

**A STUDY ON THE FEASIBILITY
OF THE
COMMONWEALTH OF VIRGINIA
SELF-INSURING ITS OWN VEHICLE FLEET
TO
THE GOVERNOR
AND
THE GENERAL ASSEMBLY OF VIRGINIA**



Senate Document No. 4

**COMMONWEALTH OF VIRGINIA
Department of Purchases and Supply
Richmond
1978**



COMMONWEALTH of VIRGINIA

Wayne A. Whitham
Secretary of Transportation

Office of the Governor
Richmond 23219

Report of the

Secretary of Transportation
Secretary of Public Safety
Commissioner of Highways and Transportation
Superintendent of State Police

to

The Governor and the General Assembly of Virginia

TO: THE HONORABLE MILLS E. GOWIN, JR., Governor of Virginia

and

THE GENERAL ASSEMBLY OF VIRGINIA

The 1977 General Assembly enacted Senate Joint Resolution No. 88 which directed a committee composed of the Secretary of Transportation, the Secretary of Public Safety, the Commissioner of Highways and Transportation, and a representative from the Virginia Department of State Police to conduct a study of the feasibility of the State insuring its own automobiles. The committee elected to pursue the taskforce approach to accomplish this study. The task force was comprised of representatives of the Office of Transportation, the Department of Highways and Transportation, the State Corporation Commission, and the Department of State Police. The resultant findings and recommendations relative to the feasibility of the State self-insuring its vehicle fleet are included in the attached report.

We wish to thank all those who cooperated in the conduct of this feasibility study.

Respectfully submitted,

Wayne A. Whitham

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Introduction

Senate Joint Resolution (SJR) 88 enacted by the 1977 General Assembly, directed a Committee composed of the Secretary of Transportation, Secretary of Public Safety, Commissioner of Highways and Transportation and a representative of the Department of State Police to conduct a study of the feasibility of the State insuring its own automobiles. The Committee was charged to report its findings to the Governor and the General Assembly by December 1, 1977. (See Exhibit 1)

The Committee, Secretary Wayne A. Whitham, Secretary H. Selwyn Smith, Colonel Denny M. Slane, and Commissioner John Harwood, met on April 11, 1977, and after reviewing the resolution and discussing its ramifications, appointed a task force to meet the requirements of SJR 88. The State Corporation Commission agreed to participate in the task force upon the request of the Committee.

The task force was established to conduct the study under the guidance and review of the Committee. The task force members are as follows:

Hiram R. Johnson, Chairman
Office of the Secretary of Transportation

William L. Bower
Department of Highways and Transportation

Garland L. Hazelwood, Jr.
State Corporation Commission

Captain A. Holcomb
Department of State Police

Floyd B. Loving
Department of Highways and Transportation

T. Ashby Newby
Department of Highways and Transportation

The dollar amounts and other figures depicted in this report are not necessarily representative of the total vehicle insurance program in the Commonwealth of Virginia.

This is due to the problem in reconciling the different agencies insurance coverage periods into a single uniform reporting period, as well as the identification of all insured vehicles. Therefore, certain adjustments were made in order to present a relatively comparable analysis. We believe the figures to be relatively accurate and believe that logical inferences can be drawn from the data as compiled.

Methodology

The following approach was developed to determine the feasibility of a State self-insurance program for its licensed vehicles.

- A. A questionnaire was developed to obtain historical and present data on each State agency's vehicle and general liability insurance programs over the past four years (Exhibit II).
- B. Identify previous State self-insurance studies.
- C. Contact states who have experience with self-insurance programs. (Florida, Illinois, South Carolina)
- D. Review available literature relative to self-insurance programs.
- E. Identify affected Virginia statutes in the event of state self-insurance.
- F. Develop alternatives and recommendations relative to feasibility of State self-insurance for its vehicle fleet.

Summary

A.

Questionnaires were sent to all state agencies and institutions, legislative, executive and judicial.

The questionnaires were designed to capture data for the past four fiscal years; however, due to time constraints in assimilating and analyzing the data, the last fiscal year of 1976-77 is incomplete in that the data is current to 5-15-77 as opposed to 6-30-77.

The completed questionnaires identified 17 different insurance companies which were carrying vehicle insurance for the State vehicle fleet. (Exhibit III)

Insurance coverage varies widely among the State agencies as does the average premium cost per vehicle. The State's vehicle fleet totals 11,538 vehicles. The average cost of insurance per vehicle was approximately \$132 during 1976-77. (Exhibit V)

A summary of the data reported in the questionnaires is documented in Exhibits IV and V. A list of agencies responding to the questionnaire is shown in Exhibit VI.

The information reported in these exhibits is complete for the four year study period except for the last fiscal year. The data

for fiscal year 1976-77 is complete through 5-15-77. This is approximately 45 days short of the complete reporting period.

There are 11,538 vehicles in the State fleet; insurance premiums for 1976-77 approximated \$1,521,000; claims for 1976-77 approximated \$710,000. During the four-year study period of 1973-77, premiums exceeded claims by 35%, 15%, 15%, and 53% respectively.

The number of claims and the average amount per claim during this period has been 1973-74, 612 - \$539; 1974-75, 644 - \$804; 1975-76, 653 - \$1,335; 1976-77, 551 - \$1,288.

