

RESOLUTION NO. 2024-69

AUTHORIZING THE PURCHASE OF CASUALTY INSURANCE FROM VARIOUS INSURANCE UNDERWRITERS THROUGH USI INSURANCE SERVICES, LLC AND PRICE FORBES & PARTNERS LIMITED, OR THEIR SUCCESSORS, FOR A PERIOD OF 12 MONTHS IN A TOTAL AMOUNT NOT TO EXCEED \$2,270,191.00 (INSURANCE AND GENERAL FUNDS, RISK MANAGEMENT DEPARTMENT BUDGET)

WHEREAS, the Greater Cleveland Regional Transit Authority ("Authority") requires catastrophic casualty insurance protection; and

WHEREAS, the casualty insurance program for the Authority includes the master Excess Liability program which encompasses General, Rail and Auto Liability coverages, as well as the Excess Workers' Compensation policy and the Public Officials' Liability policy; and

WHEREAS, proposals from various underwriters were received on August 5, 2024 and were evaluated in accordance with the Authority's Policies and Procedures; and

WHEREAS, the submittal of a group of underwriters through USI Insurance Services, LLC ("USI"), located at 1001 Lakeside Avenue, Cleveland, Ohio, 44114-1874, and Price Forbes & Partners Limited ("Price Forbes"), London, U.K., for Excess Liability insurance for a period of 12 months with coverage up to the limit of \$95 million per occurrence, at an amount not to exceed \$2,270,191.00, was determined to be the most advantageous to the Authority, price and all factors considered; and

WHEREAS, the General Manager, Chief Executive Officer deems the acceptance of the submittal of various underwriters through USI and Price Forbes for a casualty 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 submittal of a group of underwriters through USI Insurance Services National, Inc. ("USI") and Price Forbes & Partners Limited ("Price Forbes"), as modified by negotiations, for a casualty insurance program, is hereby accepted as the most advantageous to the Authority, price and all other factors considered.


Section 2. That the General Manager, Chief Executive Officer of the Authority be and she is hereby authorized to enter into a contract with USI and Price Forbes for casualty insurance coverages with the carriers, as agreed, and with such other carriers as the General Manager, Chief Executive Officer may deem appropriate, up to the limit of \$95 million per occurrence for year one from September 1, 2024 to September 1, 2025 at premiums not to exceed \$2,270,191.00.

Section 3. This program shall be payable from the Insurance Fund, Risk Management Department budget, in an amount not to exceed \$1,878,664.00 and the General Fund, Risk Management Department budget, in an amount not to exceed \$391,527.00 for a period of 12 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, if any, the Affirmative Action Plan adopted by the Board of Trustees, bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

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

Adopted: August 27, 2024



President

Attest: 

Secretary-Treasurer



TITLE/DESCRIPTION: CONTRACT: PURCHASE OF CASUALTY INSURANCE FROM VARIOUS INSURANCE UNDERWRITERS VENDOR: USI INSURANCE SERVICES, LLC AND PRICE FORBES & PARTNERS LIMITED, OR THEIR SUCCESSORS AMOUNT: NTE \$2,270,191.00 FOR A PERIOD OF 12 MONTHS	Resolution No.: 2024-69
	Date: August 22, 2024
	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 the Greater Cleveland Regional Transit Authority (“Authority”) with catastrophic casualty insurance protection for a period of 12 months.

2.0 **DESCRIPTION/JUSTIFICATION:** The Authority purchases a Casualty Insurance Program to protect its assets against catastrophic loss. The current Casualty Insurance Program expires September 1, 2024. Proposals for a new program were requested. The Casualty Insurance Program includes three policies: Excess Liability, Excess Workers’ Compensation and Public Officials’ & Employment Practices Liability. The main Excess Liability program contains General Liability, Rail Liability and Auto Liability coverages. Separate policies are purchased for Public Officials’ & Employment Practices Liability, as well as Excess Workers’ Compensation.

This resolution requests authorization for the Excess Liability program, the Excess Workers’ Compensation policy, and the Public Officials’ & Employment Practices Liability policy.

3.0 **PROCUREMENT BACKGROUND:** The Authority’s casualty insurance brokers, USI Insurance Services, LLC (“USI”) and its partner, The Rutledge Group, and Price Forbes & Partners Limited (“Price Forbes”), USI’s London brokerage partner, approached several commercial insurance markets seeking proposals for participation in the insurance program. As presented at the August 13, 2024 Audit, Safety Compliance and Real Estate Committee meeting, the commercial liability insurance market is somewhat challenging although the Authority had a good result. As our broker explained at the Committee meeting, the markets are reacting to nuclear verdicts and social inflation. Carriers are particularly focused on reviewing potential aggregation of losses. The Norfolk Southern derailment in E. Palestine, Ohio was used as an example.

