

Los Angeles Metropolitan Transportation Authority

Actuarial Overview

Presented by

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December 16, 2014

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Discussion Points

- Three conclusions from the actuarial report:
 - 1. Outstanding liabilities as of June 30, 2014:**
 - Used for financial statements
 - 2. Projected losses for 2014/15 and 2015/16:**
 - Used for budgeting purposes
 - Based on LAMTA's claims experience
 - Anticipated future changes – trend, legislative
 - 3. Cash Flow for 2014/15 and 2015/16**
- Claim Trends



GASB 10 - Determination of Liability

1. Liability for **unpaid** claim costs, including **I**ncurred **B**ut **N**ot **R**eported (IBNR) claims

2. Liability should be based on:
 - the estimated ultimate cost (including effects of inflation and other societal and economic factors),
 - using past experience adjusted for current trends,
 - Other factors that would modify past experience

(GASB Statement No. 10, Paragraph 22)



History of Self-Insured Retentions

Workers Compensation

Claim Period	Self-Insured Retention
Prior to 09/01/98	Commuted /Unlimited
09/01/98 to 08/31/01	Fully Insured
09/01/01 and Later	Unlimited

Public Liability/Property Damage

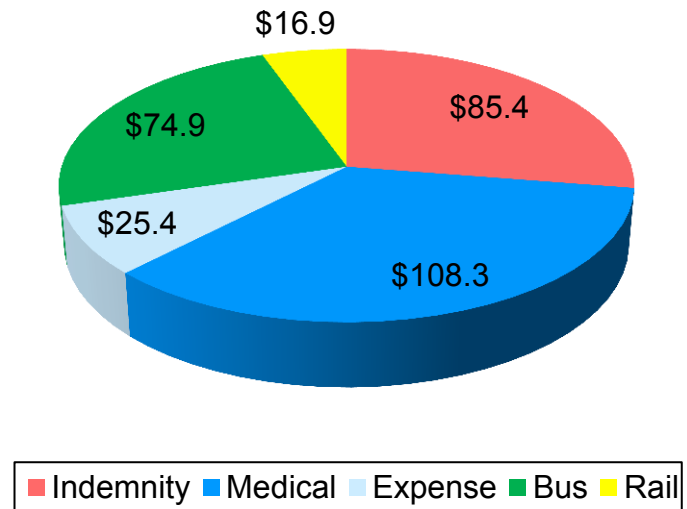
Claim Period	Self-Insured Retention
Prior to 07/01/86	\$1,500,000
07/01/86 to 06/30/89	4,000,000
07/01/89 to 07/31/11	4,500,000
08/01/11 to 07/31/13	5,000,000
08/01/13 and Later	7,500,000



Estimated Outstanding Losses June 30, 2014

Program	Amount (million)
Workers Comp.	\$219.1
PL/PD	91.8
Total	310.9

As of 6/30/14



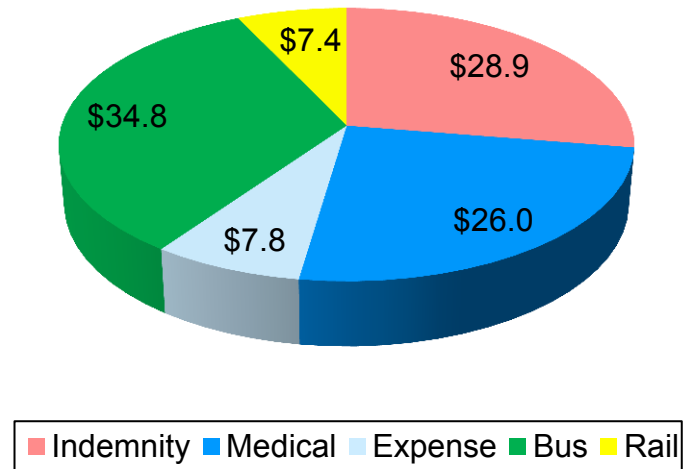


Projected Ultimate Limited Losses 2014/15 and 2015/16

(million)

Program	2014/15	2015/16
Workers Comp.	\$58.4	\$62.7
PL/PD	40.9	42.2
Total	99.3	104.9

2015/16



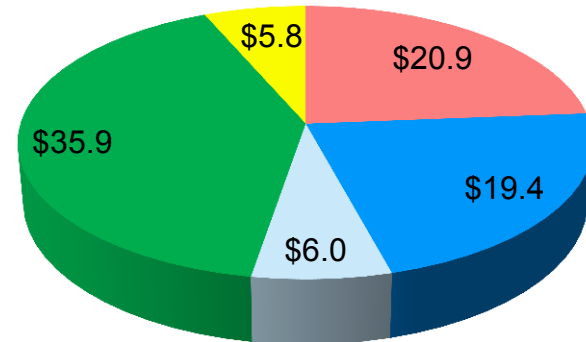


Cash Flow 2014/15 and 2015/16

(million)

Program	2014/15	2015/16
Workers Comp.	\$43.3	\$46.3
PL/PD	48.1	41.6
Total	91.4	87.9

