

THIRD AMENDMENT TO TRANSIT OPERATIONS AGREEMENT BETWEEN TEHAMA COUNTY  
AND PARATRANSIT SERVICES

This amendment ("Amendment 3") is made effective July 1, 2024, by and between Tehama County (hereinafter referred to as "County") and Paratransit Services (hereinafter referred to as "Contractor").

Pursuant to Section 3 of Amendment No. 1, "Corrections of Changes Provision in the Original Agreement" as Amended January 1, 2021:

To correct an internal inconsistency between the County's Request for Proposals (RFP), the related Scope of Work and the executed Original Agreement that resulted from the RFP; Section 3.03 (CHANGES) Agreement is hereby amended to read as follows:

COUNTY, without invalidating this agreement may order additions to or deletions from the work to be performed. Such changes shall be specified to CONTRACTOR in writing. If justified, the "Maximum Obligation" will be adjusted accordingly. New provisions must be mutually agreeable to both COUNTY and CONTRACTOR. A shift of vehicle service hours between services within the maximum value or an increase or decrease of up to twenty (20) percent within the current span of service would not constitute a change as defined in this agreement, but any such shift or change shall only occur at the direction of COUNTY.

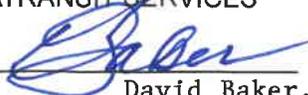
Now, therefore it be resolved, in consideration of increased insurance costs incurred by the Contractor in the operation of transit services on behalf of the County, the maximum obligation under the contract for FY 2024/25 be increased by \$308,571.00 to \$2,025,830.60accommodating for rate increases under this Amendment No.3.

All other terms, conditions, and provisions of the Original Agreement shall remain unchanged. The Original Agreement, Amendment No. 1, Amendment No. 2, and this Amendment No. 3 (collectively referred to as the "Modified Agreement"), constitutes the entire agreement of the parties and supersedes all previous agreements, writings, and oral statements. In the event of any inconsistency or conflict between this Amendment and the Original Agreement, the provisions of this Amendment shall prevail over those of the Original Agreement and all Attachments to the Original Agreement.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed as set forth below.

Date: 1/14/2025

PARATRANSIT SERVICES

By:  David Baker, President/CEO

Date: \_\_\_\_\_

COUNTY OF TEHAMA

By: \_\_\_\_\_

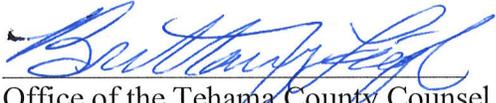
**E-Contract Review**  
**Approval as to Form**

Department Name: Tehama County Transportation Commission

Contractor Name: Paratransit

Contract Description: Amendment 3

APPROVED AS TO FORM:



Office of the Tehama County Counsel  
Brittany T. Ziegler, Deputy County Counsel

Date: 12/27/2024

# Memorandum

**To:** Frank Nevitt, Chief  
FTA Programs Procurement Oversight Branch  
Caltrans Office of Transit Grants and Contracts, MS 39  
P.O. Box 942874  
Sacramento, CA 94274-0001

**From:** Jessica Riske-Gomez  
Deputy Director of Public Works – Transportation  
Tehama County Transportation Commission  
Tehama County Transit Agency Board  
1509 Schwab Street  
Red Bluff, CA 96080

**Date:** January 6, 2025

**Subject:** Insurance Cost Escalation - Paratransit Services FY 2024/25 Compensation Adjustment

## I. Introduction

This memorandum provides a comprehensive justification for the negotiated compensation adjustment to Paratransit Services under the Tehama County Transit agreement. The adjustment is necessitated by significant insurance cost increases that have affected the vendor's ability to meet contractual obligations for fiscal year 2024/25. The rising premiums in the liability insurance market have had a direct impact on operating costs, leading to a need for a compensation adjustment to cover these unforeseen financial burdens.

## II. Key Points of the Negotiated Amendment

### 1. Compensation Adjustment:

- A **tentative increase in compensation of \$308,571.00** for FY 2024/25 has been agreed upon.
- This adjustment reflects the proportionate increase in Paratransit Services' **General Liability (GL) insurance premiums** that are attributable to the Tehama County contract.
- An additional adjustment (Amendment #4) is anticipated to take effect on **July 1, 2025**, pending updated premium information from the vendor's insurance carrier.

### 2. Justification:

- A **market rate analysis** conducted by multiple sources confirms that the proposed increase aligns with prevailing rates for similar transit

agreements in comparable jurisdictions, validating the reasonableness of the adjustment.

- The adjustment adheres to the "Corrections of Changes Provision in the Original Agreement," outlined in **Amendment No. 1 (January 1, 2021)**:
    - This provision allows adjustments to the maximum obligation to reflect justified changes, provided such changes are mutually agreeable and documented in writing.
  - Vendor-provided documentation and research support the claim of industry-wide premium increases due to several key factors:
    - **Rising liability exposure** in the transportation sector, exacerbated by a combination of increasing claims and regulatory scrutiny.
    - **Impacts of natural disasters**, which have contributed to a rise in insured losses across the insurance industry, driving up premium rates.
    - **General liability premium increases of 10%-30%** are consistent with trends reported by **INSURICA**, **Risk Strategies**, and **CBIZ** for 2024 (INSURICA, 2024; Risk Strategies, 2024; CBIZ, 2024).
  - **Vendor Claims**:
    - Paratransit Services cites an industry-wide "**hard market**," which refers to the increased difficulty in securing affordable insurance coverage in the wake of broader market conditions, including inflationary pressures and rising transportation risks.
    - **Benchmarking against comparable agencies** in the region has confirmed that similar entities have experienced **insurance premium increases** of up to 25%-30% during the same period, further validating the claims made by Paratransit Services.
3. **Supporting Documentation**:
- The following documents are included for your review:
- **Tehama County Loss Run History (2019/20 to 2024/25)**: This provides historical context for liability claims under the TRAX program and is critical in understanding the basis for the increase in premiums.
  - **Insurance Breakout for FY 2023/24**: A detailed breakdown of the previous fiscal year's insurance costs, enabling a year-over-year comparison to highlight significant shifts in insurance premiums.
  - **Lake Transit Authority Market Survey for Contract Option Years (2024/25)**: Conducted in June 2024, this survey provides regional benchmarks for insurance cost trends in transit agreements, demonstrating the broader regional context for the adjustments.

### III. Supporting Analysis

- **Vendor Claims**:
  - Paratransit Services asserts that rising premiums are largely a result of broader trends in the insurance market, which has been characterized by **increased claims frequency and severity**, as well as **inflationary**

**pressures.** These factors have led to the **hard market** conditions that have seen premiums rise sharply across the board.

- **Insurance costs for transportation companies** have generally experienced increases in the range of **25%-30%**, a pattern consistent with what has been observed in both the **INSURICA** and **Risk Strategies** reports for 2024 (INSURICA, 2024; Risk Strategies, 2024).
- **County Assessment:**
  - The County has conducted a review of alternative scenarios to mitigate the impact of escalating insurance premiums. The following options were considered:
    - **Reducing GL insurance requirements** from \$10 million to \$5 million.
    - **Pursuing cooperative insurance pools or self-insurance models.**
    - However, these alternatives were deemed either impractical or insufficient to maintain adequate liability coverage for the County and its contractors.
  - **Maintaining \$10 million in GL coverage** ensures compliance with industry standards and mitigates potential **liability exposure** stemming from past incidents. This is crucial to ensure that the County's transit operations remain both safe and compliant.

#### **IV. Financial Implications**

The proposed compensation adjustment represents a significant, but necessary, increase to sustain uninterrupted transit operations while addressing escalating vendor costs. The County has implemented proactive measures to manage insurance costs, including:

1. Encouraging **Paratransit Services** to pursue further **negotiations with insurers** to obtain more favorable terms, in an effort to reduce premium increases in the future.
2. Collaborating with the vendor to develop and implement **safety and risk management programs** aimed at reducing the long-term risk exposure and minimizing future cost escalations.

#### **V. Conclusion**

The County's review confirms that the requested compensation adjustment is reasonable, justified, and consistent with market trends. This amendment underscores the County's commitment to ensuring reliable and high-quality transit services while providing necessary support to the vendor in light of the unforeseen financial challenges posed by increasing insurance premiums. We request the **FTA's review and approval** of this compensatory adjustment to ensure the continued sustainability and effectiveness of the **Tehama Rural Area eXpress (TRAX)**.

## References:

1. **INSURICA.** "2024 Midyear Market Outlook: General Liability Insurance." *INSURICA*, 2024. Accessed 7 Jan. 2025. <https://insurica.com/blog/2024-midyear-market-outlook-general-liability-insurance/>.
2. **Risk Strategies.** "State of the Insurance Market | 2024 Initial Outlook | Casualty Insurance." *Risk Strategies*, 2024. Accessed 7 Jan. 2025. <https://www.risk-strategies.com/state-of-the-insurance-market-report-2024-initial-outlook-casualty-insurance>.
3. **Chivaroli & Associates.** "General Liability Insurance Rates Could Spike in 2024." *Chivaroli & Associates*, 2024. Accessed 7 Jan. 2025. <https://chivaroli.com/industry-leaders-discuss-potential-spike-in-general-liability-insurance-rates/>.
4. **CBIZ.** "Outlook into the General Liability Insurance Market." *CBIZ*, 2024. Accessed 7 Jan. 2025. <https://www.cbiz.com/insights/articles/article-details/outlook-into-the-general-liability-insurance-coverage-market-property-casualty>.
5. **Risk & Insurance.** "The State of the Insurance Market: What's in Store for 2025." *Risk & Insurance*, 2024. Accessed 7 Jan. 2025. <https://riskandinsurance.com/sponsored-the-state-of-the-insurance-market-whats-in-store-for-2025/>.



Providing quality coordinated transportation and community services that meet the needs of the people we are entrusted to serve.

To: Jim Simon, Tehama County Director of Public Works
From: Christie Scheffer, EVP/COO Paratransit Services
Date: August 13, 2024
CC: David Baker, President CEO; Jesica Riske-Gomez, Deputy Director
RE: Risk Mitigation Efforts

Paratransit Services' highest priorities are Safety and eliminating risk in every way possible. We have implemented many measures designed to achieve these goals and have diligently worked to reduce loss over many years. Because of this, we have seen continued reduction in loss over the past five years. Below is a table detailing our loss history:

Table with 3 columns: Year, Loss Count, Loss Ratio. Rows include 19/20 (67, 130%), 20/21 (56, 81%), 21/22 (54, 35%), 22/23 (30, 119%), and 23/24 (28, 13%). Includes notes about high cost claims at Lake Operations and other CA sites.

With Q1 and Q2 completed in 2024, we have 6 sites that are preventable-free, and of the preventable events companywide, have had 7 vehicle-related preventable events and 2 workers comp related incidents. We are continuing the trend of decreasing preventable events!

Risk Mitigation Efforts

Target Zero Safety Program: In January 2023, we launched the Target Zero Safety Program which dramatically reduced our loss ratio. These are the key elements of this program:

- Leaders model the passion and commitment to the 100% preventable-free goal.
Reaffirm our open door policy making it easy for employees to communicate safety concerns.
All staff are included in this campaign.
Following a preventable loss, the employee goes through a series of corrective measures: they receive a Corrective Action, a Driver Skills Assessment (DSA), retraining and a review and re-signing of the Vehicle Risk Management Standards Evaluation Process.
Daily Safety Announcements made throughout the day by dispatch.

- Pre-trip Vehicle Damage Reports must be turned into a locked drop box and returned to Dispatch before leaving the yard to maintain accountability.
- Annual Safe Driver awards.
- The New Hire process emphasizes the top priority of safety.
  - Review the Paratransit Services Target Zero video
  - Sign the Target Safety pledge
  - Receive a Target Zero pin & pledge card.
- Quarterly newsletters featuring employees that have improved safety in the workplace, performed outstanding customer service or relied on their training to avoid a preventable event. On the back of the newsletter, all staff are listed in the 'Target Zero Hall of Fame' if they've been preventable collision-free, preventable incident-free or workplace injury-free, regardless of their position, for that quarter regardless of their position
- Banners- each site achieving the quarterly 100% preventable-free goal receives a banner for their wall. A special annual banner is also provided for completing the entire year 100% preventable-free.
- An annual site-specific picture gallery is sent to each site honoring the employees achieving the goal of being 100% preventable-free.

