

RESOLUTION 2004- 129

AUTHORIZING THE PURCHASE OF EXCESS LIABILITY INSURANCE FOR THE EUCLID CORRIDOR TRANSPORTATION PROJECT FROM AIG AND/OR OTHER EXCESS LIABILITY UNDERWRITERS THROUGH ACORDIA, CASUALTY INSURANCE BROKER FOR GCRTA, FOR AN ESTIMATED PERIOD OF FOUR (4) YEARS FOR A TOTAL NOT TO EXCEED AMOUNT OF \$398,000.00 (RTA DEVELOPMENT FUND - EUCLID CORRIDOR TRANSPORTATION DEPARTMENT BUDGET).

WHEREAS, catastrophic excess liability insurance coverage up to the limit of \$25 million at an amount not to exceed three hundred ninety-eight thousand & 00/100 dollars (\$398,000.00) is required by the Greater Cleveland Regional Transit Authority (GCRTA) for the Euclid Corridor Transportation Project for the duration of the project; and

WHEREAS, Acordia, GCRTA's casualty insurance broker, solicited quotes from several insurers known to provide construction insurance programs; and

WHEREAS, an evaluation of the submittals from the insurers is being conducted in accordance with the Authority's established Policies and Procedures to determine which is the most advantageous to the Authority, price and all other factors considered.

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

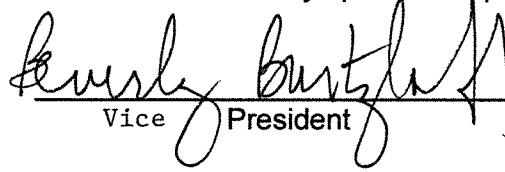
Section 1. That the General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to enter into a contract with Acordia located at 1301 East Ninth Street, Suite 3800, Cleveland, Ohio 44114 for excess liability insurance coverages with AIG and/or other excess liability underwriters, contingent upon receipt of a Letter of No Prejudice or a Full Funding Grant Agreement from the Federal Transit Administration.

Section 2. That said contract shall be payable from the RTA Development Fund, Euclid Corridor Transportation Project Department Budget, including but not limited to Capital Grant OH-03-0247 and OH-90-X484, in an amount not to exceed \$398,000 (\$318,400 in Federal Funds which represents 80% of the total cost). Federal funding of this project is provided by FTA, NOACA, the metropolitan planning organization for Greater Cleveland, and the Ohio Department of Transportation. The awarding of this contract and use of the grant dollars is dependent upon approval of a Letter of No Prejudice or Full Funding Grant Agreement by the Federal Transit Administration.

Section 3. 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 2004-112; bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

Section 4. That this resolution shall become effective immediately upon its adoption.

Adopted: September 21, 2004


Vice President

Attest: 
CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

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| TITLE/DESCRIPTION: AUTHORIZING THE PURCHASE OF EXCESS LIABILITY INSURANCE FOR THE EUCLID CORRIDOR TRANSPORTATION PROJECT FROM AIG AND/OR OTHER EXCESS LIABILITY UNDERWRITERS THROUGH ACORDIA, CASUALTY INSURANCE BROKER FOR GCRTA, FOR AN ESTIMATED PERIOD OF FOUR (4) YEARS FOR A TOTAL NOT TO EXCEED AMOUNT OF \$398,000.00 (RTA DEVELOPMENT FUND - EUCLID CORRIDOR TRANSPORTATION DEPARTMENT BUDGET). | Resolution No.: 2004- 129 |
| | Date: September 16, 2004 |
| | Initiator: Euclid Corridor Transportation Project 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 provide GCRTA and its contractors and subcontractors with catastrophic liability insurance protection for the Euclid Corridor Transportation Project.

2.0 **DESCRIPTION/JUSTIFICATION:** It was determined that the Euclid Corridor Transportation Project presents significant loss exposures, particularly as it relates to underground utility work. The utility agreements that GCRTA has entered into call for \$10 million in general liability insurance limits. In evaluating the requirements that we would impose on our contractors and subcontractors, GCRTA made the decision that a project-specific umbrella liability policy purchased by GCRTA would provide a number of benefits for the project, as follows: 1) Vastly increased participation on the project by small contractors, DBE's, their requirements have been reduced to \$2 million; 2) Cost savings of 20-25% of total liability insurance cost for project, estimated at \$400,000; 3) Enhanced protection, dedicated insurance limits for duration of project of \$25 million; 4) GCRTA's self-insured retention for this project is lowered from \$5 million per occurrence to \$2 million per occurrence.

3.0 **PROCUREMENT BACKGROUND:** Acordia, GCRTA's casualty insurance broker, solicited quotes from several insurers known to provide construction insurance programs; AIG has provided the best response to-date. An evaluation of the submittals from the insurers is being conducted in accordance with the Authority's established Policies and Procedures to determine which is the most advantageous to the Authority, price and all other factors considered. The limit of coverage is \$25 million per occurrence and the self-insured retention is \$2 million per occurrence as the primary liability coverage will be provided by the contractors and subcontractors on the project.

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

4.0 **AFFIRMATIVE ACTION/DBE BACKGROUND:** All Affirmative Action requirements have been met. A 0% DBE goal was established for this procurement due to the lack of subcontracting opportunities.

Staff Summary & Comments
ECTP –Excess Liability Insurance
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- 5.0 POLICY IMPACT: Does not apply.
- 6.0 ECONOMIC IMPACT: This contract will be payable from the RTA Development fund, Euclid Corridor Transportation Department Budget, including but not limited to Capital Grant OH-03-0247 and OH-90-X484, in an amount not to exceed \$398,000 (\$318,400 in Federal funds which represents 80% of the total). Federal funding for this project is provided by FTA, NOACA, the metropolitan planning organization for Greater Cleveland, and the Ohio Department of Transportation. The awarding of this contract and use of grant dollars is dependent upon approval of a Letter of No Prejudice or a Full Funding Grant Agreement by the Federal Transit Administration.
- 7.0 ALTERNATIVES: Reject this offer. Not adopting this resolution will put the Authority at risk of not having catastrophic liability insurance protection for the Euclid Corridor Transportation project.
- 8.0 RECOMMENDATION: It is recommended that the submittal of AIG and/or other excess liability underwriters, through Acordia, be accepted and a resolution passed authorizing the General Manager to enter into a contract.
- 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