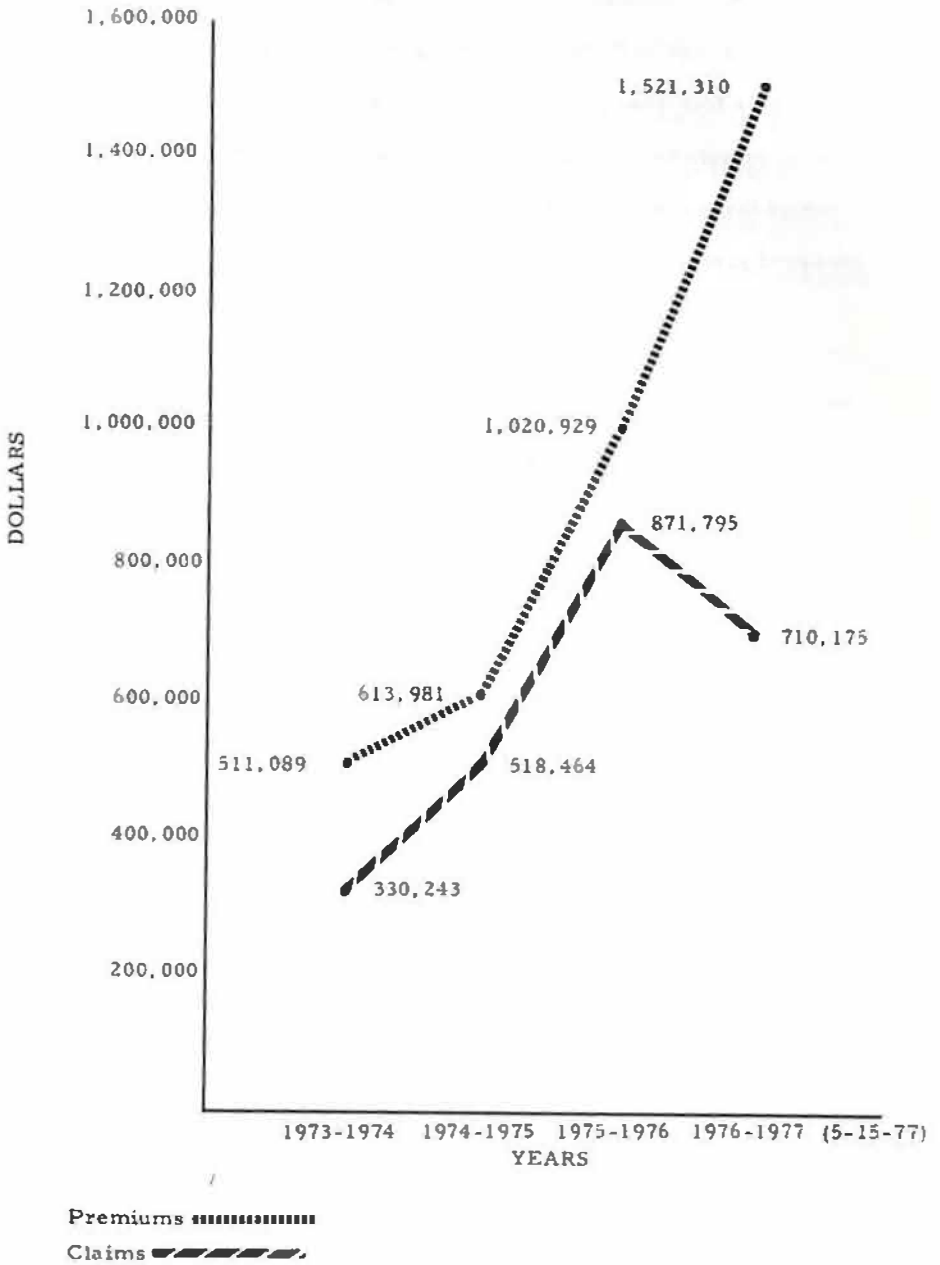
It is estimated that the size of the State vehicle fleet increased 12% during the four-year study period.

The accompanying graphs depict the relationship and varying cost differential of premiums and claims over the last four years.

Graph A depicts the relationship of claims to premiums for the study period fiscal year 1973-74 through fiscal year 1976-77 (as of 5-15-77). This four-year period shows a favorable correlation between premiums and claims until 1976-77. During the 1976-77 period there is a significant disparity of \$811, 135 or a 53% excess of premiums over claims.

Relationship of Claims to Premiums
for Four Year Period

GRAPH A

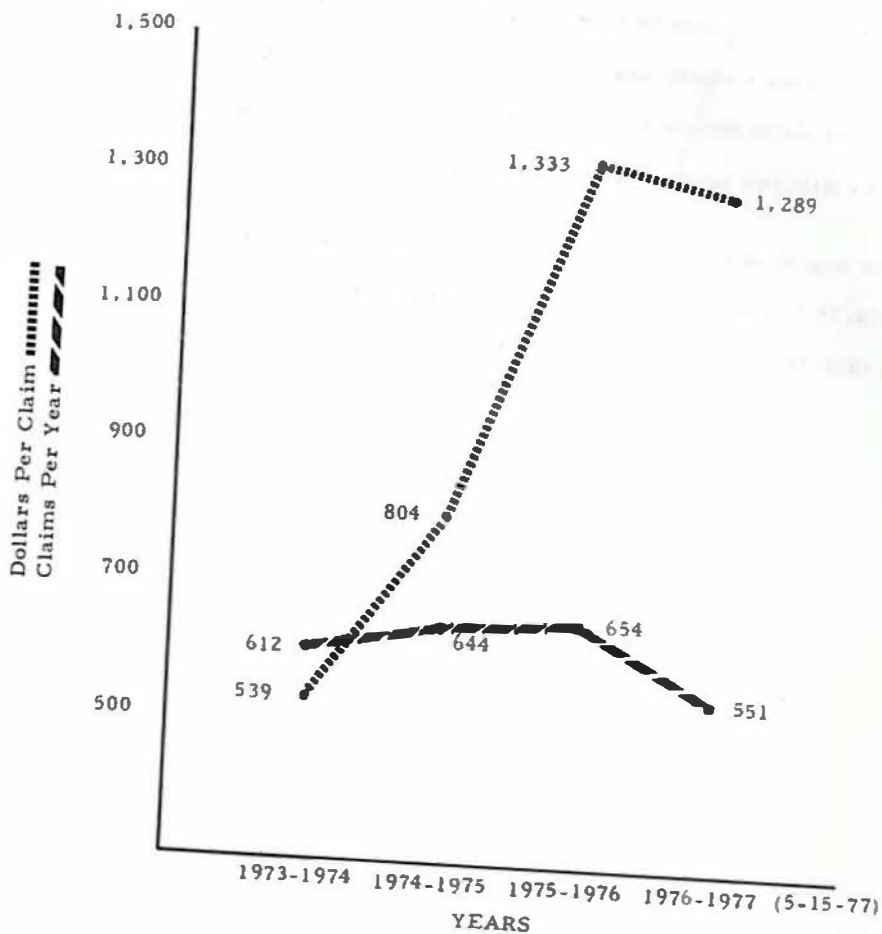


Graph B depicts the relationship of the number of claims to dollars paid per claim over the four-year study period.

