

RESOLUTION NO. 2017-69

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 \$267,396.00 (GCRTA GENERAL FUND, RISK MANAGEMENT DEPARTMENT BUDGET)

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

WHEREAS, a proposal from Safety National Casualty Corporation was received on August 2, 2017 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 \$267,396.00 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 \$267,396.00.

Section 3. That said contract shall be payable out of the General Fund, Risk Management Department budget, in an amount not to exceed \$267,396.00, 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 15, 2017



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 \$267,396.00 FOR A PERIOD OF 12 MONTHS	Resolution No.: 2017-69
	Date: August 10, 2017
	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, 2017. 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 action requests funding authorization for only the Excess Workers' Compensation program. A separate Resolution is being presented for a multi-year policy for the Excess Liability Insurance. GCRTA will also purchase a Public Officials & Employment Practices policy, and the 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. ("Wells Fargo") and their partner, The Rutledge Group, as well as Price Forbes & Partners Limited ("Price Forbes"), their London brokerage partner, approached several commercial insurance markets seeking proposals for the insurance program. As with GCRTA's last solicitation year they were pleased to remind GCRTA 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 challenging as only a limited number of markets offer this catastrophe coverage to public entities. In the past few years, rates have increased or remained flat. We are informed by our brokers that this year they have seen a moderate improvement in the market for the best risks. We did also market the account this year to competitive carriers which influenced our successful result.

Several insurance markets declined to quote citing either no appetite for this type of risk or indicating that they could not compete with the current pricing. We received only one actual competitive quote and Safety National, our incumbent carrier's proposal was better. Safety National was able to offer us a 15% rate decrease which results in a renewal premium of \$267,396.00, a decrease of \$28,496.00 compared to last year's premium of \$295,892.00. The new premium is 27% below the budgeted amount for this line of coverage. We recommend accepting the renewal proposal from Safety National via Wells Fargo Insurance Services for the September 1, 2017 renewal of this coverage.

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 \$267,396.00 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