

RESOLUTION 2003- 182

AUTHORIZING THE EXERCISE OF AN OPTION FOR CONTRACT 2002-116 WITH AON RISK SERVICES, INC. OF OHIO TO PROVIDE PROPERTY AND CRIME INSURANCE BROKERAGE SERVICES FOR AN ADDITIONAL ONE YEAR PERIOD IN AN AMOUNT NOT TO EXCEED \$67,941.00 AND PROPERTY INSURANCE FOR AN ADDITIONAL ONE YEAR PERIOD IN AN AMOUNT NOT TO EXCEED \$475,784.00 FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$543,725.00 (GENERAL FUND, RISK MANAGEMENT DEPARTMENT BUDGET).

WHEREAS, the Authority requires the services of a commercial insurance broker in the areas of property and crime insurance placement and support ; and

WHEREAS, by Resolution 2002-197, the Board of Trustees authorized Contract 2002-116 with Aon Risk Services, Inc. of Ohio located at 1660 West 2nd Street, Suite 650, Cleveland, Ohio 44113 to provide property and crime insurance broker services for a one year period with the Authority retaining two, one year options at a price of \$67,941.00 per year, subject to approval of the exercise of each option by the Authority's Board of Trustees; and

WHEREAS, the General Manager deems exercising the option year to be advantageous to the Authority and recommends acceptance by the Board of Trustees; and

WHEREAS, Aon Risk Services, Inc. of Ohio after analyzing the marketplace and participating in negotiations, has proposed that said property insurance be provided by FM Global; and

WHEREAS, the General Manager deems the proposal provided by FM Global through Aon Risk Services, Inc. of Ohio as the most advantageous for the provision of property insurance to the Authority, price and all other factors considered and recommends acceptance thereof by the Board of Trustees.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the offer of Aon Risk Services, Inc. of Ohio to provide property and crime insurance brokerage services for an additional one year be and the same is hereby accepted as the most advantageous to the Authority, price and other factors considered.

Section 2. That the General Manager of the Authority be and he is hereby authorized to amend Contract 2002-116 with Aon Risk Services, Inc. of Ohio to exercise a one year option to provide property and crime insurance brokerage services.

Section 3. That the proposal submitted by FM Global through Aon Risk Services, Inc. of Ohio as the Authority's broker for the property insurance policy for the Authority for an additional one year period is hereby accepted, price and all other factors considered.


Section 4. That said contract shall be payable from the General Fund, Risk Management Department Budget payable with 2004 funds in an amount not to exceed five hundred forty-three thousand seven hundred twenty-five and 00/100 (\$543,725.00).

Section 5. That all other terms and conditions of said contract shall remain unchanged.

Section 6. That the Greater Cleveland Transit Authority's Board of Trustees expects that Aon Risk Services, Inc. of Ohio will attempt to exceed the eight percent (8%) DBE goal assigned to this procurement.

Section 7. That this resolution shall become effective immediately upon its adoption.

Adopted: December 16, 2003



President

Attest: 

CEO, General Manager/Secretary-Treasurer



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TITLE/DESCRIPTION: AUTHORIZING THE EXERCISE OF AN OPTION TO CONTRACT 2003-116 WITH AON RISK SERVICES, INC. OF OHIO TO PROVIDE PROPERTY AND CRIME INSURANCE BROKERAGE SERVICES FOR AN ADDITIONAL ONE YEAR PERIOD IN AN AMOUNT NOT TO EXCEED \$67,941.00 AND PROPERTY INSURANCE FOR AN ADDITIONAL ONE YEAR PERIOD IN AN AMOUNT NOT TO EXCEED \$475,784.00 FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$543,725.00 (GENERAL FUND, RISK MANAGEMENT DEPARTMENT BUDGET).	Resolution No.: 2003- 182
	Date: December 11, 2003
	Initiator: Risk Management Department
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

1.0 PURPOSE/SCOPE: This action will allow the Authority to exercise a one year option on Contract 2002-116 for a commercial insurance broker in the areas of property and crime insurance placement and support and to obtain property insurance to protect the physical assets of the Authority.