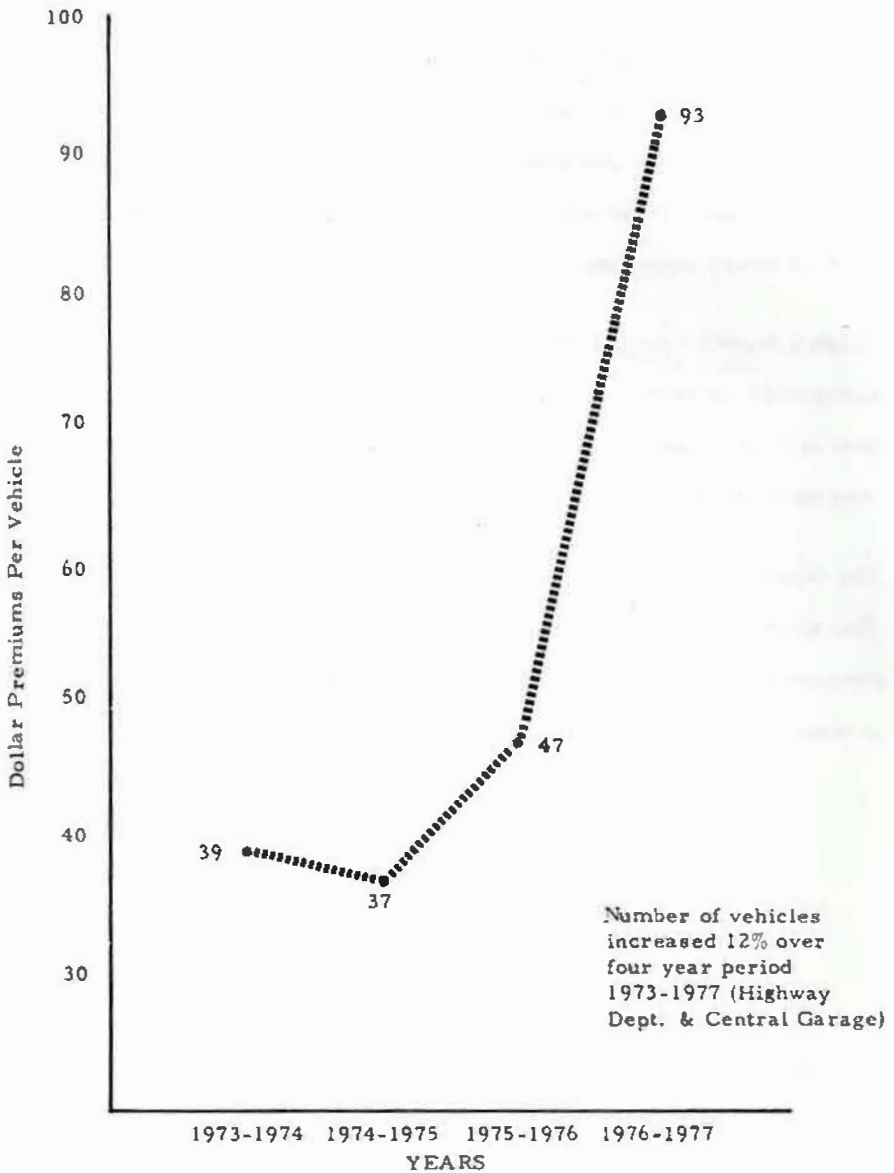
The number of claims by State agencies was fairly static until 1976-77 when a significant improvement was noted. Dollars paid per claim remain at a relatively high rate when compared to the first two years of the study period.

It is important to note the vehicle fleet has increased since 1974-75; however, the number of claims has declined from 644 in 1974-75 to 551 in 1976-77 (as of 5-15-77).

GRAPH B



GRAPH C



Graph depicts Highway Department and Central Garage vehicles only. This represents 55% of all vehicles. 1976-1977 state wide average premium cost per vehicle was \$132.00.

The Committee was advised by the Division of Legislative Services that there were no known previous State self-insurance studies.

HJR 251, passed by the 1977 General Assembly, directed the House Corporations, Insurance and Banking Committee and the Senate Commerce and Labor Committee to study the Commonwealth's present program of insurance coverage and bond requirements and make recommendations concerning a structured insurance program for Virginia. Such recommendations should take into consideration the possibility of self-insurance and any other structural changes to the State's insurance program which may result in economies.

The scope of HJR 251 is broader in study context than SJR 88. The Senate and House Joint Subcommittee addressing HJR 251 has been apprised of the efforts of this committee through testimony at public hearings and correspondence. A copy of this report will be provided to the Chairman of the HJR 251 subcommittee.

C.

The states of Illinois, South Carolina and Florida were contacted relative to their experience with vehicle self-insurance programs.

The following is a composite of those programs:

1. Self-insurance was adopted due to rapidly increasing premiums; the difficulty in obtaining bids; cash flow advantages; more effective and efficient risk management; greater control over claims.
2. These states have encountered no particular or unexpected problem since the conception of their self-insurance programs.
3. Illinois contracted with a commercial carrier for claims administration at a rate of \$95,000 for the first 1,200 claims. Illinois estimates that claims administration amounts to 16%. Other studies have placed that figure at 24%. Their self-insurance program became effective August 6, 1976.
4. The fleet size of each of these states is approximate to Virginia.

5. Illinois estimates they will have less than 1,200 claims within the current fiscal year costing \$600,000. No comparable data was available from South Carolina and Florida.
6. All three states conduct a driver education program of some type since deciding to self-insure. This has been a very effective and worthwhile activity in reducing the frequency and severity of accidents.
7. Illinois and South Carolina purchase a claims administration service from a third party. Such an arrangement insulates the State from direct dealing with claimants and eliminates the need to establish a staff of professional claims administration employees.

