

RESOLUTION NO. 2006-93

AUTHORIZING THE PURCHASE OF CONTRACTORS POLLUTION LIABILITY AND POLLUTION LEGAL LIABILITY INSURANCE FOR THE EUCLID CORRIDOR TRANSPORTATION PROJECT FROM AIG AND/OR OTHER EXCESS LIABILITY UNDERWRITERS THROUGH AON RISK SERVICES, INC. OF OHIO, CASUALTY INSURANCE BROKER FOR GCRTA, FOR AN ESTIMATED PERIOD OF THREE YEARS AND FIVE YEARS, RESPECTIVELY, FOR A TOTAL NOT TO EXCEED AMOUNT OF \$222,000.00 (RTA DEVELOPMENT FUND - EUCLID CORRIDOR TRANSPORTATION DEPARTMENT BUDGET)

WHEREAS, Contractors Pollution Liability and Pollution Legal Liability insurance coverage is required by the Greater Cleveland Regional Transit Authority (GCRTA) for the Euclid Corridor Transportation Project for the duration of the project up to the limit of \$5 million at an amount not to exceed two hundred twenty-two thousand & 00/100 dollars (\$222,000.00); and

WHEREAS, Aon Risk Services Inc. of Ohio, 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 Aon Risk Services Inc. of Ohio, located at 1660 West 2nd Street, Suite 650, Cleveland, Ohio 44113 for Contractors Pollution Liability and Pollution Legal Liability insurance coverage with AIG and/or other excess liability underwriters.

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 Grants OH-03-0247 and OH-90-X484, in an amount not to exceed \$222,000.00 (\$177,600.00 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.

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 2006-077; 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: ____ ____, 2006

President

Attest: _____
CEO, General Manager/Secretary-Treasurer



TITLE/DESCRIPTION: AUTHORIZING THE PURCHASE OF CONTRACTORS POLLUTION LIABILITY AND POLLUTION LEGAL LIABILITY INSURANCE FOR THE EUCLID CORRIDOR TRANSPORTATION PROJECT FROM AIG AND/OR OTHER EXCESS LIABILITY UNDERWRITERS THROUGH AON RISK SERVICES, INC. OF OHIO, CASUALTY INSURANCE BROKER FOR GCRTA, FOR AN ESTIMATED PERIOD OF THREE YEARS AND FIVE YEARS, RESPECTIVELY, FOR A TOTAL NOT TO EXCEED AMOUNT OF \$222,000.00 (RTA DEVELOPMENT FUND - EUCLID CORRIDOR TRANSPORTATION DEPARTMENT BUDGET)	Resolution No.: 2006-93
	Date: May 11, 2006
	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 Contractors Pollution Liability and Pollution Legal Liability insurance protection for the Euclid Corridor Transportation Project.
- 2.0 DESCRIPTION/JUSTIFICATION: It was determined that the Euclid Corridor Transportation Project presents environmental loss exposures, both for sudden and accidental events, as well as, discovery or pre-existing gradual pollution conditions. The GCRTA, along with its casualty insurance broker, have done an extensive evaluation of the costs and benefits of the available insurance coverage vs. the exposures to GCRTA and its contractors and sub-contractors and concluded that the purchase of insurance to protect all of these parties for the proposed cost is a prudent business decision. The total cost of this insurance is \$222,000.00 or .20% of the estimated total project cost of \$109 million.

On each of the ECTP contracts involving roadway replacement, a requirement for the Contractors Pollution Liability insurance was included as an alternate. In comparing those bid costs against the premium quoted to GCRTA for this "wrap up" pollution insurance program; there is a clear cost saving in the purchase of this program vs. requiring all of the contractors to carry their own insurance; the GCRTA also knows that many of the subcontractors and DBE's would have had difficulty obtaining the coverage at all. The coverage limits of \$5 million for each of these policies is much greater than the limit that would have been available from the contractors. GCRTA's provision of this coverage is a major benefit to all contractors involved as they will enjoy the same level of protection as GCRTA.

- 3.0 PROCUREMENT BACKGROUND: Aon Risk Services, Inc. of Ohio, GCRTA's casualty insurance broker, solicited quotes from several insurers known to provide pollution insurance programs. An evaluation of the submittals from the insurers is being conducted in accordance with the Authority's established Policies and Procedures to determine which was the most advantageous to the Authority, price and all other factors considered. AIG has provided the best response in terms of coverage and pricing.

A brief description of each of the insurance policies and what risks they cover follows. Contractors Pollution Liability (CPL): This policy covers third party bodily injury, property damage or cleanup costs arising from pollution conditions either caused or exacerbated in the performance of the covered operations. It includes coverage for sudden and gradual pollution events, both on and off the worksite. The policy also includes legal defense costs. The policy provides coverage for GCRTA, all contractors and sub-contractors in all tiers. The coverage term is three (3) years from the date of purchase, the coverage limit is \$5 million and the self-insured retention is \$25,000.00.

Pollution Legal Liability: This coverage is intended to cover pre-existing pollution conditions that were neither caused or aggravated by the contractor on the site. The policy is also referred to as “Site Liability” coverage and helps cover the environmental risks that come with owning large parcels of property. As GCRTA holds easements for the portion of Euclid Avenue involved in the projects as well as hundreds of other parcels that do carry with them certain ownership liabilities, it was decided to purchase this coverage as well. The policy covers third party claims for on or off-site bodily injury and property damage from pre-existing pollution conditions, on-site cleanup of pre-existing pollution conditions, as well as legal defense coverage. The policy term is five years, the coverage limit is \$5 million, and the self-insured retention is \$100,000.00. Of course, both policies contain standard coverage terms and conditions as well as exclusions and the policies must be referenced for specific coverage interpretations.

Based on the evaluation of cost and price by Aon Risk Services, Inc. of Ohio for the coverages identified, the Procurement Department has determined the negotiated price to be fair and reasonable.

- 4.0 AFFIRMATIVE ACTION/DBE BACKGROUND: Does not apply.
- 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 Grants OH-03-0247 line item 13.23.01 and OH-90-X484 line item 13.23.01, in an amount not to exceed \$222,000.00 (\$177,600.00 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.
- 7.0 ALTERNATIVES: Reject this offer. Not adopting this resolution will put the Authority at risk of not having Contractors Pollution Liability and Pollution Legal Liability insurance protection for the Euclid Corridor Transportation Project.
- 8.0 RECOMMENDATION: It is recommended that the submittal of AIG and/or other underwriters, through Aon Risk Services, Inc. of Ohio, be accepted and a 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