

RESOLUTION NO. 2014-76

AUTHORIZING THE PURCHASE OF EXCESS WORKERS' COMPENSATION INSURANCE FROM SAFETY NATIONAL CASUALTY CORPORATION THROUGH WELLS FARGO INSURANCE SERVICES USA, INC. FOR A PERIOD OF 24 MONTHS IN A TOTAL AMOUNT NOT TO EXCEED \$536,399.00 (GCRTA GENERAL FUND, RISK MANAGEMENT DEPARTMENT BUDGET)

WHEREAS, the Greater Cleveland Regional Transit Authority requires catastrophic Excess Workers' Compensation insurance protection; and

WHEREAS, proposal from Safety National Casualty Corporation was received on August 4, 2014 and was evaluated in accordance with the Authority's Policies and Procedures; and

WHEREAS, the submittal of Safety National Casualty Corporation, through Wells Fargo Insurance Services USA, Inc. located at 1301 East Ninth Street, Suite 3800, Cleveland Ohio, 44114 for Excess Workers' Compensation insurance for a period of twenty-four (24) months for coverage up to the limit of \$10 million per occurrence and annual aggregate at an amount not to exceed \$536,399.00 was determined to be the most advantageous to the Authority, price and all factors considered; and

WHEREAS, the General Manager/Secretary-Treasurer deems the acceptance of the submittal of Safety National Casualty Corporation through Wells Fargo Insurance Services USA, Inc. for an Excess Workers' Compensation insurance program, as modified by negotiations, 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 premium quote from Safety National Casualty Corporation through Wells Fargo Insurance Services USA, Inc., as modified by negotiations, for an Excess Workers' Compensation insurance program is hereby accepted as the most advantageous to the Authority, price and all other factors considered.

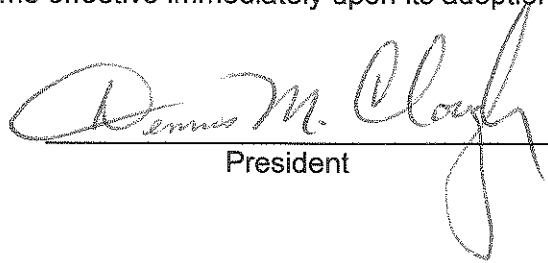
Section 2. That the General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to enter into a contract with Wells Fargo Insurance Services USA, Inc. for Excess Workers' Compensation insurance coverages from Safety National Casualty Corporation for a policy limit of \$10 million per occurrence and annual aggregate at an amount not to exceed \$536,399.00.

Section 3. That said contract shall be payable out of the Authority's General Fund, Risk Management Department budget, in an amount not to exceed \$536,399.00, Risk Management Department budget, for a period of twenty-four (24) 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, thereto, if any: the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2013-031; bonding and insurance requirements and all applicable laws relating to the contractual obligations of the Authority.

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

Adopted: August 19 2014

  
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President

Attest:

  
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CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority  
**STAFF SUMMARY AND COMMENTS**

<b>TITLE/DESCRIPTION:</b>  <b>CONTRACT: PURCHASE OF EXCESS WORKERS' COMPENSATION INSURANCE</b>  <b>VENDOR: WELLS FARGO INSURANCE SERVICES USA, INC.</b>  <b>AMOUNT: NTE \$536,399.00 FOR A PERIOD OF 24 MONTHS</b>	<b>Resolution No.:</b> 2014-76
	<b>Date:</b> August 14, 2014
	<b>Initiator:</b> Risk Management Department
<b>ACTION REQUEST:</b> <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 Excess Workers' Compensation insurance protection.

2.0 **DESCRIPTION/JUSTIFICATION:** GCRTA purchases excess casualty insurance to protect its assets against catastrophic loss. The current program expires September 1, 2014. Proposals for a new program were requested. The main Excess Liability program contains General Liability, Rail Liability and Auto Liability coverage. Separate policies are purchased for Public Officials & Employment Practices Liability as well as Excess Workers Compensation.

This particular Resolution requests funding authorization for only the Excess Workers' Compensation program. A separate Resolution will be presented to the Board of Trustees to request funding authority for the Excess Liability policy. GCRTA will also purchase a Public Officials & Employment Practices policy, and the premium will be under \$100,000.00.

3.0 **PROCUREMENT BACKGROUND:** Our casualty insurance brokers, Wells Fargo Insurance Services USA, Inc. and their partners, The Rutledge Group, as well as Price Forbes, their London brokerage partner, approached several commercial insurance markets seeking proposals for the insurance program. As occurred last year, they were pleased to remind us that all of the insurance markets on our program feel that this is a valuable account with excellent loss experience. They acknowledge that GCRTA has established good, solid relationships with the underwriters.

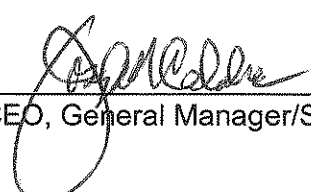
The Excess Workers' Compensation market continues to be difficult. Recall that last year our incumbent market, ACE, attempted to impose a 21% rate increase which we were able to negotiate down to 12%. Against 2013 estimated payroll, our expiring premium is \$231,495.00 vs. our newly negotiated premium of \$255,547.00 from a new carrier, Safety National Casualty Corporation, who came through with an excellent and aggressive competitive quotation. The premium quote from Safety National represents only a 2% rate increase despite the fact that the premium is based on a 7% increase in estimated payroll over last year.

Wells Fargo conducted a marketing effort for the Excess Workers' Compensation policy, as they were aware of the hardening market. Numerous other markets were approached. The results were that only Safety National and ACE provided quotes. Several markets declined due to class of business (transportation, rail) and refusal to write public entities, etc. Our incumbent carrier, ACE, had indicated that they would force an increase in our current \$750,000.00 self-insured retention to a \$1 million level at next year's renewal, and they quoted a 10% rate increase. The quote from ACE was rejected due to this increased cost.

Based on the evaluation of cost and price by Wells Fargo Insurance Services USA, Inc. and its partners 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 program will be funded through the Authority's General Fund, Risk Management Department budget, in an amount not to exceed \$536,399.00 for a period of twenty-four (24) months.
- 7.0 ALTERNATIVES: Reject this offer. Not adopting this resolution will put the Authority at risk of not having catastrophic Excess Workers' Compensation insurance protection.
- 8.0 RECOMMENDATION: It is recommended that the submittal of the underwriters through Wells Fargo Insurance Services USA, Inc., as negotiated, 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.

  
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CEO, General Manager/Secretary-Treasurer