Florida handles most of its claims administration "in house." The function is performed by four employees with claims experience. Occasionally, professional assistance is obtained from third parties depending on the circumstances.

8. All three states have a central risk management division to monitor and direct the states' insurance program.

Florida and Illinois risk managers have final approval of all adjusted claims. South Carolina's risk manager does not get involved in claims adjustment.

9. South Carolina funds its program at \$65 premium per vehicle. Illinois and South Carolina use a trust fund concept with special and general funds prorated through the budget process.
10. No state vehicles are excluded from the self-insurance concept or coverage.
11. South Carolina and Illinois estimate their cost savings from vehicle self-insurance programs at \$1,000,000 each annually.

Florida has a total self-insurance program operating at approximately \$5,000,000 savings per year.

12. Discussions with the other states indicated it would require little additional staff to administer a vehicle self-insurance program, provided claims administration and adjustment are contracted to a third party.

A review of available literature relative to the feasibility of self-insurance revealed the following:

1. A Fortune magazine survey (October, 1973) indicated that 65% of the top 500 companies in the U. S. self-insure some portion of their auto/truck fleet. Sixty-six percent of these same firms indicated that all forms of self-insurance would increase; of the second 500 companies, 39% self-insure some portion of their vehicle fleet and 39% also believe their use of self-insurance would increase.
2. A more recent survey by Time Inc., published in Business Insurance, December 1, 1975, stated that within 5 years property and casualty self-insurance will increase by 50% due to corporate economizing. Employee benefits self-insurance programs are likely to double in this period according to the survey of more than 900 principal corporations.
3. Other research of Business Insurance magazine included:
 - a. Business Insurance. "Municipalities in a liability crisis paralleled to the doctor dilemma." September 22, 1975. Page 77.

- b. Business Insurance. "Nothing is taken for granted by the City of Memphis' risk manager" by Paul R. Merrion. August 25, 1975. Pages 32-33.
- c. Business Insurance. "Schools using more self-insurance, loss control" by Linda Moskowitz. February 24, 1975. Pages 24-25.
- d. Business Insurance. "Whirlpool to self-insure liability cover." January 27, 1975.
- e. Business Insurance. "Baltimore self-insures all municleple vehicles." July 1974.
- f. Business Insurance. "City benefits self-insured." July 28, 1975.
- g. Business Insurance. "TRUCKER PAYS OWN LOSSES--calls \$1 million retention a good move" by Joanne Gamlin. November 17, 1975.
- h. Business Insurance. "West Coast firms are enthusiastic over self-funded benefits programs." by Joanne Gamlin. June 16, 1975. Pages 58-60.
- i. Business Insurance. "Cite advantages of self-insured benefit plans." March 24, 1975. Page 21.
- j. Business Insurance. "Self-insuring comp - pros, cons." March 24, 1975. Page 19.
- k. Business Insurance. "Employers improve cash flow by self-insuring their unemployment benefits" by Thomas E. Sitter. December 23, 1974. Pages 19-20.
- l. Business Insurance. "Urges cities to review growing risk of liability in face of tighter Market." May 19, 1975. Page 26.
- m. Business Insurance. "Risk managers heed recession but don't panic--Emphasis on self-insurance, higher deductables, more bids." by Elisabeth M. Wechsler and Joanne Gamlin. April 21, 1975. Pages 44-46.

The Division of Legislative Services reviewed the Code of Virginia to determine if there was any prohibition contained therein against the self-insurance of State motor vehicles by the Commonwealth. Their research indicated the Code contains no such prohibition and the State would be able to apply for a certificate of self-insurance pursuant to Section 46.1-395.

The procedures for establishing such a program could be accomplished by a legislative grant of authority, administratively pursuant to an executive order or a combination of legislative authority and administrative policies.

Alternatives

F. It is the opinion of the Committee that the following alternatives are available with regard to insurance/self-insurance of the State's motor vehicle fleet:

1. Continue to commercially insure the State fleet. Cost of commercial insurance for the fleet will continue to increase significantly.
2. Totally self-insure the State fleet and employ an administrative carrier to adjust claims. Liability limits should be \$300,000 for bodily injury and \$50,000 for property. There is some risk that a catastrophic loss could cause strain on the financial integrity of the self-insurance trust fund.
3. Same as Recommendation No. 2, except the State would retain claims adjustment process.
4. Self-insure the State fleet up to a certain level and purchase excess insurance above that level and employ an administrative carrier to adjust claims.
5. Same as Recommendation No. 4, except the State would retain claims adjustment process.
6. Commercially insure the State fleet for the minimum legal limits - \$25,000/\$50,000/\$5,000 and self-insure all claims above minimum.

Recommendations

1. The Committee has determined it is feasible to self-insure the State's motor vehicle fleet.
2. It is the general recommendation of the Committee that self-insurance for the State vehicle fleet be considered as a part of a structured insurance program for Virginia under HJR 251.
3. Given favorable consideration of self-insurance for the State vehicle fleet as part of the overall structured insurance program for the State, the Committee recommends that Alternative 2 be adopted based on incurred losses and paid premiums during the study period, and offers the following specific recommendations:
 - A. Establish the procedure for a self-insurance program for the State vehicle fleet through enabling legislation where required.
 - B. Establish a trust fund through a pro rata of special funds and general fund appropriation basis (each separate).
 - C. An initial claims reserve fund should be established according to generally accepted insurance practices.

The reserve fund could be returned as the self-insurance trust fund increases beyond need.

- D. An administrative carrier should be employed to adjust all claims by third parties against the State. The claims adjustment process should be contracted through competitive bidding. The State would retain final approval authority over payment of any and all claims.

A continuing review should be made of the claims administration process relative to eventual State operation of the adjustment process.

- E. A risk manager authority function should be established for final claims approval.
- F. Establish a safety and loss prevention program to improve the awareness and skills of State vehicle operators.
- G. State employees who use their personal motor vehicles on State business would be covered under the State's self-insurance program after their personal insurance coverage has been exhausted.