Corporate level review of every preventable and non-preventable collision or incident: Paratransit Services utilizes the effective guidelines of the National Safety Council to administer incident/collision assessments to determine Preventability vs. Non-Preventability. This Preventable / Non-Preventable assessment is used in conjunction with our Vehicle Risk Management Standards to determine if a driver is no longer authorized to drive. The process involves oversight and review at multiple levels of the company, from the local General Manager to the corporate Risk Manager, HR Manager, HR Director, and Director of Safety, Training and Operations. In the rare event a preventability determination is appealed, Paratransit Services asks for a review by the National Safety Council for a final determination.

Vehicle Risk Management Standards: Paratransit Services adheres to very strict Vehicle Risk Management Standards that are signed by all employees that operate a vehicle, both in or out of revenue service. These standards are reviewed and signed for again, in the event of a preventable collision or incident. *(See Attached)*

Disciplinary Process: Following a preventable loss the employee goes through a series of corrective measures. They receive a Corrective Action, a Driver Skills Assessment (DSA), retraining and a review and re-signing of the Vehicle Risk Management Standards Evaluation Process.

Training: Paratransit Services makes a significant investment in employees with regards to training both newly hired employees and veteran employees. Here is a brief overview:

- Initial Classroom minimum: 46 hours
- Pre-licensing Verification of Transit Training (VTT) Behind the Wheel (BTW) Training Hours: 20 hours
- Pre-Trip: 7 hours
- Post-licensing BTW: 30-40 or to proficiency
- Annual Re-Training: 6.75 Hours
- Biennial Re-Training: 12 Hours
- Quarterly Safety Meetings: 4-8 hours annually

Assessments: Current Assessments per employee: 9 total Assessments

- Driving Skills Assessment
- Pre-Trip Assessment
- Mobility Device Securement Assessment
- Video Skills Assessment (Quarterly)
- Unobserved Assessment
- Road Check

Passenger-Specific Risk Mitigation Strategies for Enhanced Safety: Ensuring the safety of all our customers is a fundamental goal at Paratransit Services. We have implemented a range of risk mitigation strategies tailored to the specific needs of our passengers. These strategies aim to reduce the risk of accidents and injuries, making every journey safer and more comfortable.

- Boarding Belts Boarding - The boarding belts help prevent falls and sliding out of mobility devices, providing a handle to steady passengers who might feel unbalanced. This measure ensures passengers can board and alight securely, minimizing potential hazards.
- Tether Loop Program - The Tether Loop Program offers secure anchor points for mobility devices, ensuring stability during transit. This program is crucial for preventing injuries caused by sudden stops or sharp turns.
- Mandatory Seat Belts - Mandating seat belts for both vehicle seats and users of mobility devices is vital. Seat belts reduce the risk of injury in collisions or sudden stops. All passengers, including those using mobility devices, must be securely fastened to enhance overall safety.
- Proper Securement of Mobility Devices - Ensuring that wheelchairs, scooters, and other devices are securely fastened prevents them from moving and causing accidents. Designated securement areas and proper training on securement techniques are key components of this strategy.
- Roller Carts and Walkers - Securing roller carts and walkers during transit prevents them from moving or tipping over, reducing the risk of tripping hazards and injuries. Providing specific areas and securing mechanisms ensures a safer environment for all passengers. Auditory Reminders Auditory reminders to "watch your step" and "hold onto the handrail" help ensure passengers are aware of potential hazards and take necessary precautions. This simple yet effective strategy greatly reduces the incidence of slips and falls.
- Distracted Driving - Distracted driving is a significant threat to the safety of our passengers and drivers alike. It refers to any activity that diverts attention from driving, such as talking or texting on your phone, eating and drinking, deep conversations with people in your vehicle, or fiddling with the stereo. As one of the leading causes of traffic accidents today, distracted driving results in severe injuries and fatalities, posing a danger not only to the driver but also to passengers and pedestrians. Distracted drivers have delayed reaction times, making it harder to avoid sudden obstacles or changes in traffic conditions. They are less likely to notice important road signs, signals, and changes in the driving environment, and even taking their eyes off the road for a few seconds can result in a loss of control over the vehicle, leading to accidents.

To mitigate these risks, we have implemented several strategies aimed at enhancing the safety of our passengers and drivers. These include continuous education and training programs emphasizing the dangers of distracted driving, strict policies prohibiting the use of handheld

devices while driving, installing technology to monitor driving behaviors and provide feedback, and actively promoting awareness about the dangers of distracted driving through our internal communications. By addressing distracted driving, we aim to create a safer travel environment for everyone, complementing our other risk mitigation strategies.

- Road Hazard Recognition-Awareness of road hazards is crucial for preventing accidents and ensuring passenger safety. Drivers are trained to recognize and respond to potential road hazards, such as uneven surfaces, debris, and adverse weather conditions. By staying vigilant and proactive, drivers can navigate safely and minimize risks to passengers.
- Excellent Customer Service - Excellent customer service is a cornerstone of our safety strategy. Drivers and staff are trained to assist passengers with varying needs, providing support and information to ensure a safe and comfortable journey. Whether it's helping with boarding, answering questions, or addressing concerns, our team is dedicated to enhancing the passenger experience.
- Curb Alignment - Pulling into the curb to eliminate the gap between the curb and the step of the bus is a crucial measure for enhancing passenger safety. A gap can pose a significant risk, especially for elderly passengers, individuals with disabilities, and those carrying heavy loads. By ensuring a seamless transition between the curb and the vehicle, this strategy reduces the risk of trips and falls, making boarding and alighting safer for all passengers.

By implementing these targeted risk mitigation strategies, we aim to create a safer and more secure transportation environment. From boarding belts and tether loops to mandatory seat belts, auditory reminders, and enhanced customer service, each measure plays a vital role in protecting our people.

We continually look for additional ways to motivate staff and enhance safety measures with each passing month. We strive to continue to support the vision and excitement for this goal among all teams. The sites have become very creative in finding new ways to keep this focus on safety fresh and an exciting team goal! At the time of this writing 6 of transit operations out 9, are 100% preventable collision or incident free for the year 2024. Our programs are working! Together, we can achieve our goal of zero incidents and ensure that every journey is a safe one.

I. Proposal Form A

Proposal Form

A. Price Proposal	Year 1 (8mo)	Year 2	Year 3	Year 4	Year 5	Year 6	Year 6	Year 7	Year 8	Year 9
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Jun-24	7.1.24 - 6.30.25	FY 25/26	FY 26/27	FY 27/28
<b>Forecast</b>	0.00%	0.00%	2.50%	3.00%	3.00%	3.25%	3.25%	3.50%	3.75%	4.00%
Service Level	15,637	23,456	23,456	23,456	23,456	1,955	21,501	23,456	23,456	23,456
Vehicle Revenue Service Hours	Hours ±20%	Hours ±20%	Hours ±20%	Hours ±20%	Hours ±20%	Hours ±20%				
Price Formula										
Fixed Hourly Rate	\$ 32.63	\$ 32.63	\$ 33.45	\$ 34.46	\$ 35.49	\$ 36.64	\$ 36.64	\$ 37.92	\$ 36.33	\$ 37.78
Fixed Monthly Rate	\$ 63,679	\$ 63,679	\$ 65,271	\$ 67,219	\$ 69,236	\$ 71,486	\$ 99,538	\$ 103,022	\$ 106,885	\$ 111,160
Calculation of Maximum Annual Cost										
Fixed Hourly Rate X Vehicle Revenue Hours	\$ 510,219.67	\$ 765,369.28	\$ 784,626.66	\$ 808,176.48	\$ 832,359.62	\$ 71,631.20	\$ 787,796.64	\$ 889,498.43	\$ 852,133.02	\$ 886,214.59
Fixed Monthly Rate X 12 Months	\$ 509,429.36	\$ 764,144.04	\$ 783,247.92	\$ 806,631.48	\$ 830,830.20	\$ 71,485.98	\$ 1,094,916.78	\$ 1,236,260.40	\$ 1,282,620.00	\$ 1,333,925.16
<b>TOTAL MAXIMUM ANNUAL COST</b>	<b>\$ 1,019,649.03</b>	<b>\$ 1,529,513.32</b>	<b>\$ 1,567,874.58</b>	<b>\$ 1,614,807.96</b>	<b>\$ 1,663,189.82</b>	<b>\$ 143,117.18</b>	<b>\$ 1,882,713.42</b>	<b>\$ 2,125,758.83</b>	<b>\$ 2,134,753.02</b>	<b>\$ 2,220,139.75</b>
<b>Cost per Revenue Service Hour</b>	<b>\$ 65.21</b>	<b>\$ 65.21</b>	<b>\$ 66.84</b>	<b>\$ 68.84</b>	<b>\$ 70.91</b>	<b>\$ 73.21</b>	<b>\$ 87.56</b>	<b>\$ 90.63</b>	<b>\$ 91.01</b>	<b>\$ 94.65</b>
					<b>Yr 6 Annualized \$ 1,717,259.60</b>		<b>\$ 2,025,830.60</b>	<b>Adjusted Yr 6</b>		
							<b>\$ 308,571.00</b>	<b>Variance</b>		

The below items are excluded from the above-mentioned annual not to exceed amount.

- Fuel costs will be reimbursed by COUNTY at CONTRACTOR's actual cost as set forth in the RFP section 3.16
- Engine, transmission, or differential replacement or major overhaul, as directed by COUNTY, will be reimbursed by COUNTY at CONTRACTOR's actual cost as set forth in the RFP section 3.10
- CONTRACTOR shall reimburse METS volunteers at the IRS mileage rate for all miles driven under the METS program. COUNTY will reimburse CONTRACTOR for the actual amount of all mileage reimbursements made to volunteers under this subsection.
- CONTRACTOR will reimburse CONTRACTOR for the actual cost of any meals provided to METS volunteers at the quarterly METS safety meeting.
- CONTRACTOR will reimburse CONTRACTOR for the actual cost of obtaining any additional liability or workers compensation insurance related to the METS program (beyond the insurance required under Section 6.19).
- For technical transit planning requested by COUNTY under Section 3.01, CONTRACTOR shall be compensated at the "Fixed Hourly Rate" set forth in Proposal Form "A".
- For mobility training as set forth in the RFP, CONTRACTOR shall be compensated at the "Fixed Hourly Rate" set forth in Proposal Form "A".
- Costs and/or charges for relocation to a future facility are not covered under this Agreement and will not be reimbursed or otherwise paid by the COUNTY unless this Agreement is amended to provide for such payment.
- If the COUNTY requires additional General Liability Insurance and/or Automobile Insurance liability insurance (beyond the insurance required under Section 6.19), COUNTY will reimburse CONTRACTOR for the incremental actual cost of obtaining such additional insurance.

Offeror: Paratransit Services

Address: 4810 Auto Center Way, Ste. Z  
Bremerton, WA 98367

Title: President/CEO

Phone: 360-377-7176

Fax: 360-620-0449

Date: 1/7/2025

E-mail: dwb@paratransit.net

Signature: \_\_\_\_\_

**B. Budget Breakdown**

**1. FIXED HOURLY RATE**

	<b>Projected Forecast</b>	<b>0.00%</b>	<b>2.50%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.25%</b>	<b>3.25%</b>	<b>3.50%</b>	<b>3.75%</b>	<b>4.00%</b>	
Year One 8 months-- 19/20	Average Cost Per Hour Year One (2019/20)	Average Cost Per Hour Year Two (2020/21)	Average Cost Per Hour Year Three (2021/22)	Average Cost Per Hour Year Four (2022/23)	Average Cost Per Hour Year Five (2023/24)	Average Cost Per Hour Year Six (June 2024)	Average Cost Per Hour Year Six (7.2024/25)	Average Cost Per Hour Year Seven (2025/26)	Average Cost Per Hour Year Eight (2026/27)	Average Cost Per Hour Year Nine (2027/28)	
Fixed Hourly Rate Cost Elements Also Applies to Special Services											
Driver Wages	313,193	20.03	20.03	20.53	21.15	21.78	22.49	22.49	23.28	24.15	25.12
Driver Health Insurance	25,801	1.65	1.65	1.69	1.74	1.79	1.85	1.85	1.92	1.59	1.66
Driver Life Insurance	inc	inc	inc	inc	inc	inc	inc	inc	inc	inc	inc
Vehicle Maintenance Costs											
Prev Maint Parts/Supplies	7,975	0.51	0.51	0.52	0.54	0.55	0.57	0.57	0.59	0.49	0.51
Vehicle Repair Parts/Supplies	30,179	1.93	1.93	1.98	2.04	2.10	2.17	2.17	2.24	1.87	1.94
Tires	7,662	0.49	0.49	0.50	0.52	0.53	0.55	0.55	0.57	0.47	0.49
Outside Repairs	2,189	0.14	0.14	0.14	0.14	0.15	0.15	0.15	0.16	0.13	0.14
Radio System Maint	3,753	0.24	0.24	0.25	0.26	0.27	0.28	0.28	0.29	0.23	0.24
Vehicle Cleaning	1,720	0.11	0.11	0.11	0.11	0.12	0.12	0.12	0.12	0.11	0.11
Licenses & Permits (GPPV)	2,189	0.14	0.14	0.14	0.14	0.15	0.15	0.15	0.16	0.13	0.14
Other Driver Fringes	60,984	3.90	3.90	4.00	4.12	4.24	4.38	4.38	4.54	3.78	3.93
Margin - Variable Rate	11,571	0.74	0.74	0.76	0.78	0.81	0.83	0.83	0.86	0.71	0.74
Driver Workers Comp	43,002	2.75	2.75	2.83	2.92	3.00	3.10	3.10	3.21	2.66	2.77
<b>TOTAL:</b>	<b>510,218</b>	<b>32.63</b>	<b>32.63</b>	<b>33.45</b>	<b>34.46</b>	<b>35.49</b>	<b>36.64</b>	<b>36.64</b>	<b>37.92</b>	<b>36.33</b>	<b>37.78</b>