2015/16

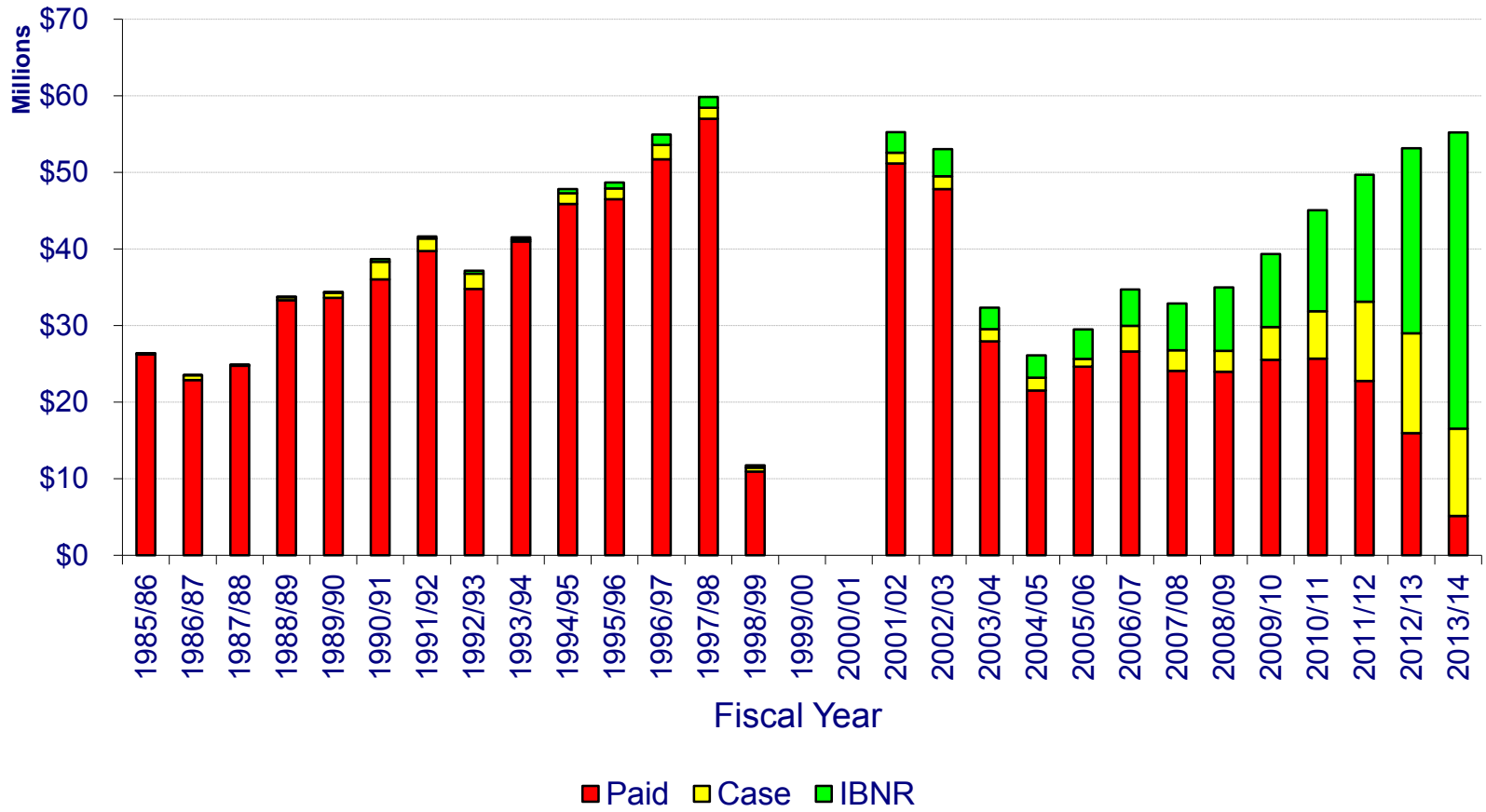


Indemnity Medical Expense Bus Rail

Workers Compensation

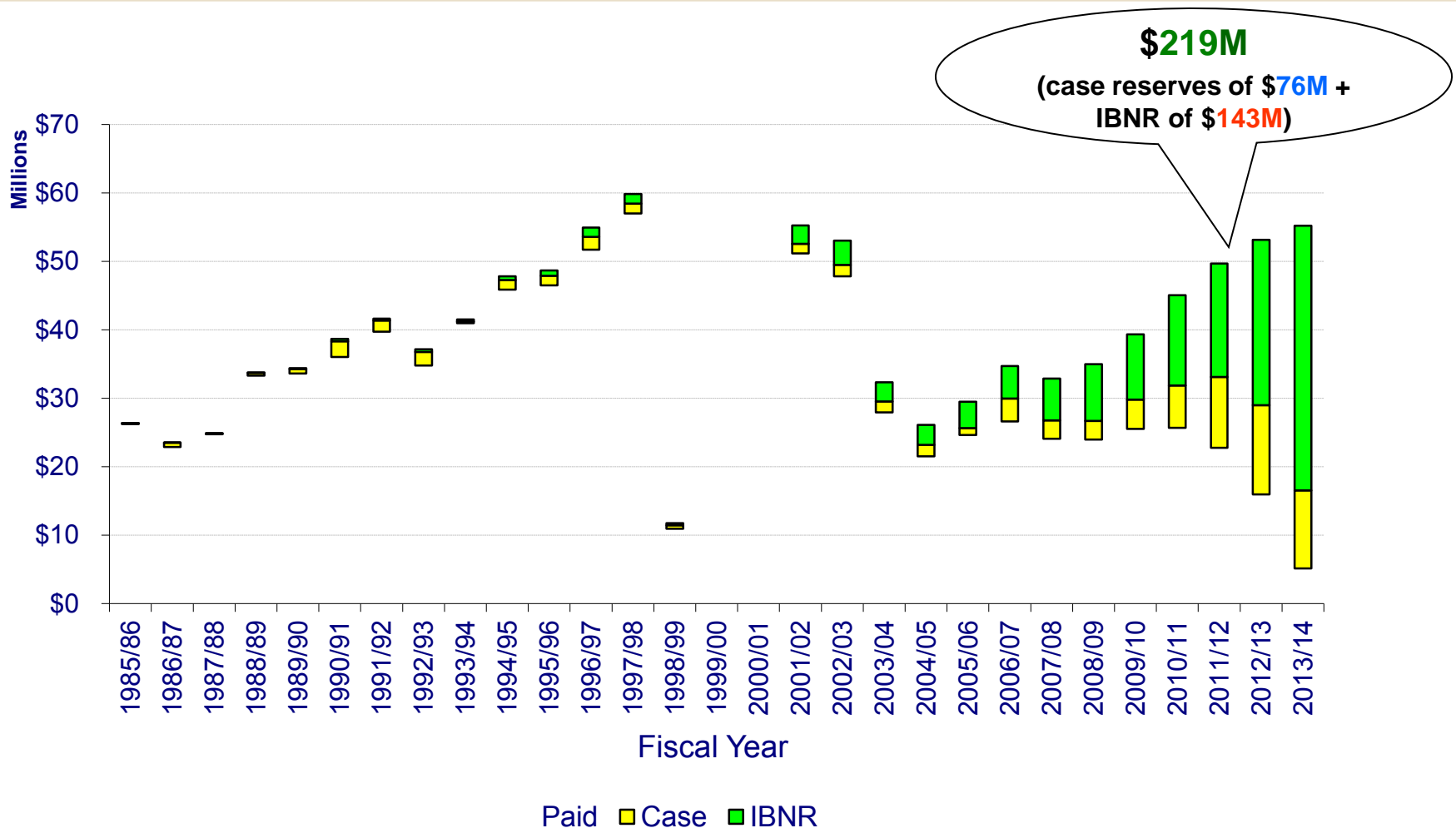


Projected Ultimate Limited (to SIR) Losses Inception to 2013/14 ~ \$1.2 Billion





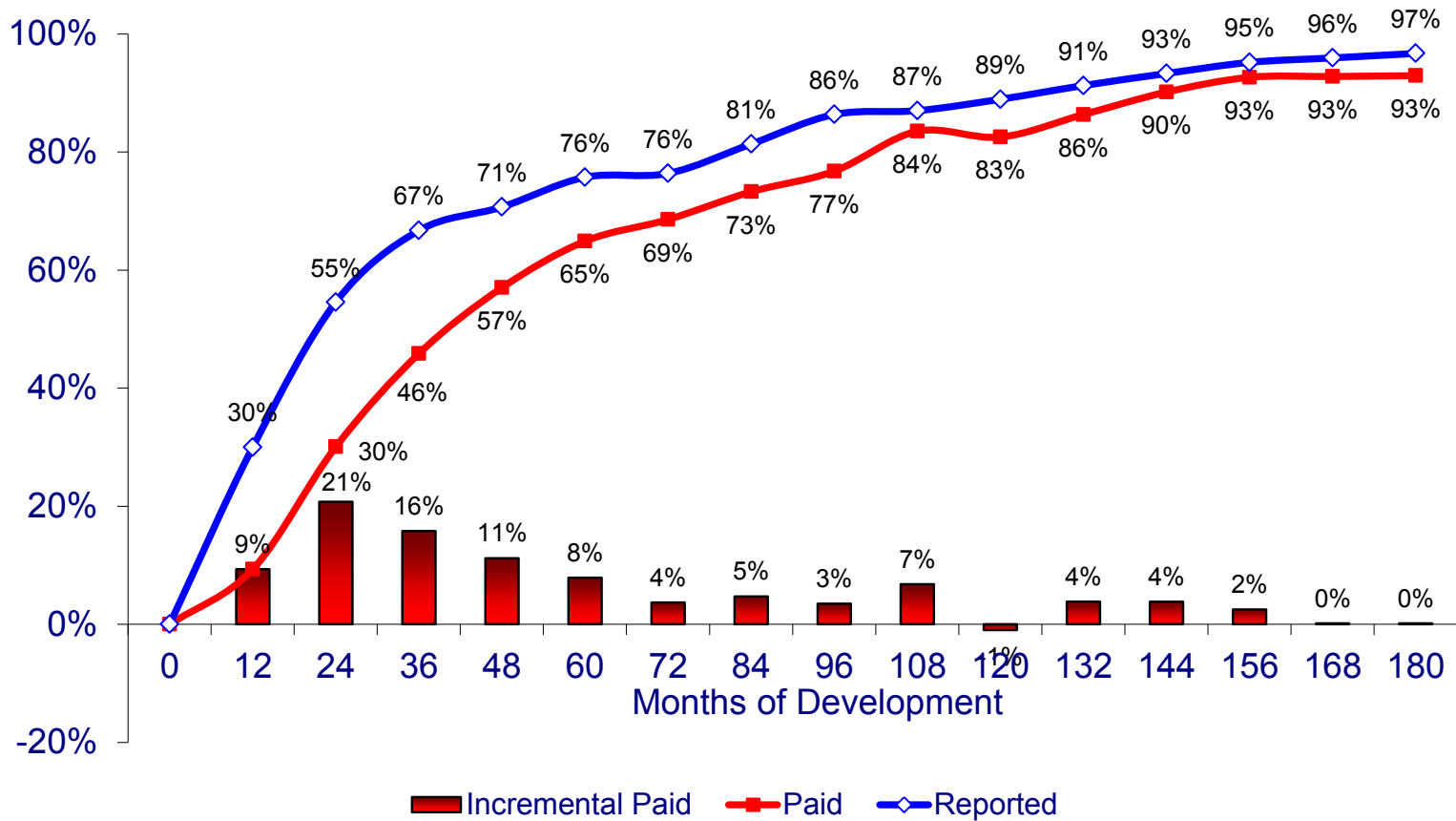
Outstanding Losses @6/30/14 ~ \$219M = Case + IBNR Reserves



- Development methods:
 - Paid losses, reported losses, number of claims
 - Case reserve development
 - Frequency/severity
- Exposure/loss rate analysis:
 - Expected loss method
 - Project future years