2.0 DESCRIPTION/JUSTIFICATION: The Authority requires services of a commercial insurance broker to assist in the areas of property and crime insurance marketing, placement and support. In addition to obtaining property insurance for the year commencing January 1, 2004 and crime insurance for the year commencing February 1, 2004, the broker will continue to provide market research and benchmarking services to improve the Authority's ability to evaluate its needs and costs in terms of the overall marketplace. Aon and the Authority worked together early in the renewal process for the insurance placement to establish a strategy centered around continuous risk improvement, a "win-win" for all stakeholders.

3.0 PROCUREMENT BACKGROUND: Aon Risk Services, Inc. of Ohio was awarded Contract 2002-116 as a result of a competitive Request for Proposal process, which included two one-year options subject to approval of the exercise of each option by the Board of Trustees. During the initial term Aon Risk Services, Inc. of Ohio worked with the Authority to conduct a major marketing effort on the property insurance program in a very difficult insurance market in a very short timeframe and achieved excellent results.

Aon Risk Service, Inc. of Ohio is one of the largest commercial insurance brokers in the United States with a strong local presence. They provide the Authority with extensive experience in the design and placement of insurance programs. They demonstrate particular expertise in the area of large commercial property accounts: e.g. they employ specialized property insurance syndicators that are dedicated to this task. They also maintain a National Rail Practice which allows the Authority access to specialists in evaluating and placing rail-related risks. They have proven experience handling unique exposures to risk management requirements for public entities.

For the policy year beginning January 1, 2004, Aon has proposed coverage for property insurance through FM Global, our incumbent carrier and one of the premier property insurance carriers in the world. The premium proposed by FM Global is \$135,000.00 below the budgeted amount for this coverage and \$126,000.00 less than the premium paid last year. The \$126,000.00 savings is composed of a \$90,000.00 one-time

membership credit issued by FM Global and \$36,000.00 of negotiated rate reduction. The premium is considered to be the best available in the current market.

The rates for the option year for brokerage services were negotiated and evaluated as part of the initial RFP. A cost analysis has been performed and the Procurement Department has determined that the price is fair and reasonable.

- 4.0 **DBE/AFFIRMATIVE ACTION BACKGROUND:** All Affirmative Action requirements have been met. A 8% DBE goal was established on the brokerage portion of this procurement in December 2002 (Reso. #2002-197). The change order/contract modification will increase this contract amount to \$135,882.00. For the contract period, Aon Risk Services, Inc. of Ohio has committed to achieve 8% DBE participation through the utilization of the following DBE firm(s):

DBE(s) Name/Address	DBE Category	Scope of Work	Amount	Percent
Washington Insurance Agency Mayfield Heights, OH	African American Male	Assist in Developing Property Insurance Specifications and Coordinate Completion of Required Loss Control Recommendations	\$10,870.56	8%
Total DBE Participation			\$10,870.56	8%

- 5.0 **POLICY IMPACT:** Does not apply.
- 6.0 **ECONOMIC IMPACT:** The option year of this contract shall be funded through the General Fund, Risk Management Department Budget in an amount not to exceed five hundred forty-three thousand seven hundred twenty-five and 00/100 dollars (\$543,725.00).
- 7.0 **ALTERNATIVES:** Reject the offer. Rejection of this proposal will leave the Authority without property and crime insurance, putting substantial assets of the Authority at risk.
- 8.0 **RECOMMENDATION:** It is recommended that the exercise of a one-year option be accepted and the resolution passed authorizing the General Manager to amend the contract, contingent upon funding availability for said option.
- 9.0 **ATTACHMENTS:** None.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.



CEO, General Manager/Secretary-Treasurer