**Proposal Form A**

**B. Budget Breakdown**

**2. FIXED MONTHLY RATE**

	<b>Projected Forecast</b>	<b>0.00%</b>	<b>2.50%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.25%</b>	<b>3.25%</b>	<b>3.50%</b>	<b>3.75%</b>	<b>4.00%</b>	
Year One 8 months-- 19/20	Average Cost Per Month Year One (2019/20)	Average Cost Per Month Year Two (2020/21)	Average Cost Per Month Year Three (2021/22)	Average Cost Per Month Year Four (2022/23)	Average Cost Per Month Year Five (2023/24)	Average Cost Per Month Year Six (June 2024)	Average Cost Per Month Year Six (7.2024/25)	Average Cost Per Month Year Seven (2025/26)	Average Cost Per Month Year Eight (2026/27)	Average Cost Per Month Year Nine (2027/28)	
Fixed Monthly Rate Cost Elements											
Project Manager Salary	49,390	6,174	6,174	6,328	6,518	6,713	6,932	6,932	7,174	7,443	7,741
Project Manager Fringes	12,637	1,580	1,580	1,619	1,668	1,718	1,773	1,773	1,836	1,904	1,981
Dispatch/Info. Staff Wages	57,426	7,178	7,178	7,358	7,578	7,806	8,059	8,059	8,342	8,654	9,001
Dispatch/Info. Staff Fringes	17,749	2,219	2,219	2,274	2,342	2,413	2,491	2,491	2,578	2,675	2,782
Clerical Staff Wages	67,357	8,420	8,420	8,630	8,889	9,156	9,453	9,453	9,784	10,151	10,557
Clerical Staff Fringes	19,598	2,450	2,450	2,511	2,586	2,664	2,750	2,750	2,847	2,953	3,072
Maint Supervisor Salary	48,819	6,102	6,102	6,255	6,443	6,636	6,852	6,852	7,091	7,357	7,652
Maint Supervisor Fringes	12,533	1,567	1,567	1,606	1,654	1,704	1,759	1,759	1,821	1,889	1,964
Mechanic Wages	37,251	4,656	4,656	4,773	4,916	5,063	5,228	5,228	5,411	5,614	5,838
Mechanic Fringes	10,444	1,306	1,306	1,338	1,378	1,420	1,466	1,466	1,517	1,574	1,637
Other Maint Wages	7,574	947	947	970	875	901	931	931	963	999	1,039

**B. Budget Breakdown**

Confidential

	Year One 8 months-- 19/20	Average Cost Per Month Year One (2019/20)	Average Cost Per Month Year Two (2020/21)	Average Cost Per Month Year Three (2021/22)	Average Cost Per Month Year Four (2022/23)	Average Cost Per Month Year Five (2023/24)	Average Cost Per Month Year Six (June 2024)	Average Cost Per Month Year Six (7.2024/25)	Average Cost Per Month Year Seven (2025/26)	Average Cost Per Month Year Eight (2026/27)	Average Cost Per Month Year Nine (2027/28)
Other Maint Fringes	1,371	171	171	176	200	206	213	213	220	228	237
Other Wages	0	0	0	0	0	0	0	0	0	0	0
Other Fringes	0	0	0	0	0	0	0	0	0	0	0
Hiring/Training Expenses	1,196	149	149	153	158	163	168	168	174	180	187
Safety Expenses	2,312	289	289	296	305	314	325	325	336	348	362
Building Rentals	0	0	0	0	0	0	0	0	0	0	0
Janitorial	4,577	572	572	586	604	622	642	642	665	690	717
Utilities	12,445	1,556	1,556	1,595	1,738	1,791	1,849	1,849	1,913	1,985	2,065
Telephone	7,294	912	912	935	963	992	1,024	1,024	1,060	1,099	1,143
Office Supplies	6,599	825	825	845	871	897	926	926	958	994	1,034
Insurance - Liability/Property	1,592	199	199	204	210	216	223	1,245	1,289	1,337	1,391
Insurance - Collision/Comp	42,112	5,264	5,264	5,396	5,557	5,724	5,910	32,940	34,093	35,371	36,786
Worker's Comp (Admin/Dispatch)	8,672	1,084	1,084	1,111	1,144	1,179	1,217	1,217	1,260	1,307	1,359
Insurance Fire & Casualty	460	58	58	59	61	63	65	65	67	69	72
Performance Bond	1,907	238	238	244	252	259	268	268	277	287	299
General & Administrative Support											
Senior Management	18,302	2,288	2,288	2,345	2,415	2,488	2,569	2,569	2,658	2,758	2,868
Accounting	4,840	605	605	620	639	658	679	679	703	729	759
Human Resources & Payroll	3,234	404	404	414	427	440	454	454	470	487	507
Training	2,704	338	338	346	357	368	380	380	393	408	424
Technical Services Support	2,971	371	371	381	392	404	417	417	432	448	466
Business Development Mgt	2,604	325	325	334	344	354	365	365	378	392	408
Corporate Support/Clerical	7,073	884	884	906	933	961	993	993	1,027	1,066	1,109
Non-Revenue Vehicle Expense	0	0	0	0	0	0	0	0	0	0	0
Other Expense	954	119	119	122	126	130	134	134	139	144	149
Margin - Fixed Rate	13,284	1,661	1,661	1,702	1,753	1,806	1,864	1,864	1,930	2,002	2,082
Other:											
Uniforms	2,689	336	336	345	355	366	377	377	391	405	421
Employee Welfare	4,005	501	501	513	529	544	562	562	582	604	628
Travel/Conferences	5,840	730	730	748	771	794	820	820	848	880	915
Employee Incentive Program	8,157	1,020	1,020	1,045	1,076	1,109	1,145	1,145	1,185	1,229	1,278
Office Equip Capitalization	1,039	130	130	133	137	141	146	146	151	157	163
Lift Maintenance Contract	0	0	0	0	0	0	0	0	0	0	0
Property & Use Taxes	420	52	52	54	55	57	59	59	61	63	66
Environmental Fees	0	0	0	0	0	0	0	0	0	0	0
Shop Equipment Capitalization	0	0	0	0	0	0	0	0	0	0	0
Start-Up Costs	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL:</b>	<b>509,431</b>	<b>63,679</b>	<b>63,679</b>	<b>65,271</b>	<b>67,219</b>	<b>69,236</b>	<b>71,486</b>	<b>99,538</b>	<b>103,022</b>	<b>106,885</b>	<b>111,160</b>

Officer: Paratransit Services

Address: 4810 Auto Center Way, Ste. Z  
Bremerton, WA 98367

Title: President/CEO

Phone: 360-377-7176

Fax: 360-620-0449

Date: 1/7/2025

E-mail: jtw@paratransit.net

Signature: \_\_\_\_\_

**Lake Transit Authority  
Market Survey for Contract Option Year 5 (2024/2025)  
June 24, 2024**

*Background*

The Lake Transit Authority’s (LTA) management, operations, and maintenance services for its public transit system are conducted through contracted services. In 2017, LTA completed a competitive process to procure operating and maintenance services, which was reviewed by the Caltrans Federal Transit Procurement Branch. On April 28, 2017, Lake Transit Authority entered into a contract with Paratransit Services, Inc. effective May 1, 2017 through June 30, 2020, structured with a three-year base term and five option years.

The contract, No. 71720, offered two choices if services were to be extended: (1) the percentage annual increase in the U.S. Average Consumer Price index (CPI-U) for the most recently concluded calendar year, or (2) a percentage equal to seventy percent (70%) of the percentage increase in the state minimum wage for the calendar year in which the option term will commence, whichever is higher.

For the upcoming (fifth) extension, utilizing the CPI-U increase was the higher of the two options with a 3.4% CPI-U increase for the 2023 calendar year. As such, Paratransit Services, Inc. submitted a proposal reflecting that increase as well as an additional increase to cover unexpected increases in insurance costs.

The 2017 contract and subsequent one-year extensions had the following fee structure:

<b>Dates for which Rates are Effective</b>	<b>Fixed Hourly Rate</b>	<b>Fixed Monthly Rate</b>	<b>Fixed Rate per Bus Stop</b>	<b>Total Annual Maximum</b>
2017/Year 1 (14 Months)	\$31.29	\$84,928.72	\$15.86	\$2,680,587.56
2018/Year 2	\$31.92	\$86,631.00	\$16.18	\$2,342,971.92
2019/Year 3	\$32.56	\$88,361.00	\$16.50	\$2,389,858.00
2020/Year 1 – Option Term	\$34.16	\$91,679.00	\$16.83	\$2,494,216.52
2021/Year 2 – Option Term	\$35.81	\$95,519.00	\$17.54	\$2,607,463.76
2022/Year 3 – Option Term	\$38.32	\$102,210.00	\$18.77	\$2,790,177.88
2023/Year 4 – Option Term	\$40.80	\$108,854.00	\$19.99	\$2,971,111.56
2024/Year 5 – Proposed	\$42.19	\$145,906.67	\$20.67	\$3,472,461.48

*Analysis*

Lake Transit Authority (LTA) conducted a market survey to ensure that the prices in the proposed option for FY 2024/2025 are still the best attainable. LTA reached out to several transit agencies across the state that utilize contractors to run their day-to-day operations.

LTA received data from five agencies with fleet sizes ranging between 13 and 51 vehicles. The agencies provide service throughout their respective counties. For four agencies, the fixed monthly rates range from \$31,855 and \$182,173, and the fixed hourly rates range from \$40.49 to \$52.16. The fifth agency only has a fixed hourly rate of \$94.72. For this market survey, LTA staff also contacted Paratransit Services, Inc. to request rates from some of their clients in the State of California.

Since the service areas, fleet sizes, and rates vary so much from agency to agency, LTA determined that the best metric to use for cost comparisons was cost per vehicle revenue hour (VRH). Using vehicle revenue hour data provided by the agencies, the cost/VRH ranges from \$62.90 to \$103.76 (see attached spreadsheet), with a cost of \$85.96 for LTA using the prices in the proposed option.

	Service Hours	Monthly Fixed Rate	Hourly Fixed Rate	Annual Cost	Average Cost/Vehicle Revenue Hour
<b>Lake Transit</b>	40,000	\$145,906.67	\$42.19	\$3,438,480.04	\$85.96
<b>San Benito Local Transit Authority</b>	18,969	\$31,855.00	\$42.75	\$1,193,184.75	\$62.90
<b>Tehama Rural Area Express</b>	23,456	\$33,140.97	\$46.58	\$1,490,272.12	\$63.53
<b>Calaveras County</b>	11,824	\$37,212.79	\$39.14	\$909,344.84	\$76.91
<b>Truckee</b>	10,512	\$33,140.97	\$46.58	\$887,340.60	\$84.41
<b>Redding Area Bus Authority</b>	57,220	\$182,173.00	\$46.80	\$4,863,972.00	\$85.00
<b>Redwood Coast Transit Authority</b>	15,925	\$1,462,831.25	\$40.49	\$1,462,831.25	\$91.86
<b>Butte Regional Transit</b>	94,632	\$0	\$94.72	\$8,963,543.04	\$94.72
<b>Nevada County</b>	18,400	\$77,880.00	\$52.16	\$1,894,304.00	\$102.95
<b>Lassen County</b>	11,000	\$53,366.00	\$45.54	\$1,141,332.00	\$103.76

*Conclusion*

Based on the market survey data, LTA believes that the prices in the proposed option in year five of the Paratransit Services Proposal are fair and reasonable and still the best attainable for our agency.