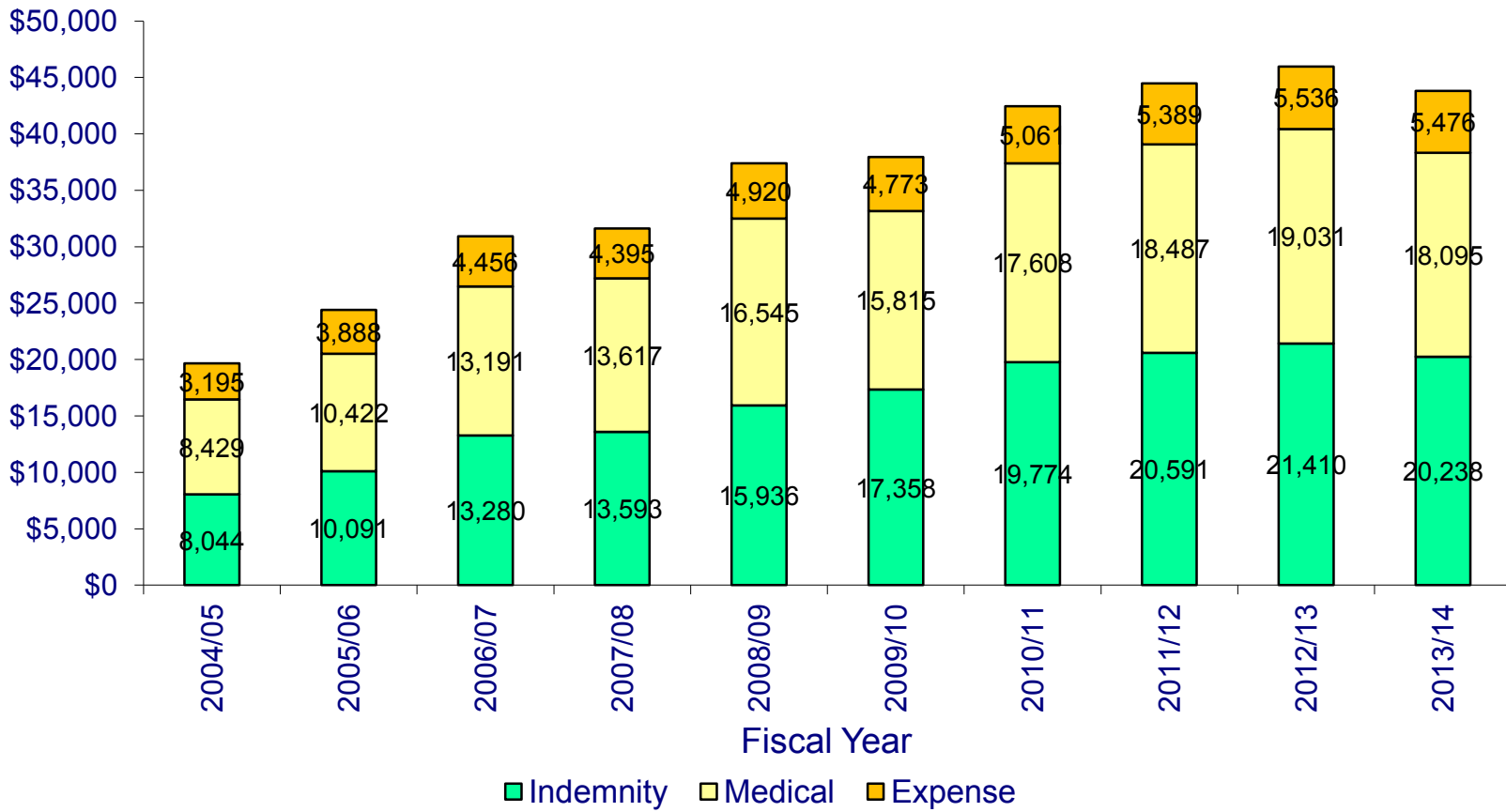


Development Methods



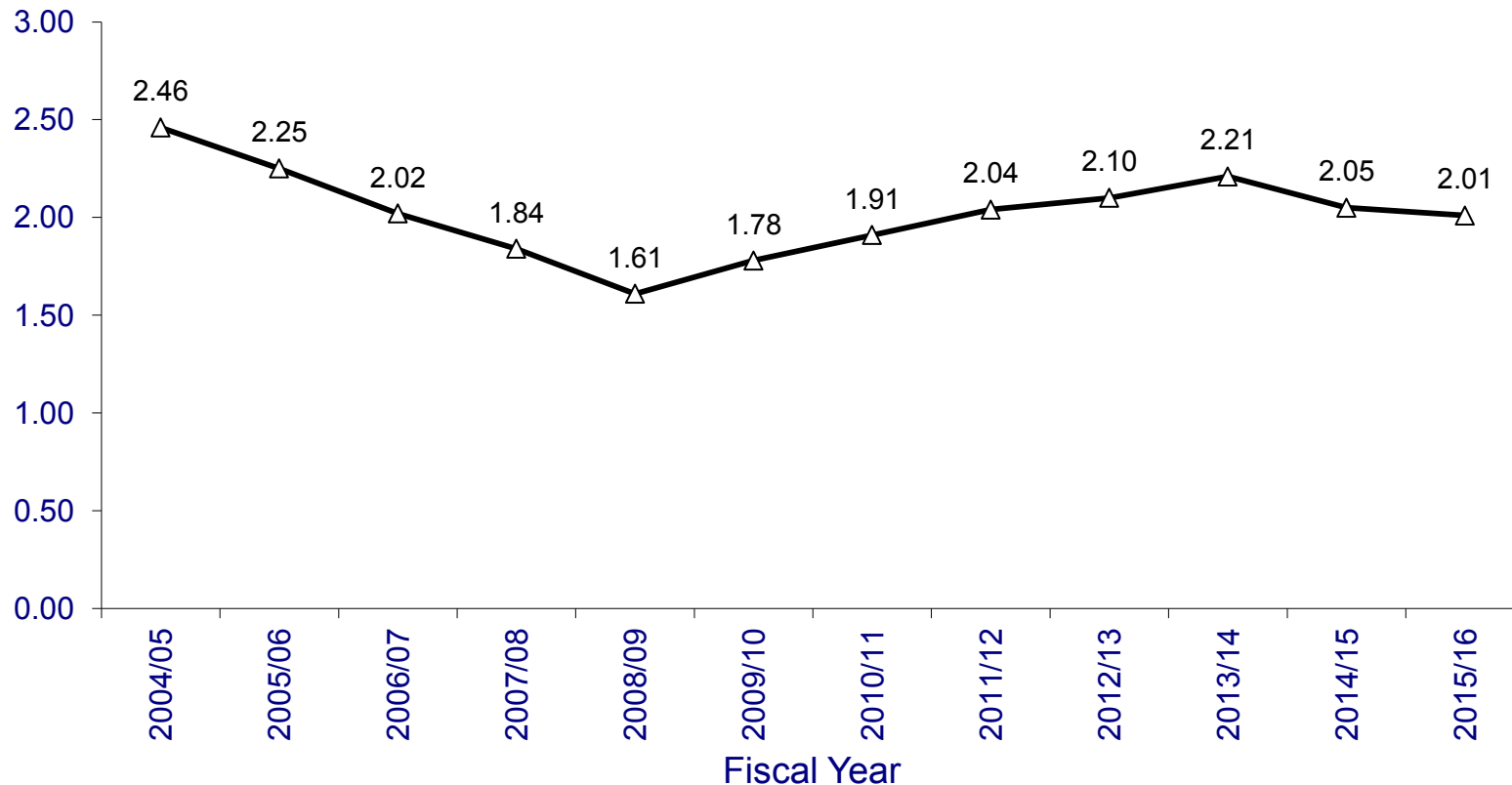


Severity: ~\$43,000 per Claim (latest 5 yrs)



