Excess Liability Insurance Renewal

Background

OCTA annually purchases $7M of liability insurance to protect against catastrophic losses above a $5M self-insured retention.

OCTA is responsible to pay claims within the $5M self-insured retention.

Historically, OCTA has a favorable loss history and has the financial ability to fully self-insure for liability claims.

OCTA can continue to explore insurance short- and long-term options when the insurance market improves.

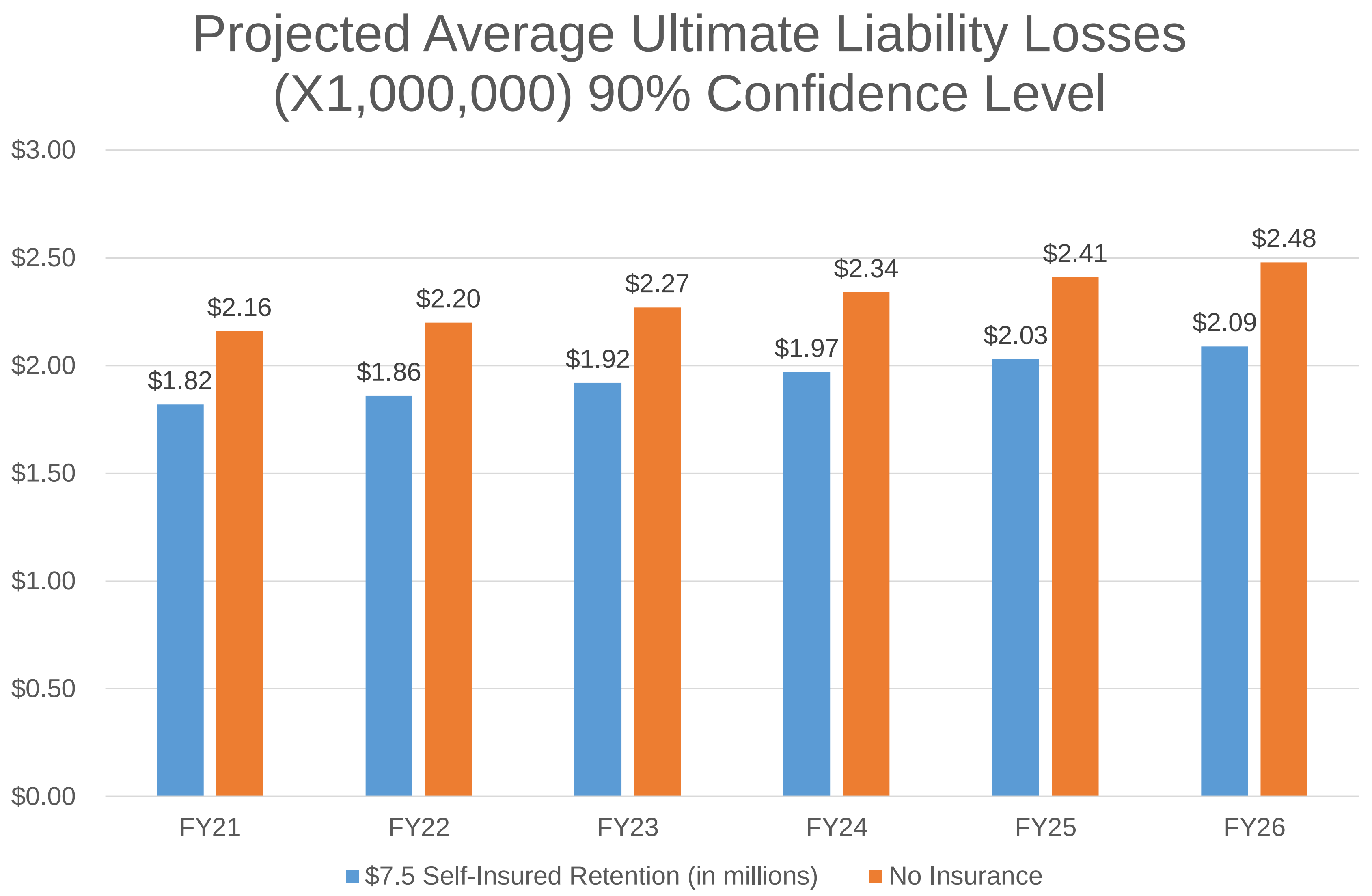
2020 Insurance Market

There are a limited number of liability insurers writing public entity transportation risks;

Only one quote was received ($719,077) with a much higher self-insured retention;

The current insurance market pricing is not favorable to OCTA.

High Retention versus Full Self-Insurance



Options and Recommendation

Based on this information, OCTA has two options:

- Pay 27% higher cost for insurance above $7.5 million.
- Be fully self-insured until the insurance market is more favorable.

Recommendation:

- Fully self-insure for liability claims.
- Current loss potential is within OCTA's ability to manage and finance full self-insurance.
- OCTA can continue to explore short- and long-term insurance options when the insurance market improves.