APPENDICES

- | | |
|-------------|---|
| Exhibit I | Senate Joint Resolution 88 |
| Exhibit II | Insurance Questionnaire Relative to SJR 88 |
| Exhibit III | Insurance Companies Presently Underwriting
State Fleet |
| Exhibit IV | Insurance Questionnaire Detail Summary |
| Exhibit V | Insurance Questionnaire Summary |
| Exhibit VI | State Agencies Responding to Questionnaire |

1977]

ACTS OF ASSEMBLY

1585

SENATE JOINT RESOLUTION NO. 88

Requesting a special committee to conduct a study on the feasibility of self-insurance for State automobiles.

Agreed to by the Senate, February 24, 1977

Agreed to by the House of Delegates, February 23, 1977

WHEREAS, the several state agencies, departments and divisions presently procure insurance on their automobiles through the competitive bid process; and

WHEREAS, it is possible that the insurance benefits received from such coverage are far outweighed by the premiums paid therefor; and

WHEREAS, ultimately the cost of insurance is borne by the citizens of the Commonwealth in the form of taxes; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That a committee composed of the Secretaries of Transportation and Public Safety, the Commissioner of Highways and Transportation, and a representative from the Virginia Department of State Police is hereby requested to conduct a study of the feasibility of the State insuring its own automobiles. All agencies and departments of the State shall cooperate with the committee in carrying out the study. The committee shall report its findings to the Governor and the General Assembly no later than December one, nineteen hundred seventy-seven.

COMMONWEALTH OF VIRGINIA
 INSURANCE QUESTIONNAIRE
 RELATIVE TO 57A NO. 88

Agency Name _____
 Completed by _____
 Phone Number _____

PART 1 - AUTOMOBILE AND TRUCK FLEET INSURANCE

1. Indicate type of coverage now in effect:
- | | Yes | No | |
|-----------------------------|-----|-----|---------------------------|
| (a) Bodily Injury Liability | () | () | Limits of Liability _____ |
| (b) Property Damage | () | () | Limits of Liability _____ |
| (c) Collision | () | () | Limits of Liability _____ |
| (d) Comprehensive | () | () | Limits of Liability _____ |
| (e) Uninsured Motorists | () | () | Limits of Liability _____ |
| (f) Other (Identify Type) | () | () | Limits of Liability _____ |
2. Has there been a change in bodily injury and/or property damage liability limits within the last four policy period years? _____ If so, show dates of change and limits of former coverage _____

3. Number of passenger vehicles and trucks currently insured _____

(a) Number of other licensed vehicles insured _____

4. The amount of annual premium cost for the last four policy period years is as follows: (Show on fiscal or calendar year basis)

POLICY PERIOD

AMOUNT OF ANNUAL PREMIUM COST

(a) From _____	To _____	_____
(b) From _____	To _____	_____
(c) From _____	To _____	_____
(d) From _____	To _____	_____

6. Furnish Bodily Injury and Property Damage Liability Loss Experience Data for the last four policy period years:

<u>POLICY PERIOD</u>	<u>NUMBER OF CLAIMS</u>	<u>AMOUNT PAID</u>	<u>AMOUNT RESERVED</u>	<u>TOTAL</u>
(a) From _____ To _____	_____	_____	_____	_____
(b) From _____ To _____	_____	_____	_____	_____
(c) From _____ To _____	_____	_____	_____	_____
(d) From _____ To _____	_____	_____	_____	_____

NOTE: Loss experience information may be obtained from the insurance company or agency representative.

6. Name of present insurance company _____

7. Name of present insurance agency _____

8. Check one of the following to show type of current insurance plan:

- (a) Guaranteed Cost Plan _____
- (b) Retrospective Cost Plan _____

9. Check one of the following to indicate method of purchasing this insurance:

- (a) Competitive Bid _____
- (b) Negotiation _____
- (c) Other _____

10. Remarks _____

COMMONWEALTH OF VIRGINIA
INSURANCE QUESTIONNAIRE
RELATIVE TO SJR NO. 38

Agency Name _____
Completed by _____
Phone Number _____

PART II - GENERAL OR BLANKET LIABILITY INSURANCE

1. Give brief description of coverage provided by general or blanket liability policy such as negligent acts of employees, unlicensed equipment, construction, or other operations, etc. _____

2. What are current limits of liability?
(a) Bodily Injury _____
(b) Property Damage _____
3. Has there been a change in bodily injury and/or property damage liability limits within the last four policy period years? _____ If so, show dates of change and limits of former coverage _____

4. Number of agency employees currently on payroll covered by liability insurance:
(a) Salaried _____
(b) Hourly _____
(c) Total _____
5. Amount of annual agency payroll of covered employees _____
6. The amount of annual premium cost for the last four policy period years is as follows: (Show on fiscal or calendar year basis)

POLICY PERIOD

AMOUNT OF ANNUAL PREMIUM COST

(a) From _____	To _____	_____
(b) From _____	To _____	_____
(c) From _____	To _____	_____
(d) From _____	To _____	_____

7. Furnish Bodily Injury and Property Damage Liability Loss Experience Data for the last four policy period years:

<u>POLICY PERIOD</u>	<u>NUMBER OF CLAIMS</u>	<u>AMOUNT PAID</u>	<u>AMOUNT RESERVED</u>	<u>TOTAL</u>
(a) From _____ To _____	_____	_____	_____	_____
(b) From _____ To _____	_____	_____	_____	_____
(c) From _____ To _____	_____	_____	_____	_____
(d) From _____ To _____	_____	_____	_____	_____

NOTE: Loss experience information may be obtained from the insurance company or agency representative.

