

RESOLUTION 2004-146

AUTHORIZING CONTRACT 2004-080 WITH AON RISK SERVICES, INC. OF OHIO TO PROVIDE CASUALTY INSURANCE BROKER SERVICES AT A PRICE OF \$418,500.00 FOR A THREE-YEAR PERIOD WITH TWO ADDITIONAL ONE-YEAR OPTIONS AT A PRICE OF \$139,500.00 FOR EACH OPTION YEAR FOR A TOTAL CONTRACT PRICE OF \$697,500.00 (INSURANCE FUND – RISK MANAGEMENT DEPARTMENT BUDGET)

WHEREAS, the Authority is seeking the services of a commercial insurance broker in the areas of casualty risk assessment, funding and insurance placement and support; and

WHEREAS, the proposal of Aon Risk Service, Inc. of Ohio located at 1660 West 2nd Street, Suite 650, Cleveland, Ohio 44113 to provide casualty insurance broker services was received on October 7, 2004, for a three-year period with two, one-year options; and

WHEREAS, the General Manager/Secretary-Treasurer deems the offer of Aon Risk Services, Inc. of Ohio, as negotiated, to be in the Authority's best interest and recommends the same 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 proposal submitted by Aon Risk Services, Inc. of Ohio to provide casualty insurance broker services, as modified by negotiations, be and the same is hereby accepted.

Section 2. That the General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to enter into a contract with Aon Risk Services, Inc. of Ohio to provide casualty insurance broker services for a three-year period with two, one-year options.

Section 3. That said contract shall be payable out of the Insurance Fund, Risk Management Department budget at a price of four hundred eighteen thousand five hundred & 00/100 dollars (\$418,500.00) for a three-year period with two one-year options at a price of one hundred thirty-nine thousand five hundred & 00/100 dollars (\$139,500.00) for each option year for a total contract price of six hundred ninety-seven thousand five hundred & 00/100 dollars (\$697,500.00).

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon compliance by the contractor to 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 the contractual obligation of the Authority.

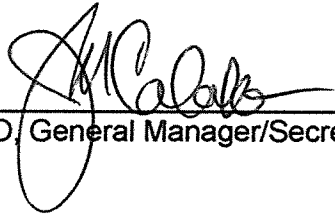
Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects Aon Risk Services, Inc. of Ohio will attempt to exceed the 10% minimum DBE goal assigned to this procurement.

Section 6. That this resolution shall become effective immediately upon its adoption.

Adopted: November 16, 2004



President

Attest: 

CEO, General Manager/Secretary-Treasurer



Title/Description: AUTHORIZING CONTRACT 2004-080 WITH AON RISK SERVICES, INC. OF OHIO TO PROVIDE CASUALTY INSURANCE BROKER SERVICES AT A PRICE OF \$418,500.00 FOR A THREE-YEAR PERIOD WITH TWO ADDITIONAL ONE-YEAR OPTIONS AT A PRICE OF \$139,500.00 FOR EACH OPTION YEAR FOR A TOTAL CONTRACT PRICE OF \$697,500.00 (INSURANCE FUND – RISK MANAGEMENT DEPARTMENT BUDGET)	Resolution No.: 2004- 146
	Date: November 11, 2004
	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 enter into an agreement for a casualty insurance broker.
- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority is seeking the services of a commercial insurance broker to assist in the areas of risk management and financing analysis, insurance program marketing and placement, assistance with liability claims and worker's compensation claims administration, and similar support services for the Euclid Corridor Transportation Project.

Currently the Authority carries casualty insurance coverages including rail, general, and automobile liability at a level of \$75 million excess of a self-insured retention of \$5 million per occurrence. Other casualty insurance coverages include excess worker's compensation coverage at a limit of \$10 million and public officials/employment practices liability coverages at a limit of \$5 million. These programs are intended to provide protection of the Authority's assets against catastrophic loss and resulting financial impact.

The insurance broker will be responsible for assisting the Authority in evaluating any changes in exposures in the above areas, compiling submissions to underwriters, and negotiating the most favorable terms and conditions and pricing for renewal of the above described insurance programs. They will also provide expertise and support services in a variety of insurance and risk management related areas such as claims administration, insurance requirements and compliance for Authority contractors, surety bonding, actuarial analysis of loss experience and loss forecasting.

- 3.0 **PROCUREMENT BACKGROUND:** Proposals were received on Thursday, October 7, 2004 for this solicitation. After evaluation by a panel of Authority employees in accordance with established Procurement Policies and Procedures, and after negotiations, the proposal of Aon Risk Services, Inc. of Ohio was determined to be the most advantageous to the Authority. After negotiations, a total price of \$ 418,500.00 for a three-year period was agreed upon with the Authority retaining two, one-year options at an annual price of \$139,500.00.

Aon Risk Services, 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 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 and are currently the Authority's incumbent property insurance broker.

A cost/price analysis has been performed and the Procurement Department has determined that the proposal of Aon Risk Services, Inc. of Ohio is fair and reasonable to the Authority.

- 4.0 **AFFIRMATIVE ACTION/DBE BACKGROUND:** All Affirmative Action requirements have been met. A 10% DBE goal was established for this procurement. AON Risk Services, Inc. has committed to achieve the goal through the utilization of the following DBE firm(s):

DBE(s) Name/Address	DBE Category	Scope of Work	Amount	Percent
Pinkney-Perry Insurance Cleveland, Ohio	African American Male	Information Gathering /Submission and Preparation	\$13,950.00	10%
		Total DBE Participation:	\$13,950.00	10%

- 5.0 **POLICY IMPACT:** Does not apply.

- 6.0 **ECONOMIC IMPACT:** This procurement will be funded through the Authority's Insurance Fund, Risk Management Department budget at a price of four hundred eighteen thousand five hundred & 00/100 dollars (\$418,500.00) for a three-year period with two additional one-year options at a price of one hundred thirty-nine thousand five hundred & 00/100 dollars (\$139,500.00) for each option year for a total contract price of six hundred ninety-seven thousand five hundred & 00/100 dollars (\$697,500.00).

- 7.0 **ALTERNATIVES:** Reject this offer. Rejection of this proposal would delay the identification of the casualty insurance needs, risking the Authority not having proper excess liability coverage.

- 8.0 **RECOMMENDATION:** This procurement was reviewed by the Board of Trustees Finance Committee at their November 9, 2004 meeting and recommended for approval to the Board of Trustees. It is recommended that the offer of Aon Risk Services, Inc. of Ohio be accepted and the resolution passed authorizing the General Manager/Secretary-Treasurer 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