Should you have questions about the market survey conducted by Lake Transit Authority, please do not hesitate to contact me at your earliest convenience. LTA's existing contract option ends June 30, 2024, and avoiding any disruption to service in Lake County is of the utmost importance to Lake Transit Authority.

Sincerely,

Lisa Davey-Bates, Executive Director  
Lake Transit Authority

/ldb

**23-24 TEHAMA INSURANCE BREAKOUT**

Carrier	Coverage	Coverage Amount	Premium
NPIP	Auto Liability, Auto Physical Damage	\$5M	\$ 123,140
	Taxes, Fees, Finance Charge %		\$ 3,671
General Star	Excess Liability (Auto)	\$5M	\$ 57,500
	Taxes and Fees		\$ 3,829
	<b>SUBTOTAL AUTO</b>		<b>\$ 188,140</b>
Kinsale	Excess Liability (GL)	\$10M x \$5M	\$ 25,000
	Taxes and Fees		\$ 1,678
Landmark American Insurance	Excess Liability (GL)	\$5M x \$15M	\$ 15,000
	Taxes and Fees		\$ 1,102
NPIP - American Alternative Ins	NPIP Property, Equip, DIC (Tehama 16.81%)		\$ 24,670
	NPIP GL, Crime (Tehama 3.70%)		\$ 909
	<b>SUBTOTAL GL AND OTHER</b>		<b>\$ 68,359</b>
	<b>GRAND TOTAL</b>		<b>\$ 256,498</b>

includes auto liability, comp, coll, non owned, UIM

Allocated based on SOV. Includes taxes and fees

Allocated based on Sq Ft. Includes taxes and fees

**Per Cost Proposal \$ 330,882.82** Current total x 29%

Auto Breakout  
(Excess included  
in premium)

Veh Nbr	VIN	YR	Veh Description	Total Vehicle Premium	Current Vehicle Use	Current Vehicle Count
06	1FAFP5528YG144451	2000	Ford Taurus	\$ 3,188	Admin	1
RB-1	1GBDV13W28D151438	2008	Chevy Uplander	\$ 3,188	Admin	1
SV-4	1G1AD5F50A7163323	2010	Chevy Colbalt 4 Door	\$ 3,188	Admin	1
SV-2	1B7HC13Y71J555301	2001	Dodge Ram 1500 Pick Up Truck	\$ 3,188	Shop	1
971	1FDFF4FSXJDC07562	2018	Ford E450	\$ 1,757	Backup	1
972	1FDFF4FS0JDC07568	2018	Ford E450	\$ 1,757	Backup	1
973	1FDFF4FS4JDC41626	2018	Ford E-450 Glaval	\$ 1,688	Backup	1
968	1FDFF4FS4HDC10211	2016	Ford E450	\$ 4,437	Full OPS	1
974	1FDFF4FS4JDC41609	2018	Ford E-450 Glaval	\$ 11,288	Full OPS	1
975	1FDFF4FS4KDC68987	2020	Ford E450	\$ 11,787	Full OPS	1
976	1FDFF4FS4KDC68990	2020	Ford E450	\$ 11,787	Full OPS	1
977	1FDES6PG8LKB31820	2020	Ford Transit T-350 HD	\$ 3,789	Full OPS	1
978	1FDES6PG1LKB31822	2020	Ford Transit T-350 HD	\$ 3,789	Full OPS	1
979	1FDES6PG6LKB31816	2020	Ford Transit T-350 HD	\$ 11,541	Full OPS	1
980	4UZAARFDXMCMT5275	2021	Freightliner S2C	\$ 12,759	Full OPS	1
981	1FDVU4XG3NKA23994	2022	Ford Transit 350 EL	\$ 5,156	Full OPS	1
T-1	1F66F5DN8L0A04896	2020	Ford Super Duty DRW F53 (Trolley Bus)	\$ 13,734	Full OPS	1
T-2	1F66F5DN3L0A04899	2020	Ford Super Duty DRW F53	\$ 13,734	Full OPS	1
970	2C7WDGBG0HR838633	2017	Dodge Grand Caravan	\$ -	OS NOT PERM	0
966	1FDFF4FS6EDA60470	2014	Ford E-450	\$ -	OS NOT PERM	0
RB-2	1GBDV13W78D151905	2008	Chevy Uplander	\$ -	OS PERM	0
				\$ 121,753		18

Non Owned	\$ 61
UIM	\$ 1,326
Finance Fees	\$ 3,671
<b>SUBTOTAL</b>	<b>\$ 126,811</b>
Excess + Tax, Fees	\$ 61,329
<b>GRAND TOTAL</b>	<b>\$ 188,140</b>

(A) + (B)

OTHER EXCESS



20 South King Street  
Leesburg, VA 20175

Phone: (703)777-2341  
Web Address www.ahtins.com

Invoice # 141228	Page 1 of 1
Account Number	Date
PARASER-01	6/5/2023
BALANCE DUE ON	
6/5/2023	
AMOUNT PAID	Amount Due

Paratransit Services  
4810 Auto Center Way, Suite Z  
Bremerton, WA 98312

See below  
for payment options

Paratransit Services

Excess Liability	PolicyNumber: 0100102634-4	Effective 6/1/2023 to 6/1/2024
------------------	----------------------------	--------------------------------

Item #	Trans Eff Date	Due Date	Trans	Description	Amount
2842328	6/1/2023	6/5/2023	RENB	Renewal of Commercial Excess - Red Bluff 10x5 Effective 6	\$25,000.00
2842329	6/1/2023	6/5/2023	CFEE	Company Taxes & Fees for Commercial Excess - Red Bluff	\$1,677.95

Cyber Liability	PolicyNumber: D98218907	Effective 6/1/2023 to 6/1/2024
-----------------	-------------------------	--------------------------------

Item #	Trans Eff Date	Due Date	Trans	Description	Amount
2842323	6/1/2023	6/5/2023	RENB	Renewal of Cyber Liability Effective 6/1/2023	

Excess Liability	PolicyNumber: IXG932272D	Effective 6/1/2023 to 6/1/2024
------------------	--------------------------	--------------------------------

Item #	Trans Eff Date	Due Date	Trans	Description	Amount
2842334	6/1/2023	6/5/2023	RENB	Renewal of Excess Auto (Red Bluff) 5x5 Effective 6/1/2023	\$57,500.00
2842335	6/1/2023	6/5/2023	CFEE	Company Taxes & Fees for Excess Auto (Red Bluff) 5x5	\$3,828.50

Excess Liability	PolicyNumber: LHA102652	Effective 6/1/2023 to 6/1/2024
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Item #	Trans Eff Date	Due Date	Trans	Description	Amount
2842330	6/1/2023	6/5/2023	RENB	Renewal of Commercial Excess - Red Bluff 5x15 Effective 6	\$15,000.00
2842331	6/1/2023	6/5/2023	CFEE	Company Taxes & Fees for Commercial Excess - Red Bluff	\$1,102.00

Commercial Package	PolicyNumber: N1-A2-RL-0000013-14	Effective 6/1/2023 to 6/1/2024
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Item #	Trans Eff Date	Due Date	Trans	Description	Amount
2842321	6/1/2023	6/5/2023	RENB	Renewal of Commercial Package Effective 6/1/2023	

Total Invoice Balance:

Payment Options



ONLINE - Credit Card and ACH  
3-5 Business days to process  
<https://ahtins.epaypolicy.com/>

NEW



MAIL - Checks  
Make checks payable to:  
20 South King Street  
Leesburg, VA 20175



TRANSFERS - Wire  
Same-day processing  
Contact your Account Manager for details

Allocation calculations

**Paratransit Services  
Insurance Program Renewal - Selected Coverages  
June 1, 2023 - June 1, 2024**

Coverage	2023 - 2024		Tehama Allocation
	Premium	Total	
Property	\$ 91,906		
DIC	\$ 51,266		
Equipment Breakdown	\$ 3,587	\$ 146,760	\$ 24,670 * <b>(E)</b>
General Liability	\$ 17,876		
Crime	\$ 6,679	\$ 24,555	\$ 909 ** <b>(F)</b>

**(E)** \* Prop/DIC/Equip is allocated by the Statement of Values for each site. For Tehama, the percentage of the SOV is 16.81%.  
 $\$146,760 * 16.81\% = \$24,670$

**(F)** \*\* GL/Crime is allocated by square footage. For Tehama, the percentage of square footage is 3.70%.  
 $\$24,555 * 3.70\% = \$909$

Coverage	Major Coverage	Policy Year	Event Date	Date Closed	Site	Accident City	Accident State	Event Description	Pool Paid	Member Deductible / Collection	Pool Reserve Balance	Pool Incurred Sum	Reinsurance Paid	Reinsurance Incurred	Grand Total	Ground Up Total
Physical Damage - Collision	Property	2019-2020	1/7/2020	1/17/2024	Red Bluff	Gerber	California	OV hit IV	\$41,640	\$0	\$0	\$41,640	\$0	\$0	\$41,640	\$41,640
Under Insured and Uninsured Motorist	Business Auto	2019-2020	1/7/2020	8/3/2022	Red Bluff	Red Bluff	California	OV hit IV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Under Insured and Uninsured Motorist	Business Auto	2019-2020	1/7/2020	11/22/2023	Red Bluff	Red Bluff	California	OV hit IV	\$759	\$0	\$0	\$759	\$255,000	\$255,000	\$255,759	\$255,759
Under Insured and Uninsured Motorist	Business Auto	2019-2020	1/7/2020	6/30/2023	Red Bluff	Red Bluff	California	OV hit IV	\$759	\$0	\$0	\$759	\$7,500	\$7,500	\$8,259	\$8,259
Under Insured and Uninsured Motorist	Business Auto	2019-2020	1/7/2020	5/15/2024	Red Bluff	Red Bluff	California	OV hit IV	\$6,942	\$0	\$0	\$6,942	\$168,101	\$168,101	\$175,043	\$175,043
Under Insured and Uninsured Motorist	Business Auto	2019-2020	1/7/2020	10/17/2023	Red Bluff	Red Bluff	California	OV hit IV	\$0	\$0	\$0	\$0	\$190,759	\$190,759	\$190,759	\$190,759
Auto Liability	Business Auto	2020-2021	6/13/2020	7/28/2020	Red Bluff	Red Bluff	California	IV backed into OV	\$1,333	\$1,333	\$0	\$0	\$0	\$0	\$1,333	\$1,333
Physical Damage - Collision	Property	2020-2021	6/13/2020	6/29/2020	Red Bluff	Red Bluff	California	IV backed into OV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Physical Damage - Collision	Property	2020-2021	6/18/2020	12/1/2020	Red Bluff	Red Bluff	California	OV rear-ended IV	\$557	\$0	\$0	\$557	\$0	\$0	\$557	\$557
Physical Damage - Collision	Property	2020-2021	7/13/2020	11/2/2020	Red Bluff	Corning	California	IV hit concrete light pole	\$20,215	\$2,222	\$0	\$17,994	\$0	\$0	\$17,994	\$20,215
Auto Liability	Business Auto	2020-2021	9/11/2020	4/28/2021	Red Bluff	Red Bluff	California	IV backed into OV	\$3,204	\$2,500	\$0	\$704	\$0	\$0	\$704	\$3,204
Physical Damage - Collision	Property	2020-2021	9/11/2020	1/25/2021	Red Bluff	Red Bluff	California	IV backed into OV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Liability	General Liability	2020-2021	2/13/2021	7/18/2022	Red Bluff	Red Bluff	California	Rider upset about the questioning of coffee	\$3,450	\$0	\$0	\$3,450	\$0	\$0	\$3,450	\$3,450
Physical Damage - Collision	Property	2020-2021	3/12/2021	6/3/2021	Red Bluff	Red Bluff	California	IV hit cement end cap	\$9,166	\$2,500	\$0	\$6,666	\$0	\$0	\$6,666	\$9,166
Property	Property	2021-2022	6/21/2021	9/8/2021	Red Bluff	Red Bluff	California	Theft	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Auto Liability	Business Auto	2021-2022	8/16/2021	8/25/2021	Red Bluff	Corning	California	IV's mirror hit OV's mirror	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property	Property	2021-2022	8/16/2021	6/2/2022	Red Bluff	Corning	California	IV's mirror hit OV's mirror	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property	Property	2021-2022	9/24/2021	2/25/2022	Red Bluff	Red Bluff	California	Theft of IV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property	Property	2021-2022	10/5/2021	11/16/2021	Red Bluff	Red Bluff	California	Theft	\$2,757	\$2,500	\$0	\$257	\$0	\$0	\$257	\$2,757
Auto Liability	Business Auto	2021-2022	12/8/2021	7/22/2022	Red Bluff	Red Bluff	California	Claimant tipped over in wheelchair	\$759	\$759	\$0	\$0	\$0	\$0	\$0	\$759
Auto Liability	Business Auto	2021-2022	2/16/2022	11/3/2022	Red Bluff	Red Bluff	California	Claimant fell out of seat on IV	\$1,509	\$1,509	\$0	\$0	\$0	\$0	\$0	\$1,509
Auto Liability	Business Auto	2021-2022	2/22/2022	4/3/2023	Red Bluff	Red Bluff	California	Claimant injured on IV	\$759	\$0	\$0	\$759	\$0	\$0	\$759	\$759
Property	Property	2022-2023	7/23/2022	4/5/2023	Red Bluff	Red Bluff	California	OV hit IV	\$4,484	\$2,500	\$0	\$1,984	\$0	\$0	\$1,984	\$4,484
Auto Liability	Business Auto	2022-2023	1/18/2023	9/19/2023	Red Bluff	Red Bluff	California	IV hit OV	\$424	\$0	\$0	\$424	\$0	\$0	\$424	\$424
Auto Liability	Business Auto	2022-2023	5/3/2023	11/2/2023	Red Bluff	Cottonwood	California	OV hit IV	\$2,500	\$100	\$0	\$2,400	\$0	\$0	\$2,400	\$2,500
Property	Property	2022-2023	5/3/2023	11/22/2023	Red Bluff	Cottonwood	California	OV hit IV	\$17,147	\$2,500	\$0	\$14,647	\$0	\$0	\$14,647	\$17,147
Auto Liability	Business Auto	2023-2024	6/6/2023		Red Bluff	Red Bluff	California	Passenger fell from seat after hard brake	\$759	\$0	\$24,241	\$25,000	\$0	\$0	\$25,000	\$25,000
Property	Property	2023-2024	7/5/2023	10/3/2023	Red Bluff	Red Bluff	California	IV hit concrete guard	\$7,190	\$2,500	\$0	\$4,690	\$0	\$0	\$4,690	\$7,190
									\$126,312	\$20,922	\$24,241	\$129,630	\$621,360	\$621,360	\$752,323	\$771,913