8. Name of present insurance company _____

9. Name of present insurance agency _____

10. Check one of the following to show type of current insurance plan:

- (a) Guaranteed Cost Plan _____
- (b) Negotiation _____
- (c) Other _____

11. Check one of the following to show method of purchasing this insurance:

- (a) Competitive Bid _____
- (b) Negotiation _____
- (c) Other _____

12. Remarks _____

EXHIBIT III

<u>Insurance Company</u>	<u>State Agencies Insured</u>	<u>Insurance Company</u>	<u>State Agencies Insured</u>
Home Indemnity Company	- 5	Hartford	- 2
Royal Globe	- 8	Harleysville Mutual	- 1
Lumbermen Mutual Casualty	- 5	Nationwide	- 3
USF & G	- 3	Travelers	- 4
Aetna Casualty & Surety	- 5	National Surety Corp.	- 1
Insurance of North America	- 1	Reliance Insurance Co.	- 2
NH Insurance Group	- 2	Great American Insurance	- 1
Commercial Union	- 1	Transit Casualty Co.	- 1
Glens Falls	- 1		

Commonwealth of Virginia
Insurance Questionnaire Summary
Relative to SJR No. 88

EXHIBIT IV

<u>Number of Agencies</u>	<u>Number of Vehicles</u>	<u>Limits of Liability</u>		<u>Other Coverage (Uninsured Motorist)</u>	<u>1973-74 Annual Premium</u>	<u>1974-75 Annual Premium</u>
		<u>Bodily Injury</u>	<u>Property Damage</u>			
16	8,555	\$ 100/300,000.00	\$ 50,000.00	\$ 25/50,000.00	\$ 279,646.00	\$ 315,604.00
6	1,348	100/300,000.00	25,000.00	25/50/5,000.00	135,900.00	153,762.00
4	345	100/300,000.00	100,000.00	100/300/5,000.00	21,785.00	27,569.00
2	110	250/1,000,000.00	50,000.00	25/50/5,000.00	5,616.00	6,715.00
3	85	250/500,000.00	100,000.00	25/50/5,000.00	7,126.78	10,569.53
1	52	100/300,000.00	5,000.00	25/50/5,000.00	2,612.00	5,769.00
1	6	100/300,000.00	10,000.00	25/50/5,000.00	709.62	749.49

<u>Percentage of Increase</u>	<u>1975-76 Annual Premium</u>	<u>Percentage of Increase</u>	<u>1976-77 Annual Premium</u>	<u>Percentage of Increase</u>	<u>Number of Claims</u>	<u>1973-74 Humber of Claims</u>
12.86%	\$ 416,139.00	31.65%	\$ 815,671.95	96.04%	1,506	366
13.14%	408,123.00	165.43%	437,586.00	07.22%	545	147
26.55%	51,174.00	85.62%	83,425.00	63.02%	109	20
19.57%	10,192.00	51.78%	15,577.00	52.84%	23	12
48.31%	14,144.24	33.82%	22,806.61	61.24%	43	13
118.57%	5,813.00	01.82%	6,173.00	19.10%	10	2
05.55%	826.00	10.21%	981.00	18.77%	1	---

<u>1974-75</u> <u>Number of Claims</u>	<u>Percentage of</u> <u>Increase or</u> <u>Decrease In Claims</u>	<u>1975-76</u> <u>Number of Claims</u>	<u>Percentage of</u> <u>Increase or Decrease</u>	<u>1976-77</u> <u>Number of Claims</u>	<u>Percentage of</u> <u>Increase or</u> <u>Decrease</u>
405	10.66%	397	01.98%	338	14.86%
124	- 15.65%	152	22.58%	122	-19.74
34	70.00%	32	05.88%	23	-28.13%
6	- 50.00%	4	-33.33	1	-75.00%
11	15.38%	13	18.18%	6	-53.85%
4	100.00%	---	-----	4	-----
---	-----	1	-----	---	-----

<u>1973-74</u> <u>Amount of Claims</u>	<u>1974-75</u> <u>Amount of Claims</u>	<u>Percentage of</u> <u>Increase or Decrease</u>	<u>1975-76</u> <u>Amount of Claims</u>	<u>Percentage of</u> <u>Increase or Decrease</u>	<u>1976-77</u> <u>Amount of Claim</u>
\$ 214,270.00	\$ 270,386.56	26.19%	\$ 541,566.00	100.29%	\$ 463,703.00
86,911.16	167,034.09	92.19%	295,725.91	77.05%	199,525.29
12,774.00	28,308.00	121.61%	18,757.70	-33.74%	5,192.00
1,553.30	979.42	- 36.95%	977.72	-00.17%	261.88
2,333.00	2,372.00	01.67%	1,843.00	-22.30%	23,209.00
144.96	948.44	554.28%	-----	-----	545.70
-----	-----	-----	26.00	-----	-----

<u>Percentage of Increase or Decrease</u>	<u>Insurance Co. Estimated Admin. Cost</u>	<u>1976-77 Total of Claims and Admin. Cost</u>	<u>Excess of Premium Over Cost</u>	<u>Percentage of Premium Over Cost</u>	<u>Average Cost Per Vehicle</u>
14.38%	\$ 195,761.27	\$ 659,464.27	\$ 156,207.68	19.15%	\$ 95.34
- 32.53%	105,030.64	304,898.58	132,687.42	30.32%	324.62
- 72.32%	20,022.00	25,214.00	58,211.00	69.78%	241.81
- 73.22%	3,738.48	4,000.36	11,576.64	74.32%	141.61
1,159.31%	5,473.58	28,682.58	6,555.65	28.74%	268.31
- 42.46%	1,481.52	2,027.22	4,145.78	67.16%	118.71
-----	235.44	235.44	745.56	76.00%	163.50

Commonwealth of Virginia

Insurance Questionnaire Summary (Miscellaneous)

