

RESOLUTION NO. 2013-22

AUTHORIZING CONTRACT NO. 2012-181 WITH WELLS FARGO INSURANCE SERVICES USA, INC. TO PROVIDE CASUALTY INSURANCE BROKER SERVICES FOR A PERIOD OF THREE YEARS IN AN AMOUNT NOT TO EXCEED \$294,600.00 WITH TWO ADDITIONAL ONE-YEAR OPTIONS IN AN AMOUNT NOT TO EXCEED \$93,200.00 FOR EACH OPTION YEAR FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$481,000.00 (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 Wells Fargo Insurance Services USA, Inc. located at 1301 East Ninth Street, Suite 3800, Cleveland Ohio 44114 to provide casualty insurance broker services was received on January 31, 2013 for a three-year period with two, one-year options for renewal; and

WHEREAS, after negotiations, an amount not to exceed two hundred ninety-four thousand six hundred & 00/100 dollars (\$294,600.00) for the three-year period with two one-year options in an amount not to exceed ninety-three thousand two hundred & 00/100 dollars (\$93,200.00) for each option year for a total contract amount not to exceed four hundred eighty-one thousand & 00/100 dollars (\$481,000.00) was agreed upon; and

WHEREAS, the General Manager/Secretary-Treasurer has deemed the offer of Wells Fargo Insurance Services USA, Inc., as negotiated, to be in the best interest of the Authority 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 Wells Fargo Insurance Services USA, Inc. to provide Casualty Insurance Broker Services, as modified by negotiations, for a period of three years with two, one-year options 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 Wells Fargo Insurance Services USA, Inc. to provide said services for a three-year period with the General Manager/Secretary-Treasurer retaining authority to exercise two, one-year options.

Section 3. That said contract shall be payable out of the Insurance Fund, Risk Management Department budget in an amount not to exceed two hundred ninety-four thousand six hundred & 00/100 dollars (\$294,600.00) for the three-year period with two, one-year options in an amount not to exceed ninety-three thousand two hundred & 00/100 dollars (\$93,200.00) for each option year for a total contract amount not to exceed four hundred eighty-one thousand & 00/100 dollars (\$481,000.00).

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon funding for future years, compliance by the contractor to the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution No. 2012-036; bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

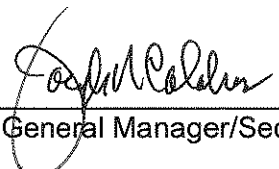
Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects that Wells Fargo Insurance Services USA, Inc. will attempt to exceed the 15% minimum DBE goal assigned to this procurement.

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

Adopted: March 19, 2013



President

Attest: 

CEO, General Manager/Secretary-Treasurer



TITLE/DESCRIPTION: CONTRACT: CASUALTY INSURANCE BROKER VENDOR: WELLS FARGO INSURANCE SERVICES USA, INC. AMOUNT: AMOUNT NTE \$294,600.00 FOR THREE YEARS AND AMOUNT NTE \$93,200.00 FOR EACH OF THE TWO OPTION YEARS, FOR TOTAL CONTRACT AMOUNT NTE \$481,000.00	Resolution No.: 2013-22
	Date: March 14, 2013
	Initiator: Risk Management
ACTION REQUEST: <input checked="" type="checkbox"/> Approval Review/Comment Information Only Other _____	

- 1.0 **PURPOSE/SCOPE:** This action will allow the Authority to enter into a contract 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 risk financing and insurance program marketing and placement.

Currently, the Authority carries casualty insurance coverages including rail, general, and automobile liability at a level of \$75 million in excess over 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:** The Request for Proposal (RFP) was posted on the procurement website and advertised in the local newspapers. Thirteen prospective proposers downloaded the solicitation and three responded on January 31, 2013. After evaluation by a panel of Authority employees in accordance with established Procurement Department policies and procedures, the proposal of Wells Fargo Insurance Services USA, Inc. to provide casualty insurance broker services was determined to be the most advantageous to the Authority. After negotiations, an amount not to exceed \$294,600.00 for a three-year period with two, one-year options in an amount not to exceed \$93,200.00 for each option year, for a total contract amount not to exceed \$481,000.00 was agreed upon.

Wells Fargo Insurance Services USA, Inc. is one of the largest commercial insurance brokerage firms in the United States. They will provide the Authority with extensive experience in the design and placement of insurance programs for large commercial accounts. Wells Fargo has partnered with Price Forbes Limited, a London broker, who specializes in the niche market of passenger rail accounts and has experience with numerous public transit authorities. Current clients include WMATA and BART. Together this team has proven experience handling unique exposures to risk management requirements for public entities, including GCRTA.

A cost analysis has been performed and the Procurement Department has determined that the price is fair and reasonable to the Authority.

- 4.0 AFFIRMATIVE ACTION/DBE BACKGROUND: All Affirmative Action requirements have been met. A 15% DBE goal was established for this procurement. Wells Fargo Insurance Services, Inc. has committed to meet the DBE goal through the utilization of Rutledge Group, Inc. (African American owned) in the amount of \$64,500 or 15%.
- 5.0 POLICY IMPACT: Does not apply.
- 6.0 ECONOMIC IMPACT: The contract will be funded through the Insurance Fund, Risk Management Department budget in an amount not to exceed two hundred ninety-four thousand six hundred & 00/100 dollars (\$294,600.00) for the three-year period with two, additional one-year options in an amount not to exceed ninety-three thousand two hundred & 00/100 dollars (\$93,200.00) for each option year for a total contract amount not to exceed four hundred eighty-one thousand & 00/100 dollars (\$481,000.00). This price is approximately 45% below the budgeted amount for this project.
- 7.0 ALTERNATIVES: Reject this offer. Rejection of this offer would delay the identification of the casualty insurance needs, risking the Authority not having proper excess liability coverage.
- 8.0 RECOMMENDATION: This procurement was discussed by the Board of Trustees Finance Committee at their March 5, 2013 meeting. It is recommended that the offer of Wells Fargo Insurance Services USA, Inc. 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