As a result of this state of the market, at our strategy meeting with our brokers in July, we were told to expect a minimum of a 7.5% increase in the premium for the large Excess Liability program. Their experience with similar account renewals this year reflected increases of 7.5% and above. Similarly, we were given a 5% projected premium increase for the Excess Worker’s Compensation policy and a 5% projection for an increase on the Public Officials’ & Employment Practices Liability policy premium. We are pleased to report that we have exceeded expectations on all three lines of coverage, as summarized below.

Final Program Results:

Final negotiations resulted in renewing the entire program limit of \$95 million in coverage, as well as a favorable result on the Excess Liability premium, with no reductions in coverage. The final premium commencing September 1, 2024 for the Excess Liability policy is \$1,878,664.00, a 5% increase over the expiring premium of \$1,786,783.00. This is \$73,438.00 or 3.8% under the budgeted amount of \$1,952,102.00.

The renewal premium commencing September 1, 2024 for the Excess Workers' Compensation policy is \$287,527.00, whereas the expiring premium was \$275,355.00. The 4.42% increase in premiums was due to higher payroll estimates as the insurer maintained a flat rate on the program. The Authority was able to generate some competition in this very limited marketplace and achieve a flat rate renewal. The renewal premium of \$287,527.00 is \$25,473.00 below the budgeted amount of \$313,000.00.

The Public Officials' & Employment Practices Liability renewal was also finalized with a positive result. The negotiated renewal premium commencing September 1, 2024 is \$104,000.00, a 3% premium increase over the expiring premium of \$100,900.00. This is 2.3% under the budgeted amount of \$106,500.00.

For all three lines of coverage contained in the Casualty Insurance Program, the total renewal premiums are \$2,270,191.00 as compared to expiring premiums of \$2,163,038.00, a net increase of \$ 4.5%. This is \$102,411.00 or 4.3% under the budgeted amount of \$2,371,602.00. This is an exceptional result. The Authority's premiums remain below its peers, demonstrating that insurance companies remain impressed by the Authority's risk management, safety, and security controls.

After evaluation in accordance with the Authority's established Policies and Procedures, the submittal from a group of underwriters for this casualty insurance program was determined to be the most advantageous to the Authority. Coverage limits, self-insured retentions and a list of the underwriters are shown in Attachment A, attached hereto. Based on the evaluation of cost and price by USI 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 shall be payable from the Insurance Fund, Risk Management Department budget, in an amount not to exceed \$1,878,664.00 and the General Fund, Risk Management Department budget, in an amount not to exceed \$391,527.00 for a period of 12 months. The Authority maintains an Insurance Fund at a minimum level to pay severe losses within the self-insured retention. The intent is to utilize the interest income on the Insurance Fund to offset (and cover, if feasible) the annual liability insurance premium.
- 7.0 ALTERNATIVES: Reject this offer. Not adopting this resolution will put the Authority at risk of not having catastrophic liability insurance protection.
- 8.0 RECOMMENDATION: This insurance renewal program was discussed by the Board of Trustees at the August 13, 2024, Audit, Safety Compliance and Real Estate Committee meeting. It is recommended that the submittal of the underwriters through USI, and Price Forbes, or their successors, as negotiated, be accepted and the resolution adopted authorizing the General Manager, Chief Executive Officer to enter into a contract.

9.0 ATTACHMENTS: Attachment A – Casualty Insurance Renewal

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.



Acting General Manager, Chief Executive Officer

ATTACHMENT A
CASUALTY INSURANCE RENEWAL

August 22, 2024

Excess Liability Program: General, Auto and Rail Liability Insurance:

Coverage Limit: \$95 million per occurrence & \$95 million aggregate
Occurrence Reported Coverage Basis
Self-Insured Retention: \$5 million per occurrence

Underwriters:

Apollo Liability Consortium (Lloyds of London Syndicate)
Argo Re Ltd. (Bermuda)
Hamilton Re (Bermuda)
Hiscox (Lloyds of London Syndicate)
AEGIS Casualty Consortium (Lloyds of London Syndicate)
AXA XL - (Lloyds of London Syndicate)
Aspen (Lloyds of London Syndicate)
Ascot (Lloyds of London Syndicate)
Argenta (Lloyds of London Syndicate)
Gemini Insurance Company (U.S.)
MAP (Lloyds of London Syndicate)
Inigo (Lloyd's of London Syndicate)
Helix (Bermuda)
Munich Re Syndicate (Lloyds of London Syndicate)
AWAC (Bermuda)

Excess Workers' Compensation:

Coverage Limit: \$105 million each accident
(\$95 million excess of \$10 million: Above underwriters)
(\$10 million excess of self-insured retention: Safety National)
Self-Insured Retention: \$750,000.00 per accident

Public Officials'/Employment Practices Liability:

Coverage Limit: \$5 million per claim and annual aggregate each policy year
Self-Insured Retention: Coverage A: zero; Coverage B: \$250,000.00 per claim; EPL:
\$500,000.00 per claim
Carrier: National Union Fire Insurance Company of Pittsburgh, PA (AIG)