# Paratransit Services Insurance Program Renewal Comparison

(Tehama County Only)

Coverage	2022 - 2023 Premium	2023 - 2024 Premium	2024 - 2025 Premium
Auto Liability	\$ 87,649	\$ 121,974	\$ 201,251
XS AL	\$ 53,092	\$ 61,329	\$ 134,466
UIM	\$ 1,258	\$ 1,326	\$ 3,334
Non-owned	\$ 64	\$ 61	\$ 77
Finance fees	\$ 1,757	\$ 3,671	\$ 9,958
<b>Total Auto</b>	<b>\$ 143,820</b>	<b>\$ 188,361</b>	<b>\$ 349,086</b>
Property	\$ 2,397	\$ 3,284	\$ 5,246
Equipment and Tools	\$ 1,400	\$ 1,221	\$ 1,983
DIC	\$ 1,559	\$ 1,896	\$ 3,003
Equipment Breakdown	\$ 109	\$ 133	\$ 181
General Liability	\$ 92,501	\$ 4,263	\$ 7,791
XS GL	\$ 26,418	\$ 42,780	\$ 42,372
Crime	\$ 120	\$ 247	\$ 387
<b>Total</b>	<b>\$ 268,324</b>	<b>\$ 242,185</b>	<b>\$ 410,049</b>

A } B } C  
 Allocated



A

2022-2023

VehNum	VIN	YR	Veh Description	Nmbr Pass	Total Vehicle Premium*
RB-1	1GBDV13W28D151438	2008	Chevy Uplander	3+1	584
SV-4	1G1AD5F50A7163323	2010	Chevy Colbalt 4 Door	5	2,690
06	1FAPF528YG144451	2000	Ford Taurus	5	2,690
SV-2	1B7HC13Y71J555301	2001	Dodge Ram 1500 Pick Up Truck	5	1,835
973	1FDFE4FS4JDC41626	2018	Ford E-450 Glaval	16+2	1,034
971	1FDFE4FSXJDC07562	2018	Ford E450	15+2	1,069
972	1FDFE4FS0JDC07568	2018	Ford E450	15+2	1,069
968	1FDFE4FS4HDC10211	2016	Ford E450	11+2	3,259
970	2C7WDG8G0HR838633	2017	Dodge Grand Caravan	4+2	3,185
981	1FDVU4XG3NKA23994	2022	Ford Transit T-350 HD	9+2	1,119
977	1FDES6PG8LKB31820	2020	Ford Transit T-350 HD	8	3,356
978	1FDES6PG1LKB31822	2020	Ford Transit T-350 HD	8	3,356
974	1FDFE4FS4JDC41609	2018	Ford E-450 Glaval	16+2	8,512
979	1FDES6PG6LKB31816	2020	Ford Transit T-350 HD	10+1	8,616
975	1FDFE4FS4KDC68987	2020	Ford E450	15+2	8,735
976	1FDFE4FS4KDC68990	2020	Ford E450	15+2	8,735
T-1	1F66F5DN8L0A04896	2020	Ford Super Duty DRW F53 (Trolley Bus)	24	9,679
T-2	1F66F5DN3L0A04899	2020	Ford Super Duty DRW F53	24	9,679
SO-1	1FAFP52U92G175270	2002	Ford Taurus	5	2,177
980	4UZADREDXMCM5275	2021	Freightliner S2C	22+2	6,271
					87,649

Vehicle Premium	87,649
Excess Veh Liability	53,092
UIM Premium	1,258
Non-Owned Auto Liability	64
Finance Fees	1,757
<b>Total Auto Premium</b>	<b>143,820</b>

\*Includes Comp and Collision



(A)

2023-2024

VehNum	VIN	YR	Veh Description	Nmbr Pass	Total Vehicle Premium*
06	1FAPP5528YG144451	2000	Ford Taurus	5	3,188
RB-1	1GBDV13W28D151438	2008	Chevy Uplander	3+1	3,188
SV-4	1G1AD5F50A7163323	2010	Chevy Colbalt 4 Door	5	3,188
SV-2	1B7HC13Y71J555301	2001	Dodge Ram 1500 Pick Up Truck	5	3,188
971	1FDFF4FSXJDC07562	2018	Ford E450	15+2	1,757
972	1FDFF4FS0JDC07568	2018	Ford E450	15+2	1,757
973	1FDFF4FS4JDC41626	2018	Ford E-450 Glaval	16+2	1,688
968	1FDFF4FS4HDC10211	2016	Ford E450	11+2	4,437
974	1FDFF4FS4JDC41609	2018	Ford E-450 Glaval	16+2	11,288
975	1FDFF4FS4KDC68987	2020	Ford E450	15+2	11,787
976	1FDFF4FS4KDC68990	2020	Ford E450	15+2	11,787
977	1FDES6PG8LKB31820	2020	Ford Transit T-350 HD	8	3,789
978	1FDES6PG1LKB31822	2020	Ford Transit T-350 HD	8	3,789
979	1FDES6PG6LKB31816	2020	Ford Transit T-350 HD	10+1	11,541
980	4UZADRFDXMCMT5275	2021	Freightliner S2C	22+2	12,759
981	1FDVU4XG3NKA23994	2022	Ford Transit 350 EL	9+2	5,156
T-1	1F66F5DN8L0A04896	2020	Ford Super Duty DRW F53 (Trolley Bus)	24	13,734
T-2	1F66F5DN3L0A04899	2020	Ford Super Duty DRW F53	24	13,734
970	2C7WDG8G0HR838633	2017	Dodge Grand Caravan	4+2	74
966	1FDFF4FS6EDA60470	2014	Ford E-450	15+2	74
RB-2	1GBDV13W78D151905	2008	Chevy Uplander	3+1	74
					121,974

Vehicle Premium	121,974
Excess Veh Liability	61,329
UIM Premium	1,326
Non-Owned Auto Liability	61
Finance Fees	3,671
<b>Total Auto Premium</b>	<b>188,361</b>

\*Includes Comp and Collision



A

2024-2025

VehNum	VIN	YR	Veh Description	Nmbr Pass	Total Vehicle Premium*
06	1FAP5528YG144451	2000	Ford Taurus	5	4,586
970	2C7WDG8G0HR838633	2017	Dodge Grand Caravan	4+2	4,638
968	1FDFE4FS4HDC10211	2016	Ford E450	11+2	7,431
971	1FDFE4FSXJDC07562	2018	Ford E450	15+2	2,583
972	1FDFE4FS0JDC07568	2018	Ford E450	15+2	2,691
973	1FDFE4FS4JDC41626	2018	Ford E-450 Glaval	16+2	2,512
974	1FDFE4FS4JDC41609	2018	Ford E-450 Glaval	16+2	19,324
975	1FDFE4FS4KDC68987	2020	Ford E450	15+2	19,989
976	1FDFE4FS4KDC68990	2020	Ford E450	15+2	19,989
977	1FDES6PG8LKB31820	2020	Ford Transit T-350 HD	8	5,187
978	1FDES6PG1LKB31822	2020	Ford Transit T-350 HD	8	5,187
979	1FDES6PG6LKB31816	2020	Ford Transit T-350 HD	10+1	19,697
980	4UZADRFDXMCM5275	2021	Freightliner S2C	22+2	21,159
981	1FDVU4XG3NKA23994	2022	Ford Transit 350 EL	9+2	7,905
SV-2	1B7HC13Y71J555301	2001	Dodge Ram 1500 Pick Up Truck	5	4,586
SV-4	1G1AD5F50A7163323	2010	Chevy Colbalt 4 Door	5	4,586
T-1	1F66F5DN8L0A04896	2020	Ford Super Duty DRW F53 (Trolley Bus)	24	22,307
T-2	1F66F5DN3L0A04899	2020	Ford Super Duty DRW F53	24	22,307
RB-1	1GBDV13W28D151438	2008	Chevy Uplander	3+1	4,586
					201,251

Vehicle Premium	201,251
Excess Veh Liability	134,466
UIM Premium	3,334
Non-Owned Auto Liability	77
Finance Fees	9,958
<b>Total Auto Premium</b>	<b>349,086</b>

\*includes Comp and Collision



**Statement of Values**

Site	Property	DIC	Equipment Breakdown	General Liability	Excess GL	Total Premium
Red Bluff	\$813.87	\$529.50	\$37.05	\$63,069.18		\$64,449.61
Red Bluff	\$1,582.93	\$1,029.85	\$72.06	\$29,432.15	\$26,418.38	\$58,535.38

**\$2,396.81      \$1,559.36      \$109.12      \$92,501.33      \$26,418.38      \$122,984.99**

(B)

2022-2023



Statement of Values

Site	Property	DIC	Equipment Breakdown	General Liability	Excess GL	Total Premium
Red Bluff	\$1,028.65	\$655.66	\$45.88	\$2,906.74		\$4,636.93
Red Bluff	\$2,255.28	\$1,240.21	\$86.78	\$1,356.48	\$42,779.95	\$47,718.70
	<b>\$3,283.93</b>	<b>\$1,895.87</b>	<b>\$132.66</b>	<b>\$4,263.22</b>	<b>\$42,779.95</b>	<b>\$52,355.63</b>

(B)

2023-2024

Statement of Values

(B)  
2024-2025

Site	Property	DIC	Equipment Breakdown	General Liability	Excess GL	Total Premium
Red Bluff	\$1,649.99	\$1,042.40	\$62.77	\$5,311.70	\$0.00	\$8,066.85
Red Bluff	\$3,596.27	\$1,960.15	\$118.03	\$2,478.79	\$42,371.51	\$50,524.75
	<b>\$5,246.26</b>	<b>\$3,002.55</b>	<b>\$180.79</b>	<b>\$7,790.50</b>	<b>\$42,371.51</b>	<b>\$58,591.60</b>



