

RESOLUTION 2004- 22

AUTHORIZING THE PURCHASE OF EXCESS CASUALTY INSURANCE FROM VARIOUS INSURANCE UNDERWRITERS THROUGH ACORDIA WELLS FARGO, CASUALTY INSURANCE BROKER FOR GCRTA, FOR A PERIOD OF 14 MONTHS FOR A TOTAL NOT TO EXCEED AMOUNT OF \$1,276,132.00 - GCRTA INSURANCE FUND (\$1,159,918.00) AND GENERAL FUND (\$116,214.00), RISK MANAGEMENT DEPARTMENT BUDGETS.

WHEREAS, the GCRTA requires catastrophic excess liability insurance protection; and

WHEREAS, proposals from various underwriters were received on February 3, 2004 and were evaluated in accordance with Procurement Policies and Procedures; and

WHEREAS, the submittal of a group of underwriters (Attachment A) through Acordia Wells Fargo located at 1301 East Ninth Street, Suite 3800, Cleveland, Ohio 44114 for excess casualty insurance for a period of fourteen months for coverage up to the limit of \$75 million at an amount not to exceed one million two hundred seventy-six thousand one hundred thirty-two and 00/100 dollars (\$1,276,132.00) was determined to be the most advantageous to the Authority, price and all other factors considered; and

WHEREAS, the General Manager deems acceptance of the submittal of the underwriters through Acordia Wells Fargo for an excess casualty insurance program, as modified by negotiation, to be the most advantageous to the Authority and recommends acceptance thereof to 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 submittal of the underwriters group through Acordia Wells Fargo, as modified by negotiations, for an excess casualty insurance program as described in Attachment A hereto is hereby accepted as the most advantageous to the Authority, price and all other factors considered.

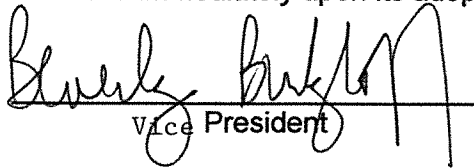
Section 2. That the General Manager of the Authority be and he is hereby authorized to enter into a contract with Acordia Wells Fargo for excess casualty insurance coverages with the carriers identified in Attachment A hereto and with such other carriers as the General Manager may deem appropriate up to the limit of \$75 million.

Section 3. That said contract shall be payable out of the Authority's Insurance Fund, Risk Management Department budget in an amount not to exceed one million one hundred fifty-nine thousand nine hundred eighteen and 00/100 dollars (\$1,159,918.00) and the General Fund, Risk Management Department budget, in an amount not to exceed one hundred sixteen thousand two hundred fourteen and 00/100 dollars (\$116,214.00), for a total amount not to exceed one million two hundred seventy-six thousand one hundred thirty-two and 00/100 dollars (\$1,276,132.00) for a period of fourteen months.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon compliance by the contractor to the Specifications and Addenda, if any, the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2003-107, bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

Section 5. That this resolution shall become effective immediately upon its adoption.

Adopted: February 17, 2004

  
Vice President

Attest:   
CEO, General Manager/Secretary-Treasurer

ATTACHMENT A  
CASUALTY INSURANCE RENEWAL

March 1, 2004

Liability Insurance:

Coverage Limit: \$75 million Each Accident & Annual Aggregate  
Claims-Made Coverage Basis  
Self-Insured Retention: \$5 million Each Accident

Underwriters:

Zurich  
Wellington Syndicate, A Lloyd's Company  
XL Europe  
Atrium, A Lloyd's Company

Excess Workers' Compensation:

Coverage Limit: \$85 million Each Accident  
(\$75 million excess of \$10 million: Above underwriters)  
(\$10 million excess of self-insured retention: Insurance Corporation of  
Hannover)

Self-Insured Retention:

\$250,000 per accident, year one  
\$175,000 per accident, year two  
\$100,000 per accident, year three and ongoing



