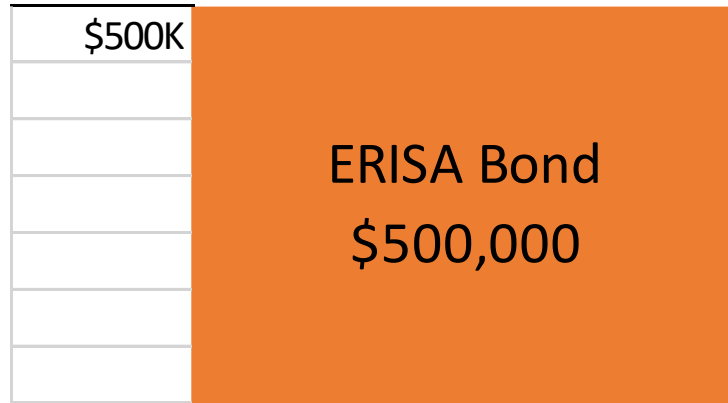
**\$18,786**  
No change



- The ERISA Bond addresses the risk of theft associated with the UTA Employee Retirement Plan
- The Notary Bonds are required by the State as a part of licensing for our commissioned notaries.

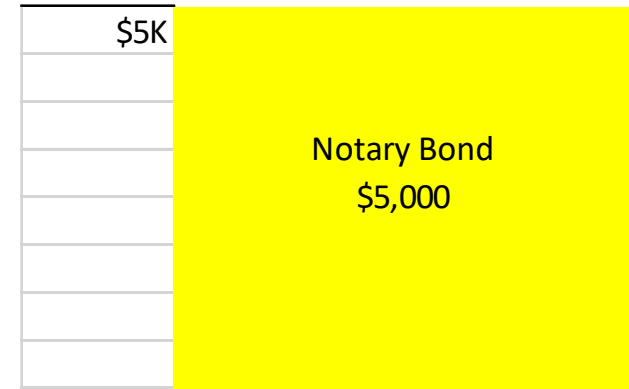
Employee Retirement Income Security Act

**\$450**  
**Prepaid 9/1/21-24**



There are currently 10 commissioned notaries at UTA.

**\$50/bond**





# Premiums: 2022 and 2023

Coverage	2022	2023	% change
Public Officials E&O/Employ Liability	\$135,249.00	\$128,420.00	-5.32%
Blanket Excess Liability	\$393,882.00	\$444,484.00	11.38%
Premises GL	\$37,592.00	\$39,572.00	5.00%
Police Professional Liability	\$63,038.00	\$67,146.00	6.12%
RR Liability	\$1,248,743.00	\$1,262,487.00	1.09%
Excess Work Comp	\$93,655.00	\$100,000.00	6.35%
Property	\$620,295.00	\$923,187.00	32.81%
Cyber Liability	\$73,101.00	\$68,923.00	-6.06%
Vanpool	\$444,165.00	\$455,284.00	2.44%
RRPLI Blanket	\$28,000.00	\$28,000.00	0.00%
Crime	\$48,822.00	\$50,524.00	3.37%
Fiduciary Liability	\$18,785.00	\$18,785.00	0.00%
Blanket Terrorism	\$14,254.00	\$15,936.00	10.55%
Drone Liability	\$1,118.00	\$3,030.00	63.10%
<b>Total Premium</b>	<b>\$3,223,399.00</b>	<b>\$3,605,778.00</b>	<b>10.60%</b>



# Five Year Premium 2019-2023

In December 2018 the Board approved a contract for Insurance Brokerage Services. The amount of the contract was for \$349,750 over the potential 5 year term of the contract. It was anticipated at the time that the broker would assist UTA in the procurement of insurance over that period of time at a cost of \$8,750,000.

This amount did not take into account:

- Hardening of the insurance markets resulting in much higher than anticipated increases.
- The inclusion of Rideshare and the Railroad Protective Liability program.
- Adding or changing insurance coverage for Crime, UAV, and Terrorism.

Coverage	2019	2020	2021	2022	2023
Vanpool Total	\$1,014,804.00	\$1,256,179.00	\$402,056.00	\$444,165.00	\$455,284.00
Excess Work Comp	\$84,668.00	\$88,933.00	\$90,525.00	\$93,655.00	\$100,000.00
Premises GL Total	\$37,510.00	\$37,478.00	\$34,916.00	\$37,592.00	\$39,572.00
RR Liability	\$879,158.00	\$1,106,303.00	\$1,158,508.00	\$1,248,743.00	\$1,262,487.00
Police Professional Liability	\$48,915.00	\$52,202.00	\$60,033.00	\$63,038.00	\$67,146.00
Public Officials E&O/Employ Liability	\$65,169.00	\$73,092.00	\$135,240.00	\$135,249.00	\$128,420.00
Fiduciary Liability	\$16,336.00	\$16,680.00	\$18,786.00	\$18,785.00	\$18,785.00
Property	\$350,552.00	\$405,025.00	\$567,142.00	\$620,295.00	\$923,187.00
Public Officials Bond	\$27,000.00	-	-	-	-
Crime Total	-	\$44,093.00	\$48,854.00	\$48,822.00	\$50,524.00
Cyber Liability	\$25,790.00	\$25,790.00	\$52,476.00	\$73,101.00	\$68,923.00
RRPLI Blanket	\$15,000.00	\$20,000.00	\$27,221.00	\$28,000.00	\$28,000.00
Blanket Excess Liability	\$317,467.00	\$319,308.00	\$354,425.00	\$393,882.00	\$444,484.00
Blanket Terrorism	\$12,506.00	\$12,401.00	\$12,401.00	\$14,254.00	\$15,936.00
Drone Liability	-	-	\$1,601.00	\$1,118.00	\$3,030.00
<b>Total Premium</b>	<b>\$2,894,875.00</b>	<b>\$3,457,484.00</b>	<b>\$2,964,184.00</b>	<b>\$3,220,699.00</b>	<b>\$3,605,778.00</b>
5 Year Total (including Rideshare and RRPLI)	<b>\$16,143,020.00</b>				

