

Addressing Trends in Public Entity Transit Risk

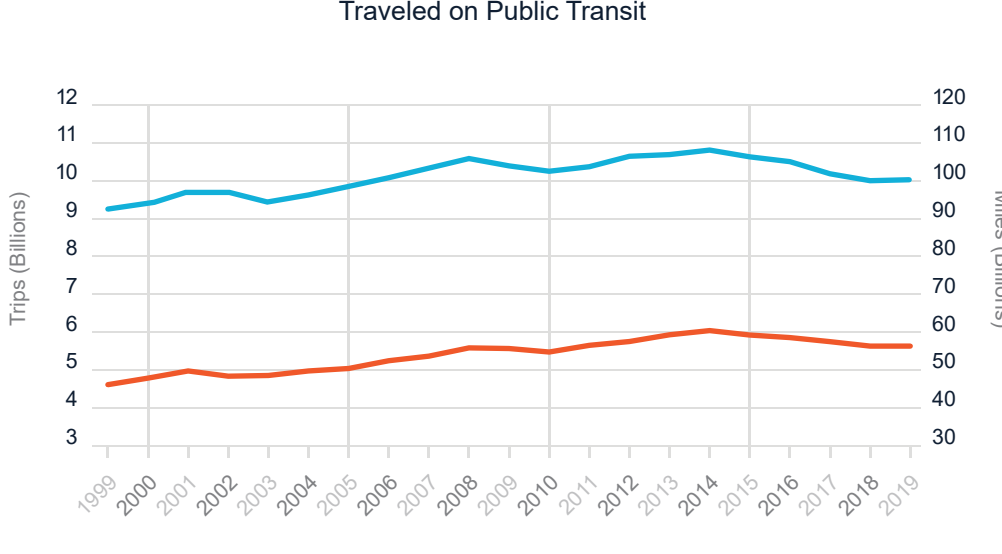
Public transit, including buses and light rail, plays an integral role in modern society, connecting people efficiently to home, work, community events and just about any other location a person may need to visit. As the American Public Transportation Association (APTA) states, public transit helps build thriving communities, promotes job growth, reduces traffic congestion and supports a cleaner environment.

Yet public transit operations are complex and multi-faceted and present a number of unique risks that must be addressed. Risks related to vehicle accidents, ridership trends, public safety, worker injuries and fleet maintenance, among others, must all be considered. With complex risks comes the need for an insurance team that has specialized expertise and a firm handle on the public transit insurance market.

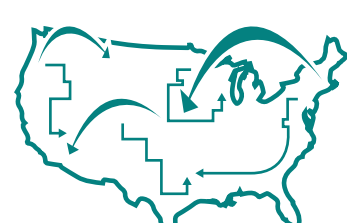
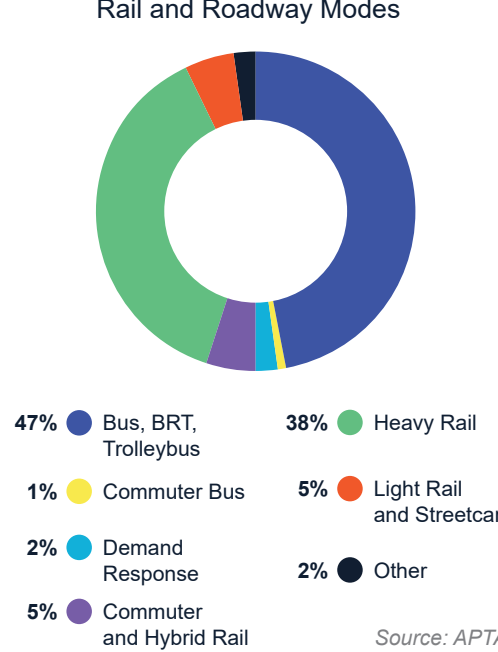
Public Transit by the Numbers

Public transportation is an **\$80 billion** industry that employs more than **448,000 people**.

Ridership and Distance Traveled on Public Transit



Transit Ridership is Split Between Rail and Roadway Modes



Americans take over **9 billion** trips on public transit each year.