Relative to SJR No. 88

Agency Name	Number of Vehicles	Limits of Liability		Other Coverage
		Bodily Injury	Property Damage	
Clinch Valley College	5	\$ 200,000.00	\$ 25,000.00	Comprehensive \$1,800.00
Longwood College	24	1,000,000,000.00/ 1,000,000,000.00	100,000.00	Collision-Actual Cash Value \$100.00 Comprehensive-Actual Cash Value
Department of Mental Health and Retardation	231	100/50,000.00	10,000.00	-----
Madison College	81	500/500,000.00 1,000,000.00 SL Buses	100,000.00	Medical-Each Person \$1,000.00
State Water Control Board	48	500/1,000,000.00	300,000.00	Collision \$100.00 and \$750.00 deductible Comprehensive-Actual Cash Value Medical \$2,000.00
Va. Department of Agriculture and Commerce	66	300/500/25,000.00	-----	Comprehensive combined w/ Collision Collision \$305,500.00 Medical \$50,000.00
Va. Employment Commission	6	Included in Comprehensive		Comprehensive 100/300,000.00 Medical - Included in Comprehensive
Va. Museum	10	1,000,000.00	250,000.00	Collision \$40,000.00 Comprehensive \$40,000.00
V.P.I. & State University	492	300/100,000.00	50,000.00	Comprehensive-Actual Cash Value Medical \$500.00
Va. Port Authority	30	500,000.00	100,000.00	Collision deductible \$100.00 Comprehensive-Actual Cash Value

<u>Agency Name</u>	<u>Number of Vehicles</u>	<u>Limits of Liability</u> <u>Bodily Injury</u>	<u>Property Damage</u>	<u>Other Coverage</u>
Va. Truck & Ornamentals Research Sta.	9	\$300/1,000,000.00	\$25,000.00	-----
Mary Washington College	33	Buses 100/1,000,000.00 Other 100/300,000.00	100,000.00	Medical \$1,000.00

<u>Uninsured Motorist</u>	<u>1973-74 Annual Premium</u>	<u>1974-75 Annual Premium</u>	<u>Percentage of Increase</u>	<u>1975-76 Annual Premium</u>	<u>Percentage of Increase</u>	<u>1976-77 Annual Prem.</u>
-----	\$ 351.83	\$ 419.66	19.34%	\$ 541.50	28.97%	\$ 755.00
\$25/50/5,000.00	3,609.00	6,690.00	85.37%	3,845.00	-42.53%	5,004.00
50/25,000.00	6,452.00	8,443.00	30.86%	15,502.00	83.61%	17,583.00
25/50/5,000.00	1,982.00	2,480.00	25.13%	3,284.00	32.42%	5,809.00
25/50/5,000.00	3,466.00	9,426.00	171.96%	10,064.00	06.77%	13,056.00
25/50,000.00	12,912.00	9,141.00	-29.21%	5,192.00	-43.20%	12,912.00
2,000.00	654.00	875.00	25.26%	961.00	08.95%	1,417.00
20/40/5,000.00	3,500.00	4,000.00	14.29%	4,500.00	-----	7,016.00
-----	21,209.00	45,816.00	116.02%	61,760.00	34.80%	64,695.00
20/40,000.00	1,468.00	2,098.00	42.92%	3,850.47	83.53%	3,961.00

<u>Uninsured Motorist</u>	<u>1973-74 Annual Premium</u>	<u>1974-75 Annual Premium</u>	<u>Percentage of Increase</u>	<u>1975-76 Annual Premium</u>	<u>Percentage of Increase</u>	<u>1976-77 Annual Prem.</u>
50/25/5,000.00	\$ 312.52	\$ 384.34	22.99%	\$ 450.00	17.08%	\$ 882.00
Buses 50/200/10,000.00	1,035.00	2,123.00	105.12%	3,243.00	52.76%	3,745.00
Other 25/50/5,000.00						

<u>Percentage of Increase</u>	<u>Total Number of Claims</u>	<u>1973-74 Number of Claims</u>	<u>1974-75 Number of Claims</u>	<u>Percentage of Increase or Decrease in Claims</u>	<u>1975-76 Number of Claims</u>
39.43%	2	-----	-----	-----	-----
30.14%	5	1	4	300.00%	-----
13.42%	51	10	13	30.00%	16
76.89%	22	7	6	-14.29%	4
29.73%	12	3	5	66.67%	1
148.69%	18	7	4	42.86%	2
32.18%	----	-----	-----	-----	-----
55.91%	----	-----	-----	-----	-----
04.75%	91	20	22	10.00%	24
02.87%	9	3	1	66.67%	2

<u>Percentage of Increase</u>	<u>Total Number of Claims</u>	<u>1973-74 Number of Claims</u>	<u>1974-75 Number of Claims</u>	<u>Percentage of Increase or Decrease in Claims</u>	<u>1975-76 Number of Claims</u>
96.00%	-----	-----	-----	-----	-----
15.48%	13	1	5	400.00%	5

<u>Percentage of Increase or Decrease</u>	<u>1976-77 Number of Claims</u>	<u>Percentage of Increase or Decrease</u>	<u>1973-74 Amount of Claims</u>	<u>1974-75 Amount of Claims</u>	<u>Percentage Increase in Amount of Claims</u>
-----	2	-----	-----	-----	-----
-----	-----	-----	\$ 250.00	\$ 472.00	88.80%
23.08%	12	- 25.00%	2,397.95	1,955.88	-18.44%
33.33%	5	25.00%	367.00	871.00	137.33%
-60.00%	3	200.00%	440.00	1,560.00	254.55%
-50.00%	5	150.00%	2,859.00	4,897.00	71.28%
-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----
07.09%	25	04.17%	2,685.10	6,364.37	137.03%
100.00%	3	50.00%	325.50	98.00	69.89%

<u>Percentage of Increase or Decrease</u>	<u>1976-77 Number of Claims</u>	<u>Percentage of Increase or Decrease</u>	<u>1973-74 Amount of Claims</u>	<u>1974-75 Amount of Claims</u>	<u>Percentage Increase in Amount of Claims</u>
.....
.....	2	- 60.00%	\$507.11	\$ 2,025.33	299.19%