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| <b>TITLE/DESCRIPTION:</b><br>AUTHORIZING THE PURCHASE OF EXCESS CASUALTY INSURANCE FROM VARIOUS INSURANCE UNDERWRITERS THROUGH ACORDIA WELLS FARGO, CASUALTY INSURANCE BROKER FOR THE GCRTA, FOR A PERIOD OF 14 MONTHS FOR A TOTAL NOT TO EXCEED AMOUNT OF \$1,276,132.00 - GCRTA INSURANCE FUND (\$1,159,918.00) AND GENERAL FUND (\$116,214.00), RISK MANAGEMENT DEPARTMENT BUDGETS. | <b>Resolution No.:</b><br>2004- 22           |
|  | <b>Date:</b><br>February 12, 2004            |
|  | <b>Initiator:</b> Risk Management Department |
| <b>ACTION REQUEST:</b><br><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 provide GCRTA with catastrophic liability insurance protection.
- 2.0 **DESCRIPTION/JUSTIFICATION:** In February of 2003, a decision was made to purchase the renewal of an excess casualty insurance program to protect the assets of the GCRTA against catastrophic loss. The current program expires on March 1, 2004. Proposals for a new program were requested. The program contains the following lines of coverage. General Liability (including Rail), Auto Liability, Limited Employment Practices Liability, Limited Pollution Liability and Excess Workers Compensation.
- 3.0 **PROCUREMENT BACKGROUND:** Acordia Wells Fargo and their partners, Prentis Donegan and Hicks Insurance Agency, as brokers, approached several commercial insurance markets seeking proposals for the insurance program. After evaluation in accordance with the Authority's established Policies and Procedures, the submittal of a group of underwriters for an excess casualty insurance program was determined to be the most advantageous to the Authority. Coverage limits, self-insured retentions and a list of the underwriters are shown in Attachment A to the resolution.

The dollar amounts shown in the resolution for the liability insurance program written by London underwriters represents a fourteen month premium. This was a request made by GCRTA to move the renewal date of this program to May 1<sup>st</sup> versus March 1<sup>st</sup>, leaving sufficient time between the major property insurance renewal on January 1<sup>st</sup> and this program renewal to devote the needed effort to the renewals of each respective program. The one-year premium for the liability insurance program has remained as expiring except for a minor increase in the premium for terrorism coverage (\$20,000.00). The apparent increase of \$185,581.00 (\$1,159,918.00 this year vs. \$974,337.00 last year) actually represents two additional months of coverage.

Similarly, the dollar amounts shown in the resolution for the excess Worker's Compensation program represent a fourteen month premium for the same reasons as outlined above. The annual increase in this premium is actually \$14,904.00 (\$99,612.00 this year vs. \$84,708.00 last year). The \$16,602.00 difference between the new annual premium of \$99,612.00 and the amount shown in the resolution of \$116,214.00 represents two additional months of coverage.

Based on the evaluation of cost and price by Acordia Wells Fargo and its partners for the coverages identified, the Procurement Department has determined the negotiated price to be fair and reasonable.

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- 4.0 AFFIRMATIVE ACTION/DBE BACKGROUND: Not applicable for this procurement.
- 5.0 POLICY IMPACT: Does not apply.
- 6.0 ECONOMIC IMPACT: The Authority maintains an insurance fund at a minimum level to fund severe losses within the self -insured retention. The intent is to utilize the interest income on that \$7.5 million dollar fund to offset (and cover, if feasible) the annual liability insurance premium. This program will be funded through the Authority's Insurance Fund and the General Fund, both Risk Management Department budgets in an amount not to exceed one million two hundred seventy-six thousand one hundred thirty-two and 00/100 dollars (\$1,276,132.00) for a period of fourteen months.
- 7.0 ALTERNATIVES: Reject this offer. Not adopting this resolution will put the Authority at risk of not having catastrophic liability insurance protection.
- 8.0 RECOMMENDATION: The Finance Committee of the Board of Trustees reviewed this program at its February 10, 2004 meeting and recommended approval to the full Board of Trustees. It is recommended that the submittal of the underwriters through Acordia Wells Fargo, as negotiated, be accepted and a resolution passed authorizing the General Manager to enter into a contract.
- 9.0 ATTACHMENTS: Attachment A - Casualty Insurance Renewal.

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



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CEO, General Manager/Secretary-Treasurer

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