



# January 1, 2024 Property Insurance Renewal

December 5, 2023

Audit, Safety Compliance and Real Estate  
Committee



# 2024 Property Insurance Renewal

- GCRTA carries an All-Risk Property Insurance Policy; covered perils include Fire, Wind, Flood and collapse, to name a few.
  - Replacement Cost Coverage
  - Protects Real and Personal Property for which GCRTA is responsible
  - Bus Garages, Rail Complex, Rail Stations, Rail and Bus fleet (non-collision only)

# 2024 Property Insurance Renewal

Incumbent Carriers are Liberty Mutual and Evanston; Two Programs; Total Insured Value \$1.9 billion

- The first program is written by Liberty Mutual and is for the coverage of all GCRTA real and personal property including Rolling Stock when garaged.
  - Blanket Limit: \$500 million, Deductible \$250,000
- The second program is a stand-alone Rolling Stock policy written by Evanston Insurance Company and specifically provides coverage for GCRTA Rolling Stock when rolling (both rail and bus).
  - Blanket Limit: \$25,000,000, Deductible \$500,000

# 2024 Property Insurance Renewal

- Last year in 2022 we faced hard market conditions and rate increases, due to significant increases in all insurance companies' treaty reinsurance cost in response to severe loss experience. In addition, property valuations were a key concern of insurance companies due to inflationary pressures and undervaluation of reported values in the industry.
- Those two factors combined resulted in a final premium increase of approximately 12% last year.
- Our expiring premium is \$1,332,137.

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- Rates increased from an average of 13.9% in 2023/Q1 to 25.5% in 2023/Q2 due mainly to the Florida wind storms and hurricanes as well as severe convective storms.
- The Q3 report has reduced that figure to an average rate increase nationally of 13% so there has been some market improvement.
- Our partnership with Liberty Mutual and Markel has provided a consistent foundation over the last 3 years as our insurance carriers.

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As of 12-1-23, we have received renewal quotations via our broker, Aon, from Liberty Mutual and Evanston as follows:

- Liberty quoted a 13% rate increase: Market quoted a 2.3% rate increase.
- After applying these rates against updated total insured values (TIV), the resulting estimated renewal premium is \$1,493,509.

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- The \$1,493,509 quoted premium represents an increase of approximately 12% over expiring.
- This encompasses both the rate and insured value increases (adjusted for inflation).
- The new premium is \$159,491 below the budgeted amount of \$1.653 million.

# 2024 Property Insurance Renewal

- Aon is continuing to negotiate for possible cost improvement in the Liberty Mutual program.
- They are comfortable with the premiums included here to be contained in a Resolution to be brought to the Board on December 19, 2023 as a “not to exceed” amount.



# 2024 Property Insurance Renewal

Final renewal results will be summarized in a Resolution containing our recommendations to be brought to the Board at the December 19, 2023 meeting for approval.

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Questions?