1975-76
Amount of Claims

Percentage of Increase or Decrease

1976-77
Amount of Claims

\$499.68

\$ 2,861.15

46.28%

2,378.44

811.00

- 06.89%

589.00

121.00

- 92.24%

387.00

2,738.00

- 44.09%

4,330.00

4,888.72

23.19%

10,872.18

1,166.12

1975-76
Amount of Claims

\$ 894.69

Percentage of Increase or Decrease

- 55.82%

1976-77
Amount of Claims

\$ 515.79

<u>Percentage of Increase in Amount of Claims</u>	<u>Insurance Co. Admin. Cost</u>	<u>1976-77 Total of Claims Cost and Admin. Cost</u>	<u>Excess of Premium Over Cost</u>	<u>Percentage of Premium Over Cost</u>	<u>Average Cost Per Vehicle</u>
-----	\$ 181.20	\$ 680.88	\$ 74.12	9.82%	\$ 151.00
-----	1,200.96	1,200.96	3,803.04	76.00%	192.46
- 16.87%	4,219.92	6,596.36	10,986.64	62.48%	76.12
- 27.37%	1,394.16	1,983.16	3,825.84	65.86%	71.71
219.63%	3,133.44	3,520.44	9,535.56	73.04%	272.00
58.14%	3,098.88	7,428.88	5,483.12	42.47%	195.63
-----	340.08	340.08	1,076.92	76.00%	236.16
-----	840.00	840.00	2,660.00	76.00%	350.00
122.39%	15,526.80	26,398.98	38,296.02	59.19%	131.49
1,089.92%	950.64	2,116.76	1,844.24	46.56%	132.03

<u>Percentage of Increase in Amount of Claims</u>	<u>Insurance Co. Admin. Cost</u>	<u>1976-77 Total of Claims Cost and Admin. Cost</u>	<u>Excess of Premium Over Cost</u>	<u>Percentage of Premium Over Cost</u>	<u>Average Cost Per Vehicle</u>
-----	\$ 75.00	\$ 75.00	\$237.52	76.00%	\$ 34.72
- 42.35%	898.80	898.80	2,846.20	76.00%	113.48

Summary of Vehicle Increase

<u>Name of Agency</u>	<u>1972-73 Number of Vehicles</u>	<u>1973-74 Number of Vehicles</u>	<u>Percentage of Increase</u>	<u>1974-75 Number of Vehicles</u>	<u>Percentage of Increase</u>	<u>1975-76 Number of Vehicles</u>	<u>Percentage of Increase</u>
Va. Department of Highways and Transportation	3,546	3,567	00.59%	3,881	08.80%	4,059	04.59%
Central Garage	2,158	2,241	03.85%	2,263	00.98%	2,316	02.34%

EXHIBIT V

Vehicle - State Self-Insurance Study
Senate Joint Resolution 88

(These totals are approximate as of 5-1-77 and do not necessarily represent the exact time periods depicted)

Total vehicles reported as of May 15, 1977		11,538
Number of agencies with vehicles responding to insurance questionnaire		45
FY 75-76 Premiums		\$1,021,000
FY 76-77 Premiums (as of May 15, 1977)		\$1,521,000
FY 75-76 Claims		\$ 872,000
FY 76-77 Claims (as of May 15, 1977)		\$ 710,000
FY 75-76 Difference Premium over claim	15%	\$ 149,000
FY 76-77 Difference Premium over claim	53%	\$ 811,000
FY 73-74 Premium		\$ 511,000
FY 74-75 Premium		\$ 613,000
FY 73-74 Claim		\$ 330,000
FY 74-75 Claim		\$ 518,000
FY 73-74 Difference Premium over claim	35%	\$ 181,000
FY 74-75 Difference Premium over claim	15%	\$ 95,000
FY 73-74 Number of Claims 612 - Average Claim		\$ 539
FY 74-75 Number of Claims 644 - Average Claim		\$ 804
FY 75-76 Number of Claims 653 - Average Claim		\$ 1,335
*FY 76-77 Number of Claims 551 - Average Claim		\$ 1,288
FY 76-77 Average Premium Per Vehicle (5-15-77)		\$ 132

*As of 5-15-77

Department of Highways and Transportation
and Central Garage Vehicle Fleet -----Increased 12% for period 1973-77

1973 - 5,694

1977 - 6,375 ----- Increase of 681 vehicles

LISTING OF STATE AGENCIES RESPONDING TO COMMONWEALTH OF VIRGINIA
INSURANCE QUESTIONNAIRE RELATIVE TO SJR NO. 88

Responding Agencies for which Questionnaire Is Applicable

Christopher Newport College
 Clinch Valley College
 Commission of Game & Inland Fisheries
 Department of Alcoholic Beverage Control
 Department of Conservation & Economic Development
 Department of Education
 Department of Health
 Department of Labor and Industry
 Department of Mental Health & Retardation
 Department of Purchases and Supply
 Department of Welfare
 Division of Engineering and Buildings
 Division of Motor Vehicles
 Highway Safety Division
 Longwood College
 Madison College
 Marine Resources Commission
 Mary Washington College
 George Mason University
 Norfolk State College
 Old Dominion University
 Radford College
 Richard Bland College
 State Air Pollution Control Board
 State Corporation Commission
 State Office of Emergency Services
 State Police
 State Water Control Board
 University of Virginia
 Virginia Associated Research Campus
 Virginia Commonwealth University
 Virginia Department of Agriculture & Commerce
 Virginia Department of Corrections
 Virginia Department of Highways & Transportation
 Virginia Employment Commission
 Virginia Housing Development Authority
 Virginia Institute of Marine Science
 Virginia Military Institute
 Virginia Museum
 VPI and State University
 Virginia Port Authority
 Virginia School at Hampton
 Virginia School for the Deaf and the Blind, at Staunton
 Virginia Soil & Water Conservation Commission
 Virginia State Library
 Virginia Truck & Ornamentals Research Station
 College of William and Mary in Virginia

LISTING OF STATE AGENCIES RESPONDING TO COMMONWEALTH OF VIRGINIA
INSURANCE QUESTIONNAIRE RELATIVE TO SJR NO. 88

Responding Agencies for which Questionnaire Is Not Applicable

Commission of the Arts & Humanities
Criminal Justice Services Commission
Department of Labor & Industry
Division of Consolidated Laboratory Systems
Division of Justice & Crime Prevention
Division of Legislative Services
Office on Aging
Science Museum of Virginia
State Council of Higher Education
Virginia Airports Authority
Virginia Council for the Deaf