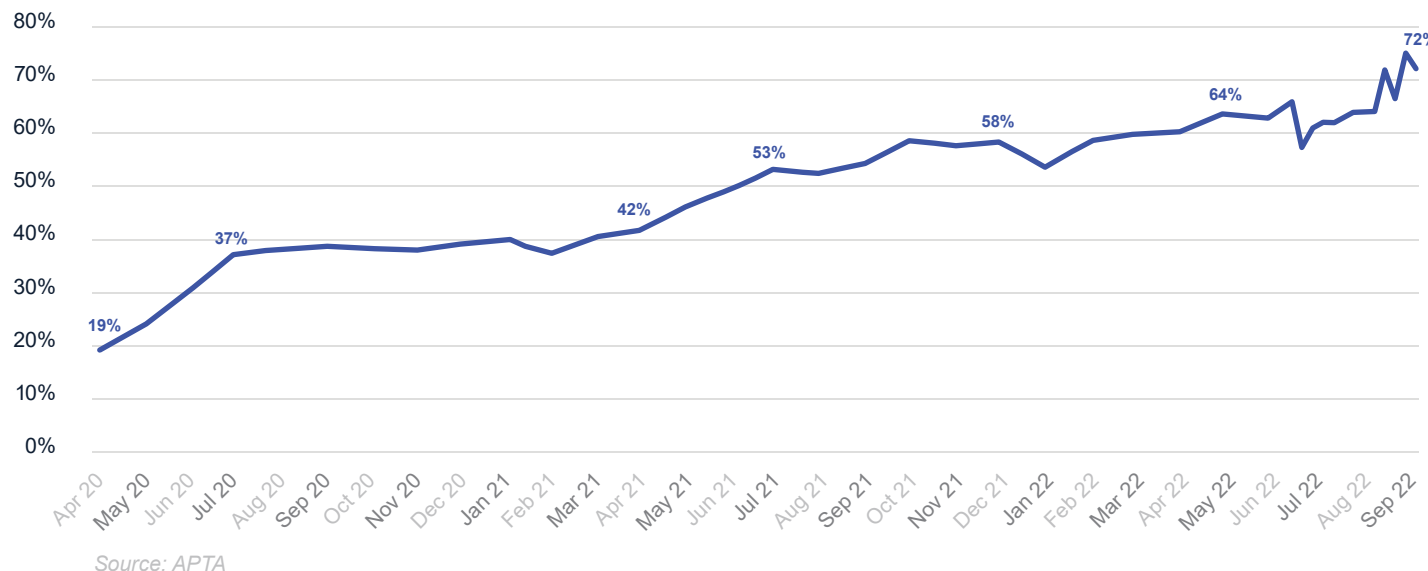
Each weekday, Americans board public transportation **34 million** times.



More than **6,700** public entities and organizations provide public transportation in the United States.