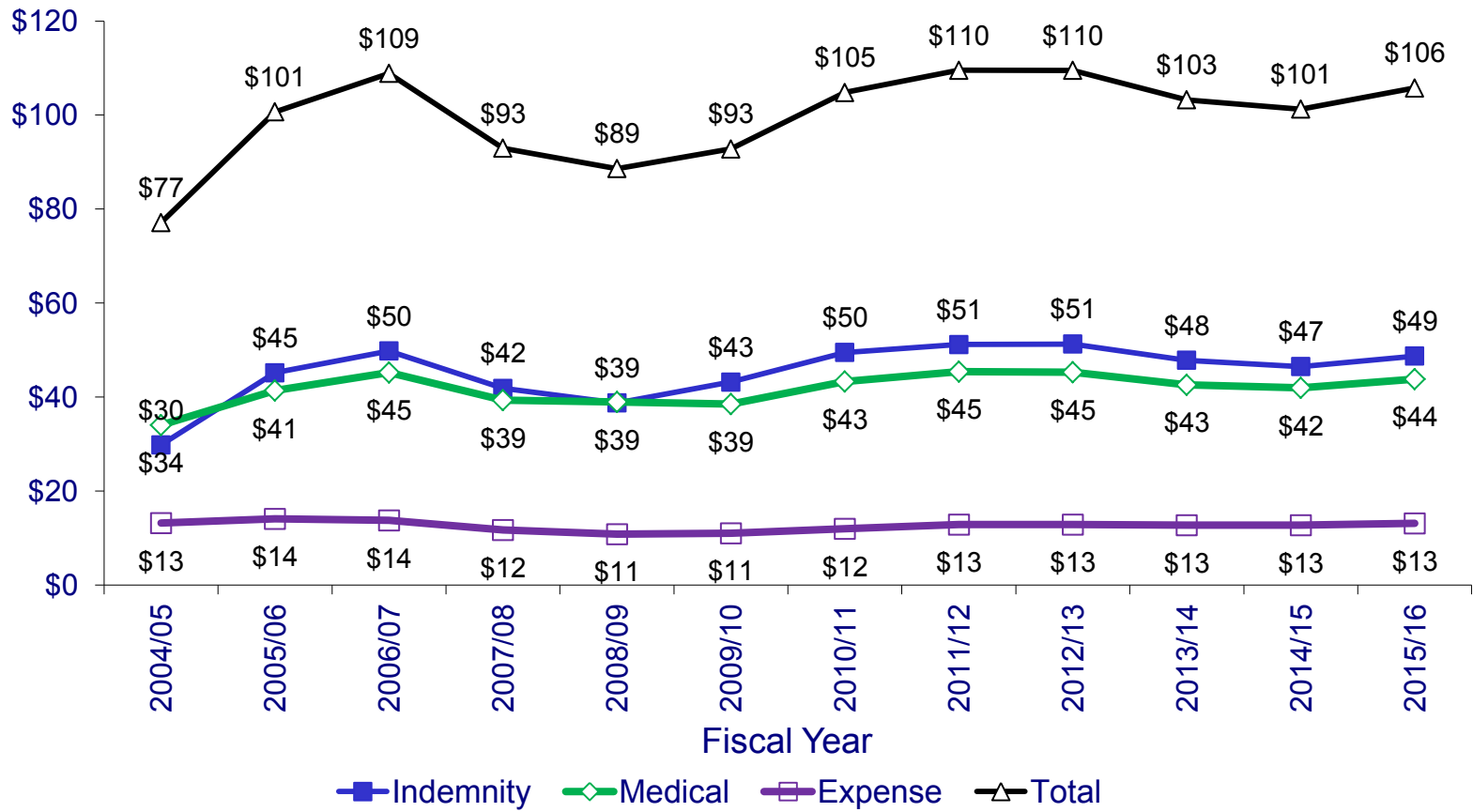


Frequency: ~ 2 Claims per \$1 Million of Payroll FY 2015 payroll ~ \$576 Million





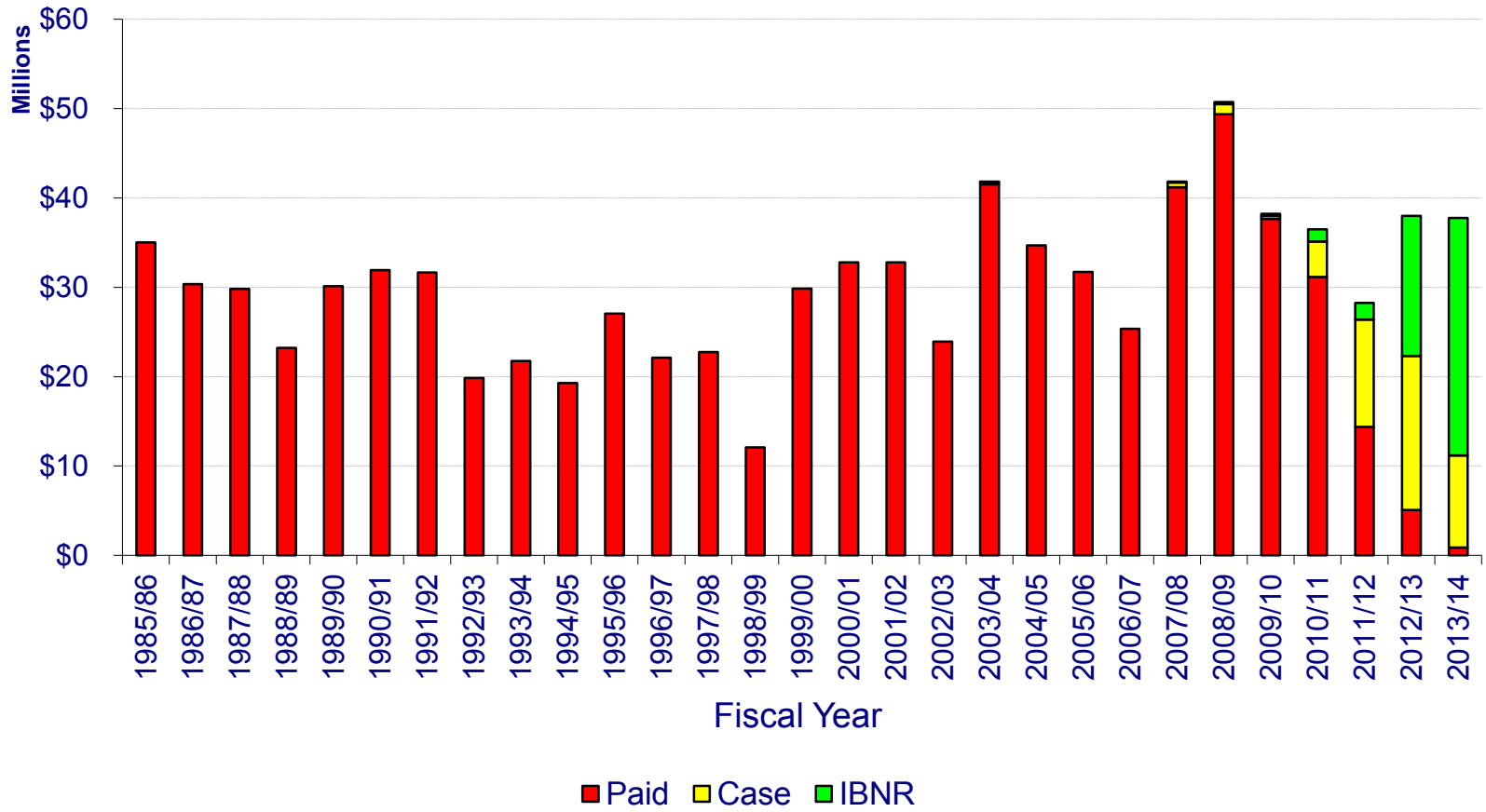
Loss Rate per \$1,000 of Payroll Trended to 2015 level