**Equipment-Tools**

Year	Location	Description	Serial #	ACV	Premium
22-23	Red Bluff	Shop Tools & Equipment (Red Bluff)		\$122,740.00	\$804.38
22-23	Red Bluff	Tools - Daryl Baker (Red Bluff)		\$53,648.00	\$351.58
22-23	Red Bluff	Tools - Troy Minich (Red Bluff)		\$37,250.00	\$244.12

**\$213,638.00    \$1,400.08**

(C)

2022-2023



**Equipment-Tools**

Year	Location	Description	Serial #	ACV	Premium
23-24	Red Bluff	Shop Tools & Equipment (Red Bluff)		\$100,005.00	\$689.28
23-24	Red Bluff	Tools - Daryl Baker (Red Bluff)		\$45,870.00	\$316.16
23-24	Red Bluff	Tools - Troy Minich (Red Bluff)		\$31,250.00	\$215.39
				<b>\$177,125.00</b>	<b>\$1,220.83</b>

(C)  
2023-2024



**Equipment-Tools**

©  
2024-2025

Year	Location	Description	Serial #	ACV	Premium
24-25	Red Bluff	Shop Tools & Equipment (Red Bluff)		\$120,002.00	\$1,089.86
24-25	Red Bluff	Tools - Daryl Baker (Red Bluff)		\$52,400.15	\$475.90
24-25	Red Bluff	Tools - Troy Minich (Red Bluff)		\$45,979.00	\$417.58
				<b>\$218,381.15</b>	<b>\$1,983.34</b>





# State of the Insurance Market

## 2025 Initial Outlook and 2024 Wrap-Up: Rate Forecast

## RATE FORECAST



### Industries - Rate Forecast

Aviation	-	Flat to +15%
Cannabis: Directors & Officers Insurance	-	Flat to +5%
Cannabis: All Other Lines	↑	+10% to +20%
Education: Student Health	-	Flat to +5%
Entertainment: Film/TV	-	Flat to +5%
Entertainment: Broadway/Theater	-	Flat to +5%
Fine Art	-	Flat to +5%
Fine Art: High Risk	↑	+15% to +20%
Healthcare: Management Liability	-	Flat to +10%
Healthcare: Managed Care E&O	↑	+10% to +15%
Healthcare: Managed Care, Accident, & Health Reinsurance	↑	+8% to +20%
Healthcare: Physician Medical Malpractice	↑	+5% to +20%
Healthcare: Excess Liability	↑	+10% to +15%
Healthcare: Property/Non-CAT Exposures	-	Flat/as expiring to +7%
Healthcare: Auto	-	Flat to +5%
Healthcare: Workers' Compensation	-	Flat to +5%
Healthcare: Primary Professional Liability	↑	+10% to +15%
Marine: Marinas & Marine Business	↑	+12% to +18%
Marine: Yacht Clubs & Sailing Orgs.	↑	+12% to +18%
Marine: Marine Cargo	↓	-4% to -7.5% *
Marine: Marine Inventory	-	Minimal increases for All Risks **

\*With exceptions based on type of products shipped, loss history etc.

\*\*5% increase and higher for certain CAT areas

## RATE FORECAST



### Industries - Rate Forecast

Marine: Ocean Marine & Blue Water: Ocean Hull	↓	-2.5%
Marine: Ocean Marine & Blue Water: Protection and indemnity (P&I)	↑	+5%
Marine: Coastal Marine & Brown Water Marine: Hull	-	Flat to +5%
Marine: Coastal Marine & Brown Water Marine: P&I	↑	+5% to +7%
Marine: Coastal Marine & Brown Water Marine: Marine Liabilities	-	Flat to +3%
Marine: Coastal Marine & Brown Water Marine: Marine Excess	↑	+7% to +15%
Nonprofit and Human Services: Property - Average Risk	↑	+10% to +25%
Nonprofit and Human Services: Auto	↑	+5% to +25%
Nonprofit and Human Services: General Liability	↑	+3% to +25%
Nonprofit and Human Services: Abuse and Professional	↑	+15% to +20%
Nonprofit and Human Services: Umbrella	↑	+20%
Nonprofit and Human Services: Cyber	-	Flat
Nonprofit and Human Services: Management Liability	-	Flat to +10%
Private Equity: D&O Private	-	-10% to flat
Private Equity: D&O Public	-	-10% to flat
Private Equity: General Partnership Liability (D&O/E&O for PE/VC)	-	-5% to flat
Professional Services: Architects & Engineers	-	-5% to +5%
Professional Services: Law Firms	-	-5% to +5%
Real Estate: Property: Soft Occupancies (office, retail, & other well protected risk)	-	-15% to +5%
Real Estate: Property: Tough Occupancies/Non-CAT	-	Flat to +10%

## RATE FORECAST



### Industries - Rate Forecast

Real Estate: Property: Tough Occupancies/CAT-Exposed	↑	+5% or greater
Real Estate: Liability: General Liability	-	Flat to +10%
Real Estate: Liability: Auto	↑	+5% to +10%
Real Estate: Liability: Umbrella	↑	+5% to +15%
Real Estate: Liability: Excess Liability	↑	+5% to +15%
Real Estate: Liability: Workers' Compensation	-	Stable
Relocation	↑	+4% to +6%
Transportation: Auto Liability	↑	+10% to +20%
Transportation: Physical Damage	↑	+20% to +25% *
Transportation: Umbrella Liability	↑	+10% to +30% **
Waste and Recycling: Auto	↑	+10% to +40%
Waste and Recycling: Excess	↑	+10% to +40%
Waste and Recycling: Property	↑	+10% to +75%

\*However, we are seeing increased deductibles to reduce the rate increase.

\*\*Mainly following the primary auto increase.

## RATE FORECAST



### Business Solutions - Rate Forecast

Casualty: Auto	↑	+5% to +25%
Casualty: Workers' Compensation	-	Flat to +5%
Casualty: General Liability	↑	+4% to +10%
Casualty: Umbrella	↑	+5% to +35%
Cyber: Entities with Good Controls	↓	-5% to -10%
Cyber: Entities with Layered Cyber Controls	↓	-20%
Environmental	-	-5% to +5% *
Management Liability: Private Company – Primary	↓	-5% to -15%
Management Liability: Private Company – Excess	↓	-10% to -30%
Management Liability: Public Company – Primary	-	-10% to Flat
Management Liability: Public Company – Excess	↓	-10% to -30%
Management Liability: Financial Institutions – Primary	-	-5% to Flat
Management Liability: Financial Institutions – Excess	↓	-5% to -15%
Management Liability: Employment Practices – Primary	-	-10% to Flat
Management Liability: Employment Practices – Excess	↓	-10% to -20%
Management Liability: Fiduciary Liability – Primary	-	-10% to Flat
Management Liability: Fiduciary Liability – Excess	↓	-10% to -20%
Property: High Quality Risk/No/Limited CAT/Favorable Loss History	-	-5% to +5%
Property: Poor Quality Risk/CAT/Unfavorable Loss History	↑	+15% to +25% or more
Surety Bonds: Contract	-	Flat
Surety Bonds: Commercial	-	Flat to +2%

\*Market remains soft and extremely competitive on new placements. Renewals can expect on average -5% to +5% based upon policy term and complexity of risk.

## RATE FORECAST



### Employee Benefits - Forecasted Average Trend Rates

Medical	↑	+7% to +11% *
Prescription Drugs, Retail	↑	+9% to +10.5%
Prescription Drugs, Specialty	↑	+14% to +16.5%
Stop Loss Premium, Leveraged Trend	↑	+16% to +19%

\*Trend will vary regionally based on the healthcare delivery system and funding mechanism.

### Private Client Services - Rate Forecast

Private Client Services: Property	↑	+10% to +50%
Private Client Services: Excess Liability	↑	+10% or more
Private Client Services: Personal Auto	↑	+12% to +15%
Private Client Services: Marine/Yachts	↑	+10% to +25%



# RISK

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## The State of the Insurance Market: What's in Store for 2025

With a new year around the corner, Risk Strategies takes a deeper look at the trends, insights and opportunities available for the insurers and their clients.

By: [Risk Strategies](#) | October 30, 2024



The market is always changing. As Q4 2024 comes to an end, it's high time insurance professionals start thinking about what the upcoming year has in store, both in terms of challenges and in opportunities.

This proactive approach can set up any business for success.

“Proactive risk management and strategic planning are at the core of fostering business resilience,” said John Scroope, National Director of Retail Operations, Risk Strategies.

“Looking at what experts in specialty practices and product lines have to say about the market challenges, certain lines and their stability moving forward, aids clients in staying ahead of risk.”

Risk Strategies has released its State of the Insurance Market report, wrapping up some of the key trends of 2024 and providing a look into 2025.

Below is an overview of the report, highlighting key insights into individual sectors and top considerations for insurance professionals moving forward.

### **Key Observations**



John Scroope, National Director of Retail Operations, Risk Strategies

Perhaps most notably, the report reviewed market challenges being faced by each industry. It's no surprise that catastrophic property loss and auto lines bring considerable challenge to the market as historic loss levels continued to plague 2024.

“This situation affects the availability of insurance and affordability for clients,” said Scroope.

Catastrophic events have also been linked to inflation and rising costs, including interest rates and supply chain issues, which further impact overall insurance costs.

There is a silver lining, however, as we move into 2025.

“Despite challenges, some insurance lines such as management liability, cyber and workers' compensation remain stable,” said Scroope. “These areas have adequate capacity and consistent rates, particularly for organizations with effective risk management strategies in place and good risk profiles.”

Many factors impact risk. Medical costs and claims are one of them.

The Risk Strategies report noted an upward trend in claims costs, driven by economic factors and social inflation — which are further driven by higher litigation costs and nuclear verdicts.

“Employers also face rising medical expenses, which affect employee benefits programs and require more customized approaches,” Scroope said.

### **Highlights by Industry**

The report took a deeper look at different industries’ market conditions, coverage considerations and rate forecasts. From agriculture to transportation, fine art to health care, the report provides insurance professionals with a good look at current trends and some things to prepare for in 2025.

In **agriculture**, profit margins continue to narrow for the second year in a row, diminishing returns in ag production. Looking ahead into 2025, it’s clear that insurance agents must be qualified and equipped to properly value all insurance and farm bill options.

**Aviation** has seen dramatic changes over the last several years, though rates are stable today. This has allowed for more capacity broader coverage and increased limits—all good news for the space.

“While rates continue to stabilize, the aviation underwriting market is becoming more competitive ... with more competition, there is more capacity and lucrative opportunities for newcomers in the aerospace industry,” per the report.

In terms of **higher education**, the report predicts the major business and insurance issues of 2024 will continue to impact institutions into 2025.

Financial stability, demographic shifts, a leadership/talent crisis and technology impact higher ed insurance. Not to mention student health insurance — which have had rate increases of around 5% over the past three years.

Student wellbeing remains a top priority as universities grapple with managing health plan costs. Many schools struggle to place adequate coverage within their liability programs for both abuse and traumatic brain injury.

Captives, consortiums and other alternative risk financing options continue to grow in popularity as universities seek more control over their risk financing.

In general **health care**, M&As continue to remain at a record high, with 31 announced hospital mergers in the first half of 2024. The sector is also facing high levels of staffing burnout and shortages, leading to facilities enhancing their benefits to aid and maintain their workforce.

“The **real estate** space (including office, industrial, retail, habitational, hospitality, etc.) continues to be affected by a wide range of variables that can impact availability of capacity, breadth of coverage, competitiveness of rate, and more,” reads the report.

An increased demand for last-mile deliveries coupled with a labor shortage has the **transportation** industry facing both growth and challenge. According to the report, it remains a hard market.

Specific risk factors continue to fuel recent premium increases with physical damage hitting +20% to 25% and umbrella liability +10% to 30%, as well as auto liability 10% to 20%.

### Highlights by Insurance Lines



John Greenbaum, National Employee Benefits Practice Leader, Risk Strategies

In addition to industry, Risk Strategies reviewed insights by insurance lines.

The **captive** insurance market, it found, continued to thrive in 2024, thanks to ongoing economic pressures and flexible risk management solutions: “Captives are seen as a versatile tool for risk retention and transfer, with applications expanding beyond traditional areas into property coverage, excess liability, and innovative revenue-generating programs,” per the report.

Uncertain liability loss trends continue to increase premium and rates for most **casualty** lines, however competition for new business could tip the scale for some industries.

**Cyber** remains a rapidly evolving landscape. Carriers seem to be maintaining their strict underwriting scrutiny for cyber, as ransomware attacks resurged in the latter half of 2024.