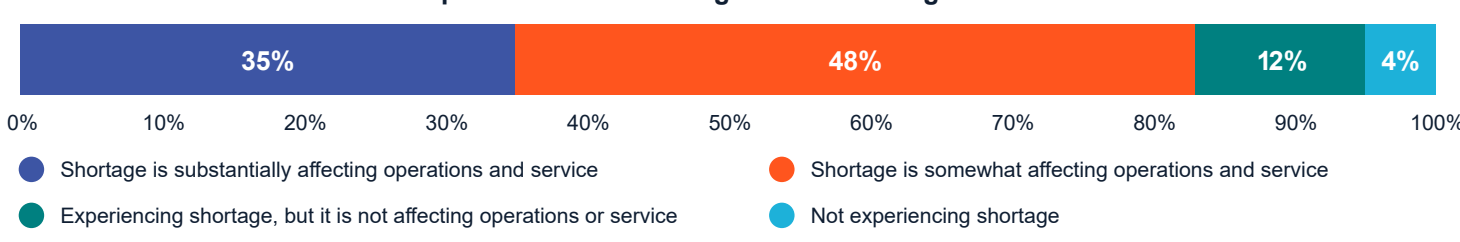
Industry Trends to Watch

Public Transportation Ridership 2020-2022, Percent of Same Period in 2019

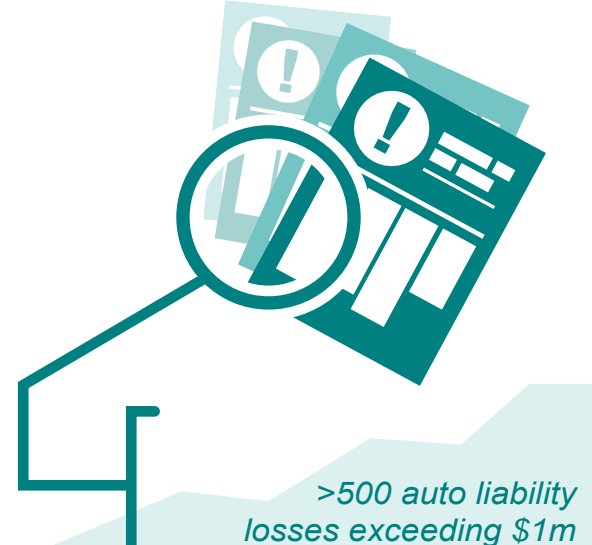


Ridership levels — The COVID-19 pandemic, corresponding stay-at-home orders and remote work policies all drastically impacted public transit ridership levels across the country. In early 2020, ridership dipped to 20% of pre-pandemic levels. Since that time, ridership has rebounded to 72% of pre-pandemic levels. Ridership recovery rates have varied by location and are, in many ways, dependent on entities' ability to provide reliable services. As public transit entities adjust to the new normal in terms of ridership levels, they are increasingly reevaluating their operations and looking for opportunities to innovate.

Impact of Labor Challenges for Transit Agencies



Transit workforce shortage — Like many industries, public transit providers are dealing with a severe shortage of qualified workers. In particular, transit providers are struggling to attract and retain both vehicle operators and mechanics. According to the American Public Transport Association, 96% of public transit providers are experiencing workforce shortages, with 84% indicating that workforce shortages are negatively affecting their ability to provide services.



Increased severity of claims — Accidents are becoming more expensive due to the increased cost of repairing and replacing vehicles. What's more, according to several insurance rating agencies, including FitchRatings and AM Best, auto liability claims have also increased in severity in recent years. Advisen's loss data reports there have been over 500 auto liability losses in excess of \$1 million incurred by public transit entities in the last decade.

Adoption of technology — As technology advances, public transit entities increasingly turn toward new solutions to help manage risk. In particular, many entities are implementing cameras and telematic devices in their fleets. These devices help entities monitor and correct driver behaviors and tendencies before they result in on-the-road incidents.

Addressing Risk With Munich Re Specialty Insurance

A consultative approach — Munich Re Specialty Insurance takes a consultative approach to working with public transit entities. Professionals work one-on-one with staff and brokers to access vast global resources and create customized solutions for new and emerging exposures. What's more, Munich Re Specialty Insurance's loss control professionals will work with entities to identify, prevent and mitigate the impact of risks.

LossDetect® — Using Munich Re Group proprietary patent pending LossDetect® software, the Mobility team analyzes specific causes of loss and recommends a technology-driven data solution that matches the needs of each fleet. We have partnered with leading advanced driver assistance systems vendors in collision avoidance, telematics, driver coaching and fleet monitoring to make mobility solutions more convenient and accessible for fleets, carriers, brokers and captives.

Mycommunityworkplace.org — In collaboration with The McCalmon Group, Munich Re Specialty Insurance offers Mycommunityworkplace.org, a web-based program with special sections for public entities. Mycommunityworkplace.org provides state-of-the-art training, sample policies and procedures, and key articles by national experts on trends and emerging issues.

Take the Next Step

Munich Re Specialty Insurance provides innovative solutions for to difficult-to-place and moderate to higher risks in the public entity space. Its select brokers and program administrators benefit from its professionals' deep knowledge, innovative approaches to managing and under-writing risk, and simplified access to the full breadth of solutions.

To learn more, visit <https://www.munichre.com/us-non-life/en/solutions/specialty-insurance/public-entity-risk-solutions.html>.



Subject Matter Expert
Joe Peppelman
Vice President,
Public Entity Risk Solutions

Joe joined Munich Re in 1992. Since then, he's held various underwriting roles, including Fortune 500 and public entity/nonprofit clients. He is an original member of the Entity team. In October 2021, Joe assumed the role of transit subject matter expert within the Public Entity Risk Solutions team. Joe has a CPCU designation and is based in Chicago, Illinois.

Contact Joe at jpeppelman@munichre.com.

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