

RESOLUTION NO. 2016-64

AUTHORIZING THE PURCHASE OF EXCESS WORKERS' COMPENSATION INSURANCE FROM SAFETY NATIONAL CASUALTY CORPORATION THROUGH WELLS FARGO INSURANCE SERVICES USA, INC. FOR A PERIOD OF 12 MONTHS IN A TOTAL AMOUNT NOT TO EXCEED \$295,892.00 (GENERAL FUND, RISK MANAGEMENT DEPARTMENT BUDGET)

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

WHEREAS, the proposal from Safety National Casualty Corporation, through Wells Fargo Insurance Services USA, Inc., was received on August 4, 2016 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 twelve months for coverage up to the limit of \$10 million per occurrence at an amount not to exceed \$295,892.00 was determined to be the most advantageous to the Authority, price and all factors considered; and

WHEREAS, the CEO, 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 be and the same is hereby accepted.

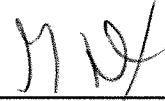
Section 2. That the CEO, General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to enter into a contract with Wells Fargo Insurance Services USA, Inc. for Excess Workers' Compensation insurance coverages from Safety National Casualty Corporation for a policy limit of \$10 million per occurrence at an amount not to exceed \$295,892.00 for the twelve month period.

Section 3. That said contract shall be payable out of the General Fund, Risk Management Department budget, in an amount not to exceed \$295,892.00 for a period of twelve 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 2015-076 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 16, 2016



President

Attest: 

CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

TITLE/DESCRIPTION: CONTRACT: PURCHASE OF EXCESS WORKERS' COMPENSATION INSURANCE VENDOR: WELLS FARGO INSURANCE SERVICES USA, INC. AMOUNT: NTE \$295,892.00 FOR A PERIOD OF 12 MONTHS	Resolution No.: 2016-64
	Date: August 11, 2016
	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 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, 2016. The main Excess Liability program contains General Liability, Rail Liability and Auto Liability coverage. Separate policies are purchased for Public Officials & Employment Practices Liability and Excess Workers Compensation.

This action requests funding authorization for only the Excess Workers' Compensation program. The Excess Liability program was approved by the Board of Trustees by Resolution No. 2014-075 and does not expire until September 1, 2017. The Public Officials and Employment Practices premium is expected to be under \$100,000.00; therefore, Board approval will not be required.

3.0 **PROCUREMENT BACKGROUND:** GCRTA's casualty insurance broker, 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 GCRTA that all of the insurance markets on the 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. A few years ago our incumbent market, ACE, attempted to impose a 21% rate increase. At that time we were able to place the program with a new carrier, Safety National Casualty Corporation (Safety National), who came through with an excellent and aggressive competitive quotation. GCRTA has been with Safety National since September 2, 2014. The two year rate commitment with Safety National expires on September 1, 2016.

Given the state of the market for this difficult line of coverage and the marketing history for GCRTA, Wells Fargo recommended that GCRTA negotiate with the incumbent market for a renewal this year and only conduct a broader marketing effort if the results were not satisfactory. Numerous other markets were approached two years ago and Safety National was the clear winner.

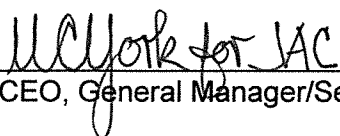
Wells Fargo indicated that they were seeing at least single digit and sometimes double digit rate increases on other accounts and, but were able to achieve a flat rate renewal for GCRTA which is extremely favorable in this market. GCRTA payroll which is used as a rating basis for this coverage, has increased and there was also a change in their method of calculating the payroll which caused more of an increase, so there is a premium increase of approximately \$20,000.00 included in the renewal premium of \$295,892.00.

The results of the renewal efforts on the master liability program and public officials liability programs were very favorable and all combined the \$20,000.00 is .015% of the total casualty insurance premium, a very small percent. The budgeted figure for the Excess Workers' Compensation policy is \$348,839.00, placing GCRTA 15% under budget for this renewal.

Based on the evaluation of cost and price by Wells Fargo Insurance Services USA, Inc. and its partners for the coverage identified, the Procurement Department has determined the negotiated price to be fair and reasonable to the Authority.

- 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 General Fund, Risk Management Department budget, in an amount not to exceed \$295,892.00 for a period of twelve 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 CEO, 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