Organizations are generally seeing a decrease in cyber premiums, at the rate of 5% to 10%. However, those organizations with layered cyber security controls are experiencing premiums decreases of up to 20%, sometimes more.

AI also remains on insurers' radar as a double-edged sword risk: On the one hand, AI tools can help cyber risk management be better at detecting mishap; but on the other, cybercriminals are leveraging AI to inflict harm.

In the **employee benefits** world, constant change is the norm, and as 2024 ends and 2025 begins, Risk Strategies report predicts a few factors that'll bring shifts: a bigger focus on equity and employee experience, pharmacy innovation will influence cost trends, increased transparency scrutiny highlighting employers' fiduciary responsibility, and more.

"In our initial outlook for 2024, we saw changing workforce and hiring dynamics increased impacts from turnover and the fast pace of pharmacy innovation trends. We anticipated increased medical utilization, inflationary pressure, and changes in admitting and billing patterns to play a significant role in raising costs for employers," shared John Greenbaum, National Employee Benefits Practice Leader, Risk Strategies.

Perhaps one of the biggest reliefs of 2024: The **property** insurance market stabilized significantly this past year, driven primarily by two years of insurer and reinsurer profitability and improved conditions in the reinsurance market.

Catastrophic weather, particularly wildfire, remain major issues for the space, causing a larger reliance on excess and surplus lines market. Parametric solutions have acted as another alternative to traditional property insurance, providing "rapid financial relief based on predefined triggers," according to the report.

For **private client services**, the primary drivers causing market challenges are severe weather activity, a complex regulatory environment, and fluctuations in reinsurance rates and terms. Throughout 2024, we have seen the effects of this hard market with increased property, auto, and excess liability rates. However, for private clients Risk Strategies remains optimistic for the future.

"The reinsurance market is stabilizing as insurers have made fundamental changes to their portfolios, including rate, coverage changes, and overall risk selection, particularly in catastrophe-prone areas," shared Alison Murphy, National Private Client Services Practice Leader, Risk Strategies. "We are finding better, creative solutions for challenging properties, including coastal and wild-fire exposed risks, in the non-admitted market. Additionally, the

hard market environment provides us the opportunity to have more frequent dialogue with our clients to help them rethink their approach to protection.”

### **Working with Specialists That Get It**



Alison Murphy, National Private Client Services Practice Leader, Risk Strategies

Building business resilience starts with an understanding of the risks impacting organizations and strengthens with top-tier risk management strategies.

The Risk Strategies State of the Insurance Market report aims to give risk professionals that first step into protecting their business and creating resilience as they navigate the challenges and opportunities they face in the market.

“Risks are not going away and continue to evolve and become more complex,” Scroope said. “We’ve compiled these industry insights from insurance experts in our specialty practices and product lines who work with clients every day to stay ahead of risk.”

Every business wants a partner that understands their unique needs. Risk Strategies aims to be that broker — one with deep experience in the core insurance product lines, and with highly trained expertise that supports clients in that segment, and has the right relationships in the marketplace to do so.

“Understanding the trends and conditions in your business sector is key to developing a risk management strategy that ensures long-term resilience, profitability, and success,” added Scroope. “We want to protect what matters most to you while building security and stability for 2025 and beyond.”

To learn more, visit: <https://www.risk-strategies.com/state-of-the-insurance-market-report-2025-initial-outlook-2024-wrap-up>

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# 2024 Midyear Market Outlook: General Liability Insurance

The general liability insurance market has faced hardening conditions in recent years, largely due to increasing claim frequency and severity. As such, most policyholders have encountered ongoing rate jumps, stringent underwriting standards and limited capacity. Fortunately, insurance carriers recorded improved underwriting results in 2022-23, allowing for premium moderation. These conditions have pressed on in 2024 so far, with most insureds seeing only single-digit rate increases. According to industry data, average premium hikes ranged between 5.4% and 6.2% in the year's first quarter. Nonetheless, several concerning trends across the segment still have the potential to threaten claim costs and negatively impact overall market performance. In the latter half of 2024, policyholders can anticipate another round of modest premium increases, while insureds operating in sectors with

## About the Author



INSURICA

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## Developments and Trends to Watch

- Litigation concerns**—Businesses have been facing an increase in litigation following liability incidents (actual or alleged) and greater penalties from such legal action due to social inflation, which refers to societal trends that influence the rising costs of insurance claims. This phenomenon has fueled a surge in jury awards exceeding \$10 million, also known as nuclear verdicts. A recent report from public relations firm Marathon Strategies confirmed that nuclear verdicts reached a 15-year high in 2023, with the number of such verdicts increasing by 27% in the past 12 months alone. Additionally, the report found that 27 of these verdicts were classified as “thermonuclear,” thus indicating jury awards above \$100 million. Social inflation and associated litigation concerns have contributed to elevated general liability insurance claim costs, increasing the risk of underinsurance and heightened out-of-pocket expenses amid losses involving nuclear verdicts.
- Increased medical expenses**—Coverage for medical costs related to third-party injuries is a critical component of general liability insurance. Consequently, surging medical expenses have compounded claim costs in the segment during the past few decades, with no end in sight. In fact, the U.S. Bureau of Labor Statistics (BLS) reported that the total value of medical care has jumped by over 115% since 2000. Although inflation among overall goods and services briefly exceeded medical inflation in 2023, evidenced by monthly consumer and producer price index data from the BLS, this trend reversed in the first quarter of 2024, with medical care and health spending again outpacing growth across the rest of the economy. With this in mind, surging medical expenses will likely continue playing a role in elevated general liability insurance claim costs going forward.
- Polyfluoroalkyl substances (PFAS)**—PFAS are a large grouping of chemicals widely manufactured and utilized within different products and packaging across the United States since the 1940s. Over the past few years, PFAS have been the subject of increased regulatory scrutiny stemming from emerging developments regarding the health and safety of these substances. While some types of PFAS have faced regulatory action in the past, several states recently implemented efforts to limit overall PFAS usage and exposure in the coming years and beyond. The first few months of 2024 kicked off with three states passing PFAS-related product safety laws, joining 15 states with similar legislation, and more states will likely follow suit. This legislation may cause a rise in litigation alleging PFAS exposure and related ailments via companies’ products and packaging. As regulatory pressures and litigation concerns about these chemicals persist, businesses that leverage PFAS may experience elevated liability risks. What’s more, companies facing PFAS-related claims could be more susceptible to coverage exclusions and substantial out-of-pocket losses.

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likelihood of customer and visitor injuries.

- Conduct a risk assessment to identify any PFAS-related concerns, namely the potential impacts of PFAS exposure resulting from your products, in your operations. Adjust your risk management measures as needed.
- Examine your coverage with insurance professionals to ensure your policy limits match your needs.

For more General Liability Insurance information, [contact INSURICA](#) today.

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# Industry Leaders Discuss Potential Spike in General Liability Insurance Rates

🕒 May 13, 2024   👤 Chivaroli Insurance   📁 General Article

General liability and excess casualty insurance policies may see premiums accelerate upward in the remaining months of 2024. That's the broad consensus from insurance carriers' Q1 earnings calls.

**What's new:** P&C executives were open about the potential for general liability insurance rate hikes during earning calls. Rate increases had slowed to single digits in 2023, subsiding from the hikes during the peak hard market in 2020.

While property insurance dominated the conversation last year, issues around adequately estimating claim payouts, e  
liability insurance, took center stage later in the year.

**What they're saying:** Here's a sampling from insurance executives on casualty rates.

- Everest CEO Juan Andrade: "We continue to see rate acceleration across casualty lines excluding financial lines. This was most pronounced in commercial auto liability, general liability and excess casualty lines. The rate increases in these three lines average midteens overall."
- RLI COO Jennifer Klobnak: "In the Q1 2024, overall casualty rate change was 7%, and in the Q4 2023 was 5%. So we're seeing a little bit more rate, a lot of mix change with personal umbrella growing and getting a 13% rate increase."
- Arch CEO Marc Grandisson: "We may have some respite in terms of price increase middle of last year [2023]. But I think that the development of the prior year, as we all know, has created a little bit more uncertainties, and inflation is not ebbing."

**What's driving the news:** One of the main reasons rate increases have persisted is so-called "social inflation."

Social inflation describes how insurers' claims costs increase above general economic inflation. It encompasses a variety of phenomena, from sentiment toward corporations to the broader adoption of third-party litigation funding.

According to research firm Marathon Strategies, nuclear verdicts – or jury awards of more than **\$10 million** – hit a 15-year high of 89 in 2023.

- Of the 89, 27 cases resulted in plaintiffs' awards of more than \$100 million, the highest number since 2009.

A new AM Best report found social inflation most impacted commercial auto, professional liability, product liability, and directors and officers liability insurance.

Meanwhile, economic inflation saw a Q1 uptick, forcing the Federal Reserve to keep borrowing costs at a 23-year high.

**What we're watching:** General liability premiums may not surge dramatically. However, insurance buyers should expect upward pressure over the next few quarters.



Chivaroli Insurance

PREVIOUS POST

NEXT POST

# State of the Insurance Market

Business Insurance | Employee Benefits | Private Client Services

2025 Initial Outlook  
and 2024 Wrap-Up

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### SUMMARY

Welcome to the 2025 Initial Outlook and 2024 Wrap-Up of the Risk Strategies State of the Insurance Market Report.

Proactive risk management and strategic planning are at the core of fostering business resilience. This report features insights from insurance experts in our specialty practices and product lines who work with clients every day to stay ahead of risk.

As we advance into the last quarter of 2024 and look ahead to 2025, the insurance market presents both challenges and opportunities across various lines of coverage. We have the following key observations for the insurance landscape.

- **Market Challenges:** The insurance market continues to face considerable challenges in catastrophic property and auto lines, which continue to experience historic loss levels. This situation affects the availability of insurance and affordability for clients.
- **Stability in Certain Lines:** Despite challenges, some insurance lines such as management liability, cyber, and workers' compensation remain stable. These areas have adequate capacity and consistent rates, particularly for organizations with effective risk management strategies in place and good risk profiles.
- **Impact of Catastrophic Events and Inflation:** Catastrophic weather events are significant drivers in the market, contributing to substantial losses. Additionally, inflation and rising costs,

including interest rates and supply chain issues, are impacting overall insurance costs.

- **Rising Medical Costs and Claims:** There is an upward trend in claims costs, driven by economic factors and social inflation (including higher litigation expenses and nuclear verdicts). Employers also face rising medical expenses, which affect employee benefits programs and require more customized approaches.

### RECOMMENDATIONS

There are many factors that impact risk. Exploring various options across the insurance spectrum, aligning them with business vision, and making informed, long-term decisions is essential to building a comprehensive risk management strategy that ensures business resilience. Insurance should be viewed as part of a strategic business framework, rather than a mere annual renewal process.

Work with a specialty insurance broker to understand global risks and the potential impact to your business and personal assets. Ideally, you want a partner that understands your industry and risk - a broker with deep experience in the core insurance product lines, and with highly trained experts who support clients in that segment, and who has the right relationships in the marketplace to do so. This will help protect what matters most to you, positively impacting your outcomes in the near-term, while building security and stability for the future.

We invite you to explore the State of the Insurance Market Report and contact our [specialists](#).

# State of the Insurance Market

## 2025 Initial Outlook and 2024 Wrap-Up: Industries

### Industries

- Agriculture
- Aviation
- Cannabis
- Education
- Entertainment
- Fine Art
- Healthcare
- Marine
- Nonprofit & Human Services
- Private Equity
- Professional Services
- Real Estate
- Relocation
- Transportation
- Waste & Recycling

## 2025 Initial Outlook and 2024 Wrap-Up

Less experienced drivers have contributed to an increase in the frequency and severity of auto liability insurance claims. The severity of auto claims has increased over the last two years from an average of \$13k to \$38k, all in tandem with social inflation, driving premium and umbrella rates higher.

Physical damage, increased thefts, and the rising cost of auto parts continue to affect auto liability and property damage rates. With rising inflation and the impacts of supply chain challenges of the past year, costs have risen on physical damage for transportation vehicles.



The industry awaits a significant positive impact once there is widespread implementation of new technologies such as high-end GPS and monitoring software.

Inherent risks in the industry are also contributing to higher umbrella liability rates. The significant growth of claims and resulting nuclear verdicts contribute to higher liability coverage rates as insurance carriers deal with the overall risk scenario of the transportation industry. Generally, we see the umbrella rate increase following the same increases in primary auto liability. The industry awaits a significant positive impact once there is widespread implementation of new technologies such as high-end GPS and monitoring software.

