

RESOLUTION NO. 2018-28

AUTHORIZING CONTRACT NO. 2017-166 WITH USI INSURANCE SERVICES NATIONAL, INC. TO PROVIDE CASUALTY INSURANCE BROKER SERVICES FOR A PERIOD OF THREE YEARS IN AN AMOUNT NOT TO EXCEED \$274,350.00, WITH TWO, ONE-YEAR OPTIONS IN AN AMOUNT NOT TO EXCEED \$91,450.00 FOR EACH OPTION YEAR, FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$457,250.00 (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 USI Insurance Services National, Inc., located at 201 Mission Street, Suite 1100, San Francisco, California 94105, to provide casualty insurance broker services, was received on January 25, 2018 for a three-year period with two, one-year options for renewal; and

WHEREAS, after negotiations, USI Insurance Services National, Inc. offered to provide casualty insurance broker services in an amount not to exceed \$274,350.00 for the base three years, and in an amount not to exceed \$91,450.00 for each of the two option years, for a total contract amount not to exceed \$457,250.00; and

WHEREAS, the CEO, General Manager/Secretary-Treasurer deems the offer of USI Insurance Services National, 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 USI Insurance Services National, Inc. to provide casualty insurance broker services for a period of three years with two, one-year options 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 USI Insurance Services National, Inc. to provide casualty insurance broker services for a period of three years, with the authority to exercise each of the two option year renewals.

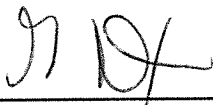
Section 3. That said contract shall be payable from the Insurance Fund, Risk Management Department budget, in an amount not to exceed \$274,350.00 for the base three years, and in an amount not to exceed \$91,450.00 for each of the two option years, for a total contract amount not to exceed \$457,250.00.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon future funding and compliance by the contractor with the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution No. 2015-076; 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 USI Insurance Services National, Inc. will attempt to exceed the 16% minimum DBE goal assigned to this procurement.

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

Adopted: March 27, 2018



President

Attest: 

CEO, General Manager/Secretary-Treasurer



TITLE/DESCRIPTION: CONTRACT: CASUALTY INSURANCE BROKER VENDOR: USI INSURANCE SERVICES NATIONAL, INC. AMOUNT: AMOUNT NTE \$274,350.00 FOR THE BASE THREE YEARS, AND AN AMOUNT NTE \$91,450.00 FOR EACH OF THE TWO OPTION YEARS, FOR A TOTAL CONTRACT AMOUNT NTE \$457,250.00	Resolution No.: 2018-28
	Date: March 22, 2018
	Initiator: Risk Management
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 allow the Authority to enter into a contract for a casualty insurance broker for a period of three years with two, one-year options for renewal.
- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority is seeking the services of a commercial insurance broker to assist in the areas of risk management, 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 \$95 million in excess of a self-insured retention of \$5 million per occurrence. Other casualty insurance coverages include excess workers' 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. The broker 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 GCRTA Procurement website and advertised in the local newspapers. Eleven (11) interested parties downloaded the solicitation and five (5) proposals were received on January 25, 2018. After evaluation by a panel of Authority employees in accordance with established Procurement Department policies and procedures, the proposal of USI Insurance Services National, Inc. (USI), to provide casualty insurance broker services, was determined to be the most advantageous to the Authority, price and all other factors considered. After negotiations, an amount not to exceed \$274,350.00 for a period of three years with two, one-year options in an amount not to exceed \$91,450.00 per year, for a total contract amount not to exceed \$457,250.00, was agreed upon.

USI is one of the largest commercial insurance brokerage firms in the United States. In November 2017, USI acquired Wells Fargo Insurance Services, casualty insurance broker for the GCRTA since 2013. USI will continue to provide the Authority with extensive experience in the design and placement of insurance programs for large commercial accounts. USI Insurance Services National, Inc. has partnered with Price Forbes, a Lloyd's of London broker, which specializes in the passenger rail accounts and has experience with numerous public transit authorities. Current clients include Washington Metropolitan Area Transit Authority (WMATA) and Bay Area Rapid Transit (BART). Together, this team has proven experience handling unique exposures to risk management requirements for public entities, including the Authority.

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

- 4.0 **AFFIRMATIVE ACTION/DBE BACKGROUND:** All Affirmative Action requirements have been met. A DBE participation goal of 16% was established for this procurement. USI Insurance Services National, Inc. has committed to achieving the goal through the utilization of Rutledge Group, Inc. (African American male-owned) in the amount of \$73,160.00 (\$14,632.00 annually for up to 5 years) or 16%.
- 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 \$274,350.00 for the base three years, and in an amount not to exceed \$91,450.00 for each of the two option years, for a total contract amount not to exceed \$457,250.00. This is approximately 40% below the budgeted amount for these services.
- 7.0 **ALTERNATIVES:** Reject this offer. Rejection of this offer would delay the identification of the Authority's casualty insurance needs, risking the Authority not having proper excess liability and workers' compensation coverages
- 8.0 **RECOMMENDATION:** This procurement was discussed by the Board of Trustees at the March 6, 2018 Audit, Safety Compliance, and Real Estate Committee meeting. It is recommended that the offer of USI Insurance Services National, Inc. 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.


FOR CEO, General Manager/Secretary-Treasurer