

Fleet Solutions: A casualty group captive solution for the transportation industry

Transportation companies that are committed to best-in-class safety programs, aim to reduce total cost of risk, and seek to avoid the pressures of a cyclical traditional marketplace can realize significant benefits by joining a group captive to satisfy their primary casualty insurance needs. The FS Insurance Ltd. (Fleet Solutions) member-owned group captive, offered exclusively by Marsh, provides its member companies a more customized and stable casualty insurance solution than the traditional market.

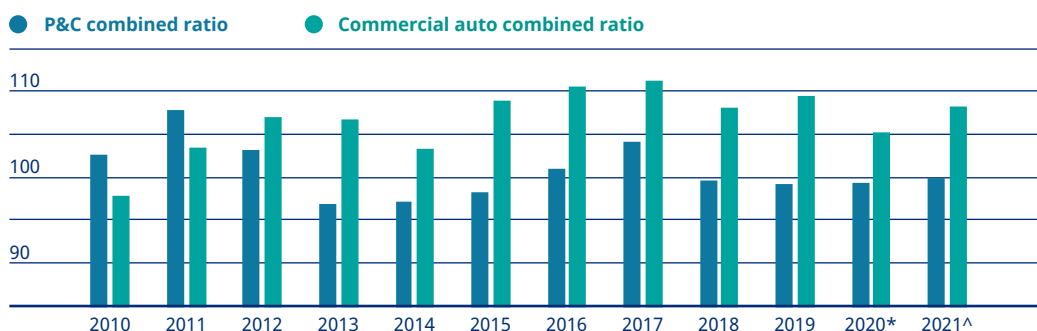
Founded in 2000 and administered by Marsh's US Casualty Practice, Fleet Solutions generates annual premiums of approximately \$47 million and has distributed close to \$19 million in unused loss fund and investment income to members.

Why choose a group captive?

Traditional insurance market rates directly correlate with the industry's profitability. It is generally accepted that a 100% combined ratio — representing losses plus expenses — is insurers' financial break-even point; they typically charge more when the ratio is above 100% and less when it drops below. This ratio changes every year (see Figure 1), contributing to volatile pricing.

A group captive, in contrast, is owned by participating non-related members, primarily to insure or reinsure their casualty risks. Although members may share some risk with other captive members, the premiums in a group captive are calculated and based largely on the individual member company's loss costs and loss control efforts. As a result, members often see more efficient and stable insurance pricing over time, especially when improved loss control efforts reduce loss frequency.

01| US property and casualty market conditions can be volatile.



*Estimated ^Projected
Source: A.M. Best Company

Members can also benefit from:

- **Strong membership:** Before joining Fleet Solutions, our members are carefully vetted to ensure that they share our approach to preventing and managing casualty losses.
- **Superior loss control and claims handling:** Enhanced safety management controls and proactive safety processes help to reduce the frequency and severity of losses for Fleet Solutions members.
- **Ownership:** Each member company holds a seat on the captive board and participates fully in all decisions regarding claims, risk control, finances, and other important matters.
- **Investment income and underwriting profit:** Profits are distributed back to members based on individual loss experience. Since inception, Fleet Solutions has distributed \$19 million in dividends to its members.
- **Financial stability:** The policy issuance carrier for Fleet Solutions members is Arch Insurance Company (rated A+ by A.M. Best Company).

Fleet safety and claims management

Fleet Solutions members can benefit from consulting services provided by Marsh Advisory's Fleet Specialty Group, which helps organizations build long-term safety action plans and implement customized programs to reduce the likelihood of a loss and ensure compliance with federal and state regulations. Members also have access to a leading third-party administrator that provides real-time claims information, full use of an extensive managed care network, prompt service, and a deep understanding of state and jurisdictional nuances to achieve effective outcomes for their claims.

Fleet Solutions by the numbers

FS Insurance Ltd. insures 35 members, aggregating \$47 million in casualty premium. A key benefit for Fleet Solutions members is the expertise of Marsh Advisory which provides customize safety solutions to help reduce total cost of risk. Working with Marsh Advisory specialists, Fleet Solutions has reduced its loss cost rate per mile by 65% since 2007, from \$.085 per mile to \$.030 in 2015.

Why Marsh?

For more than 25 years, Marsh's Group Captive Practice has helped hundreds of organizations create or join group captives and gain more control over their insurance expenses. More than 500 companies, of all sizes and across all industries, have worked with Marsh's Group Captive Practice, generating more than \$400 million in annual premiums.

Marsh Advisory can help offer innovative insurance products, alternative risk financing, claims management, and analytical tools to help employers reduce their total cost of risk. And the dedicated experts of Marsh Advisory can help businesses improve their claims handling protocols and loss control programs to reduce the likelihood of a loss.

Member testimonials

Harry McDonald
Chief Executive Officer
Carlisle Transportation Systems

Since joining Fleet Solutions, not only has our execution improved many times over but our safety culture has become our way of doing business. The establishment of the risk management team, daily safety meetings, and inter-terminal communications under their direction has helped make us one of the safest companies in Alaska and the US.

Brian K. Wood
President and CEO
Transwood Logistics Inc.

Fleet Solutions was formed to help members avoid volatility in insurance pricing and control losses. Our members will tell you that joining Fleet Solutions has strengthened each company overall and allowed us to benefit from sharing experiences with the leaders of world class transportation companies.

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