Public Liability/Property Damage

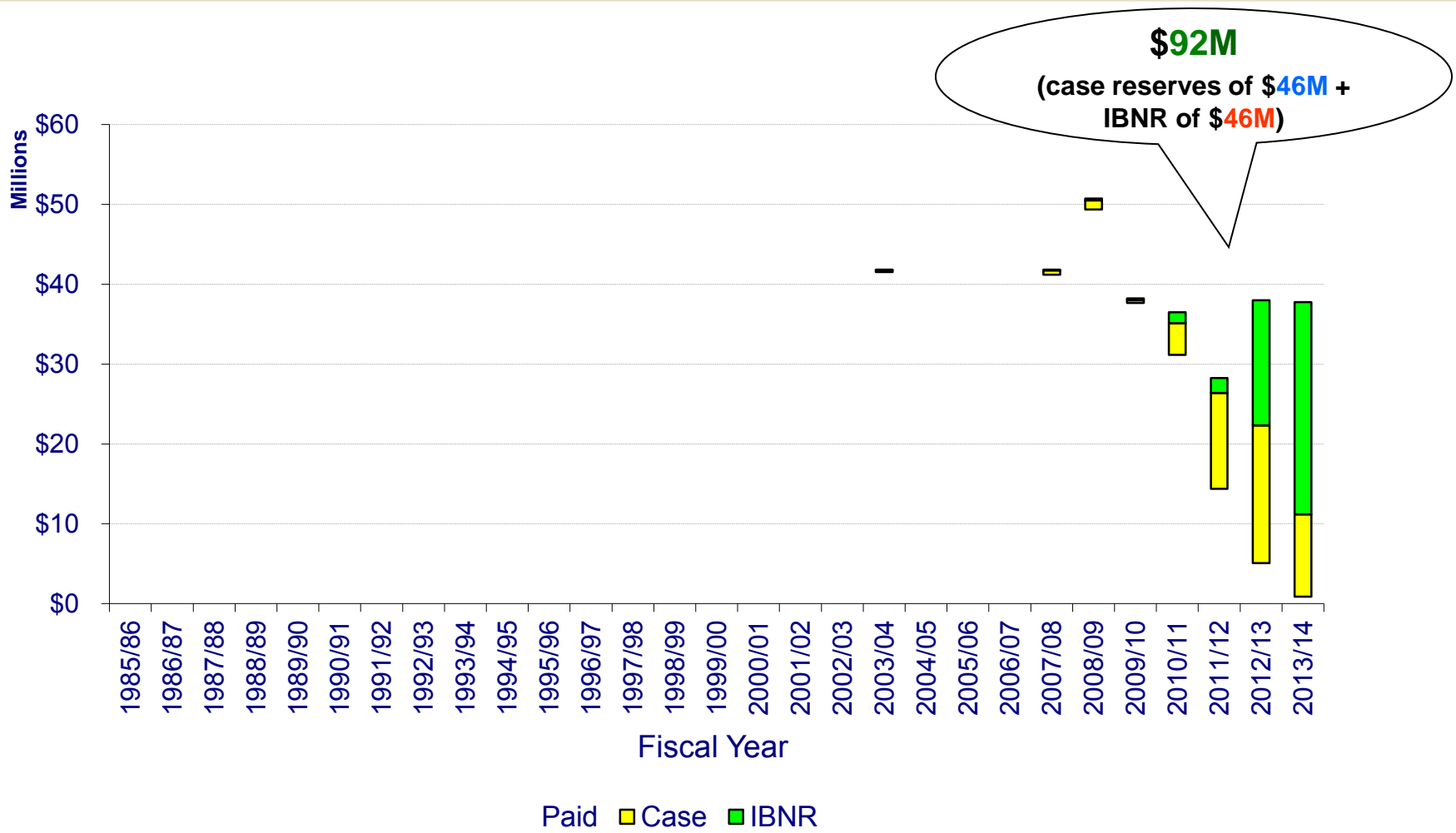


Projected Ultimate Limited (to SIR) Losses Inception to 2013/14 ~ \$881 Million





Outstanding Losses @6/30/14 ~ \$92M = Case + IBNR Reserves