### RECOMMENDATIONS

- Maintain strict safety standards and procedures to minimize potential losses since motor vehicle records (MVRs) are being scrutinized more than ever before by underwriters. Implementing and enforcing better hiring practices, in addition to safety technology such as collision avoidance systems, telematics, and cameras, can help protect against future liabilities.
- Ensure Federal Motor Carrier Safety Administration (SAFER) scores are below the national average. If not, work with your broker or a third-party consulting service to achieve better results.
- Avoid reducing coverage to reduce costs. Instead, explore alternative options such as captives, risk retention groups, and higher deductible programs to stabilize the total cost of risk.



### RATE FORECAST

Transportation		
Auto Liability	↑	+10% to 20%
Physical Damage	↑	+20% to +25% (However, we are seeing increased deductibles to reduce the rate increase)
Umbrella Liability	↑	+10% to +30% (Mainly following the primary auto increase)

## PROPERTY

The property insurance market stabilized significantly in 2024, driven primarily by two years of insurer and reinsurer profitability and improved conditions in the reinsurance market. While this does not mean a return to pre-hard market conditions, it does mean most clients should see more predictable outcomes on their renewals.

### MARKET CONDITIONS

Certain segments, including accounts with poor loss history and/or poor risk quality, can still expect challenging renewals. Frame and catastrophe (CAT) exposed habitational accounts face an uphill battle, although the volatility in rates has moderated compared to 2023.

Note that the general improvement in market conditions is set against the backdrop of the 2024 hurricane season which was predicted to be the most active in history. National Oceanic and Atmospheric Administration (NOAA) predicted as many as 25 named storms, 13 hurricanes, and seven major hurricanes (CAT 3 or higher). Along with the increasingly active hurricane season, the rise of severe convective storms (SCS) is also a key driver of property losses. This combination may lead to a deterioration in market conditions as we enter the latter half of 2024 and move into 2025. At a minimum, we expect insurers to continue to push for percentage deductibles for SCS, regardless of an account's specific geographic footprint.

We expect insurers to continue to push for percentage deductibles for SCS, regardless of an account's specific geographic footprint.

The specific impact of Hurricane Helene on overall market conditions is expected to be limited. Initial insured loss estimates in the commercial property insurance market range from \$5B to \$15B with primary insurers expected to bear the majority of the costs from the storm. Unless reinsurers are materially impacted, we do not expect this event to have an adverse effect on overall market conditions.

In addition to hurricanes and SCS events, wildfire continues to be a major issue in the western U.S. Admitted markets have mostly shed accounts

## 2025 Initial Outlook and 2024 Wrap-Up



We expect the improved market environment to continue with the caveat that conditions could deteriorate quickly if the market is hit by significant hurricane activity and continued SCS losses.

with these exposures, causing reliance on the excess and surplus lines (E&S) market. However, even the E&S markets are taking an extremely cautious approach as reflected in pricing and line size. Parametric insurance is another alternative to traditional insurance, providing rapid financial relief based on predefined triggers. For property owners, leveraging parametric insurance can enhance risk management strategies and ensure faster recovery from adverse events.

In the first half of 2024, we saw rates level off with rate increases in the +3% to +7% range and some accounts achieving rate decreases. These positive outcomes are typically driven by:

- Good risk quality
- Favorable loss experience
- Adequate property and business interruption (BI) values

The following factors continue to affect the property market:

- Severe convective storms continue to lead the market in aggregate losses, ahead of hurricanes. This has led insurers to push for percentage deductibles. In areas considered to be high hazard, insurers may look to impose sublimits for these perils.
- Insurers remain focused on adequate insurance-to-value (ITV).
- New underwriting criteria is trending: Insurers in certain regions are now including crime scores in their decision-making process.

## COVERAGE CONSIDERATIONS

Adverse property market conditions continue to affect certain industries:

- Habitational real estate
- Waste and recycling
- High-hazard industries (e.g., paper and chemical)
- Frame construction risks (apartments, hotels, and senior living facilities)

We expect the improved market environment to continue with the caveat that conditions could deteriorate quickly if the market is hit by significant hurricane activity and continued SCS losses.

## RECOMMENDATIONS

- Work with a qualified appraisal firm to ensure building values are accurate. Keep in mind it can take six to nine months for an appraisal to be completed and a report issued.
- Start the renewal process as early as possible – 90 to 120 days in advance.
- Address and document compliance with outstanding property loss prevention recommendations.
- Keep track of capital improvement expenditures and budgets so they can be used to demonstrate an ongoing commitment to risk improvement.
- Have a comprehensive business continuity plan in place.
- Engage with insurance brokers who have expertise in parametric insurance. Experienced brokers can provide valuable insights and help tailor the policy to meet specific needs.



Experienced brokers can provide valuable insights and help tailor the policy to meet specific needs.

## RATE FORECAST

Property	
High Quality Risk/No/Limited CAT/Favorable Loss History:	-5% to + 5%
Poor Quality Risk/CAT/Unfavorable Loss History:	+15% to +25% or more

## RISK MANAGEMENT



Climate change, extreme weather events, rising claim costs and systemic risks are the top concerns for clients.

Climate change and extreme weather events remain top concerns for organizations and risk management professionals. Additionally, rising claim costs and systemic risks are significant issues that are top-of-mind and frequently highlighted by clients.

### MARKET CONDITIONS

#### Climate Change and Extreme Weather Events:

According to a recent study conducted by a large global reinsurer, natural catastrophes caused approximately \$62B in insured losses in the first half of 2024, which is roughly 70% higher than the ten-year average. The major losses during this period were primarily driven by wildfires, floods, droughts, and Hurricane Beryl. The economic impact of Hurricane Helene is not yet fully understood. We have seen destruction across multiple states, loss of life, and damage to infrastructure, property and business interruption. From the lens of insurance coverage and the impact to rates, determining the level of wind and water damage will be a key consideration for all those impacted, and the outcome, a driver of longer-term insurance rates. Bottom line, understanding and mitigating risk is critical for all businesses and proactively doing CAT modeling and property valuations is strongly recommended.

#### Increased Claims Costs:

Higher-than-average claim costs continue to plague the insurance industry, affecting many organizations and nearly every line of coverage. Over the past few years, the average cost of claims has outpaced inflation, driven by supply chain disruptions, labor shortages, and material shortages. These delays have also significantly increased recovery times and business interruption losses. Other factors that contribute to rising claim costs include an aging workforce, increased litigation expenses due to social inflation, and run-away verdicts.

## 2025 Initial Outlook and 2024 Wrap-Up

Businesses and individuals can combat many risks by creating a resiliency and risk mitigation playbook.



### Systemic Risks:

Another top concern for many of our clients is systemic risks – the potential for a single event to trigger a breakdown of an entire system, as we recently saw with the CrowdStrike Outage. However, systemic risks can also involve broader events that lead to severe instability across an entire industry or economy.

## RECOMMENDATIONS

Businesses and individuals can combat many of these risks by creating a resiliency and risk mitigation playbook. However, solutions to these risks usually come with significant costs.

You can adjust and deploy these tactics as needed:

- Risk analysis and risk management are increasingly important to identify new methods for dealing with these risks effectively and efficiently.
- Analyze and define your supply chain strategy. This may include keeping an adequate supply of spare parts and critical materials on hand.
- Augment and accelerate loss prevention and loss mitigation strategies.
- Use data analytics to identify vulnerable areas of the business and target protections.
- Conduct risk assessments, operational audits, and ongoing training for your employees.
- Incorporate resilience measures and other safeguards beyond those required by law or building codes.



**State of the  
Insurance Market**

**2025 Initial Outlook and 2024 Wrap-Up:  
Employee Benefits**

## EMPLOYEE BENEFITS



While employers will continue thinking more holistically about their benefits programs, they will shift benefits to better serve a diverse and multigenerational workforce inclusive of social determinants of health.

Constant change is the norm for employee benefits, and it is influenced by many factors from economic conditions to medical and digital innovation to multi-jurisdictional regulations, among others. In our initial outlook for 2024, we saw changing workforce and hiring dynamics increased impacts from turnover and the fast pace of pharmacy innovation trends. We anticipated increased medical utilization, inflationary pressure, and changes in admitting and billing patterns to play a significant role in raising costs for employers.

### MARKET CONDITIONS

As we look toward the end of 2024 and into the first few months of 2025, all impacts initially forecasted are anticipated to continue, but with the following shifts:

- **Focus on equity and employee experience:** While employers will continue thinking more holistically about their benefits programs, they will shift benefits to better serve a diverse and multigenerational workforce inclusive of social determinants of health.
- **Pharmacy's influence on cost trends:** The pharmacy innovation observed over the past year is expected to continue but with new opportunities for employers to offer more cost-effective treatments in higher cost drug categories by using competitively priced alternatives. More questions are anticipated to arise around GLP-1 drugs and their potential health benefits, which could result in higher usage and a significant cost burden for employers.
- **Transparency and fiduciary responsibility:** Legislation that increases scrutiny of/or highlights the fiduciary responsibilities of employers has led to a growing number of lawsuits. Continued finger pointing about the lack of transparency in pharmacy costs is anticipated, as evidenced in litigation faced by Johnson & Johnson and Wells Fargo.

## 2025 Initial Outlook and 2024 Wrap-Up

Significant consideration needs to be given to current and expected pharmacy trends. Key areas for employers to focus on over the next year include GLP-1 drugs, specialty pharmacy including biosimilars and cell and gene therapy, and fiduciary responsibility.



- **Health system consolidation impacts:** Further consolidation of the healthcare delivery system is highly likely and will increase focus on data security and interoperability. Data security requirements, new expectations, and related requirements, while needed, will hamper the speed at which the consolidation occurs due to the investment necessary.

## COVERAGE CONSIDERATIONS

- **Pharmacy trends:** Significant consideration needs to be given to current and expected pharmacy trends. Key areas for employers to focus on over the next year include GLP-1 drugs (for diabetes and obesity), specialty pharmacy including biosimilars and cell and gene therapy (ultra-high-cost drugs), and fiduciary responsibility.
  - **GLP-1 drugs:** GLP-1s will continue to be a major driving factor given the drug class has a significant pipeline with alternate formulations (oral) and multiple additional indications being studied.
  - **Biosimilars:** This area continues to offer opportunities for employers, with several Pharmacy Benefit Managers (PBM) announcing their Humira biosimilar strategies through 2025. As more biologics become available as biosimilars, employers may have the potential to offer additional cost-effective treatments in higher-cost drug categories by using competitively priced alternatives.
  - **Cell & Gene Therapies:** Ongoing approvals can be expected with numerous therapies now Food and Drug Administration (FDA) approved, including the costliest therapy priced at \$4.25M. Value-based arrangements are expected to be the core of the solution, complemented by stop loss insurance, clinical management, provider network management, and outcomes tracking to form a comprehensive solution.

## RECOMMENDATIONS

- **Anticipate scrutiny on benefits management:** Employers (particularly large employers) should anticipate scrutiny on benefit management oversight given the Federal Trade Commission (FTC) is investigating PBM practices. Employers should work with their PBM to ensure contractual language provides transparency and includes appropriate audit allowances.

## 2025 Initial Outlook and 2024 Wrap-Up



Additionally, employers should be aware of employee benefits related legislation and rulings. Multi-state employers are advised to pay extra attention to litigation trends as agency regulations may be vacated in certain jurisdictions but affirmed in others.

- Analyze opportunities to manage spend:** Employers are advised to look at all available possibilities to manage spend including evaluating your current health plan financing model against alternative funding methods. Ultimately it comes down to an employer’s tolerance for risk and ability to effectively administer programs that help achieve their benefits strategy. Keep in mind, the smaller the organization, the higher the impact of cost volatility with fewer options to mitigate future increases.
- Keep a close eye on pharmacy and evaluate it regularly:** Given the rapid pace of innovation in pharmacy, employers should plan for a strategy that balances pharmacy cost while ensuring sustainable coverage and outcomes. For example, some larger self-funded employers are beginning to require contracts that allow for annual market checks to help keep costs competitive; however, this may not be an option for all employers.

## RATE FORECAST

Employee Benefits		
Medical:	↑	+7% to +11%*
Prescription Drugs, Retail:	↑	+9% to +10.5%
Prescription Drugs, Specialty:	↑	+14% to +16.5%
Stop Loss Premium, Leveraged Trend:	↑	+16% to +19%

\*Trend will vary regionally based on the healthcare delivery system and funding mechanism