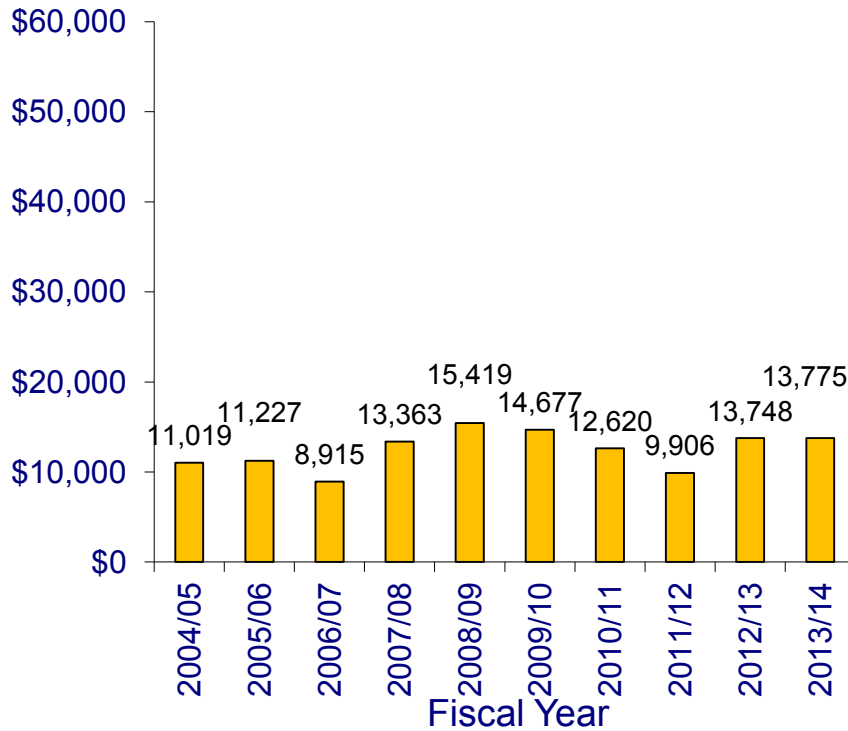


Severity (latest 5 yrs):

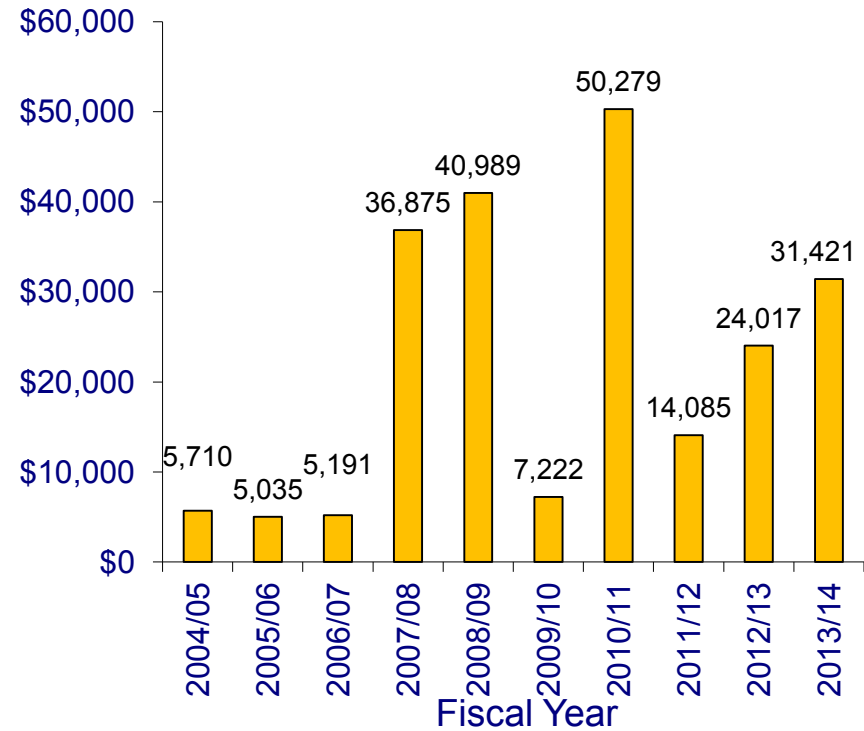
~\$13,000 per Claim (Bus)

~\$25,000 per Claim (Rail)

Bus



Rail



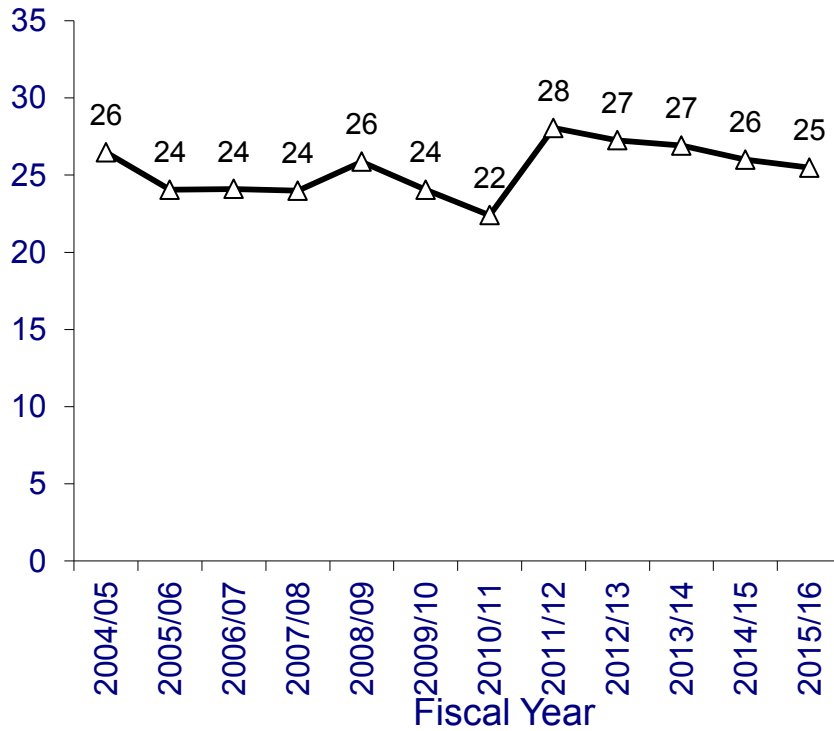


Frequency:

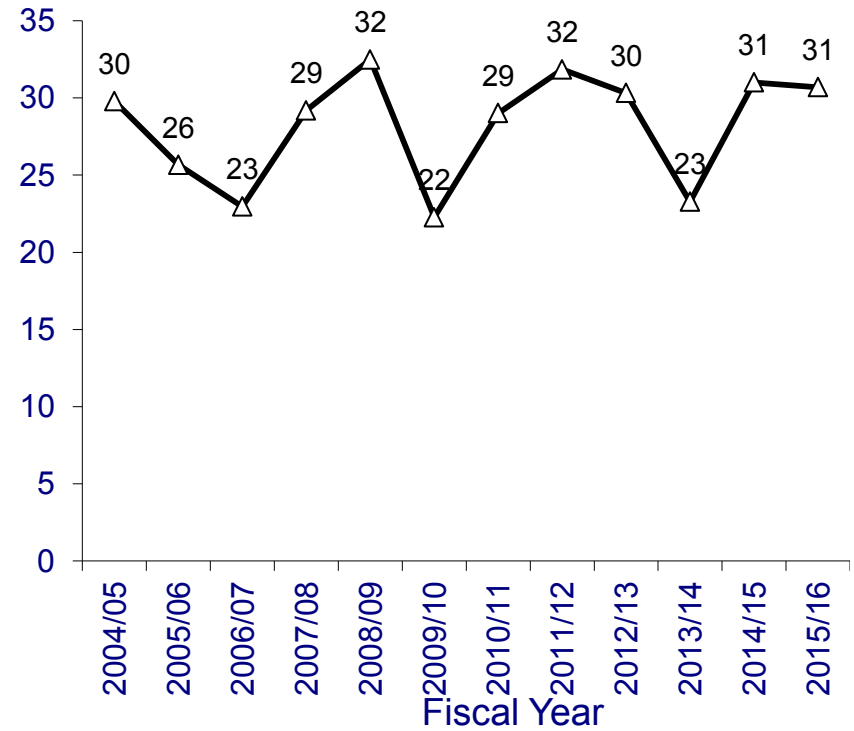
~25 Claims per 1M Miles Driven (Bus), 2015 ~ 85.6 M miles

~27 Claims per 1M Train Miles Operated (Rail), 2015 ~ 7.8 M Train miles

Bus



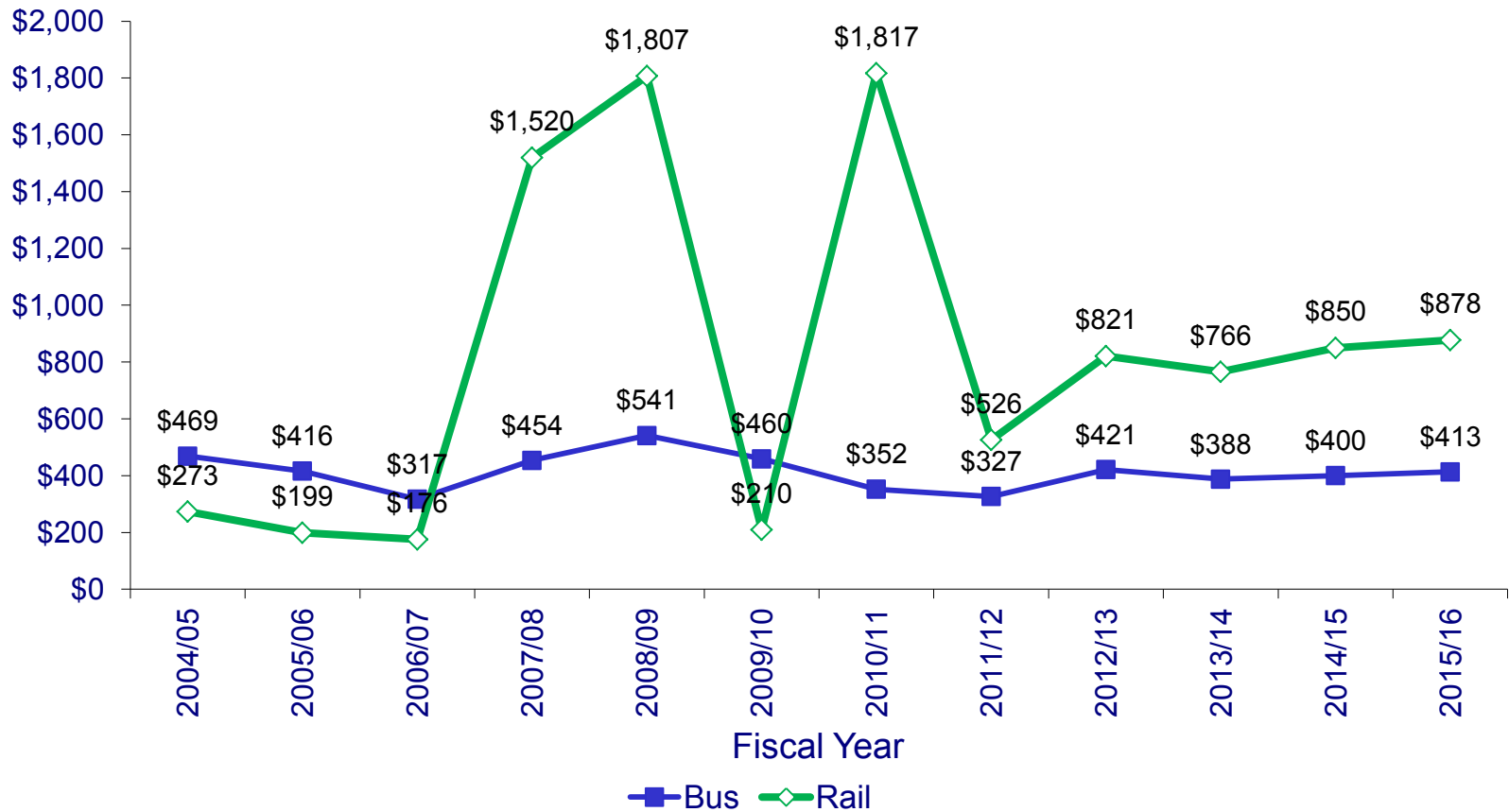
Rail



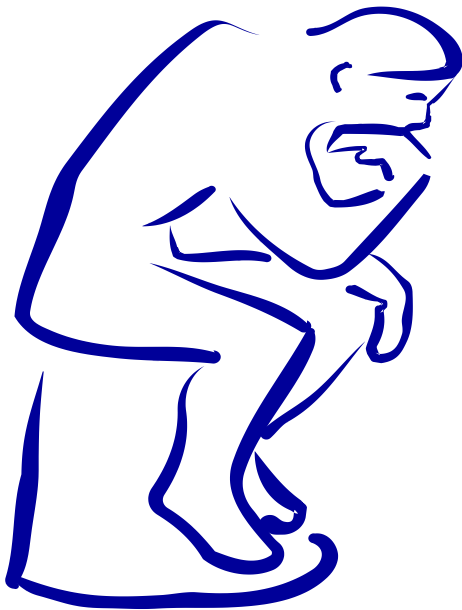


Loss Rate (trended)

per 1M of Miles Driven (Bus)
per 1M of Revenue Train Miles Operated (Rail)



Questions?



Thank you.

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Thank you!

