

RESOLUTION NO. 2024-108

AUTHORIZING THE PURCHASE OF PROPERTY INSURANCE FROM LIBERTY MUTUAL AND EVANSTON INSURANCE COMPANY, THROUGH AON RISK SERVICES NORTHEAST, INC., FOR A PERIOD OF TWELVE (12) MONTHS FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$1,512,321.00 (GENERAL FUND, RISK MANAGEMENT DEPARTMENT BUDGET)

WHEREAS, the Greater Cleveland Regional Transit Authority ("Authority") requires property insurance to protect its physical assets; and

WHEREAS, proposals from various underwriters have been received and were evaluated in accordance with the Authority's Policies and Procedures; and

WHEREAS, the submittal from a group of underwriters through Aon Risk Services Northeast, Inc., located at 950 Main Avenue, Suite 1600, Cleveland, Ohio 44113, to provide property insurance coverage for a period of twelve (12) months, commencing on January 1, 2025 and ending January 1, 2026, was received and, after negotiations, an amount not to exceed \$1,512,321.00 for the twelve (12) month period was agreed upon; and

WHEREAS, the General Manager, Chief Executive Officer deems the submittal of various underwriters, through Aon Risk Services Northeast, Inc., for a property insurance program to be the most advantageous to 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 submittal from a group of underwriters, through Aon Risk Services Northeast, Inc., as modified by negotiations, to provide a property insurance program for a period of twelve (12) months 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 Aon Risk Services Northeast, Inc. for the purchase of property insurance coverage from Liberty Mutual and Evanston Insurance Company, and with such other carriers as the General Manager, Chief Executive Officer may deem appropriate, to provide property insurance coverage up to the limit of \$500 million and \$25 million, for Liberty Mutual and Evanston Insurance Company, respectively, from January 1, 2025 to January 1, 2026 at premiums not to exceed \$1,512,321.00.

Section 3. This insurance program shall be payable out of the General Fund, Risk Management Department budget, for a total amount not to exceed \$1,512,321.00 for the twelve (12) month period beginning January 1, 2025.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon future funding; 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: December 17, 2024



President

Attest: 

Secretary-Treasurer



TITLE/DESCRIPTION: CONTRACT: PURCHASE OF PROPERTY INSURANCE FROM LIBERTY MUTUAL AND EVANSTON INSURANCE COMPANY VENDOR: AON RISK SERVICES NORTHEAST, INC. AMOUNT: NTE \$1,512,321.00 FOR A PERIOD OF 12 MONTHS	Resolution No.: 2024-108
	Date: December 12, 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 insurance to protect the physical assets of the Authority for a period of twelve (12) months.
- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority requires all-risk property insurance to protect its physical assets in case of fire, explosion, windstorm, and similar perils. The current property insurance policy expires January 1, 2025. The detailed results of efforts to renew the property insurance programs were summarized in the presentation made to the Board of Trustees on December 3, 2024.
- 3.0 **PROCUREMENT BACKGROUND:** The Authority carries an all-risk property insurance policy which protects the Authority’s physical assets from fire, windstorm, explosion, and similar perils. Incumbent Carriers are Liberty Mutual and Evanston Insurance Company for two separate programs
 - The first program, written by Liberty Mutual, is for the coverage of all GCRTA real and personal property, including rolling stock when garaged. The blanket limit is \$500 million with a deductible of \$250,000.00.
 - The second program, written by Evanston Insurance Company, is a stand-alone Rolling Stock policy which provides coverage for GCRTA rolling stock when rolling (both rail and bus). The blanket limit is \$25 million with a deductible of \$500,000.00.

The Authority’s insurance broker approached several competitive insurance markets this year, but the most favorable outcome continues to result from the current program structure with the two incumbent carriers described above.

After receiving the results of the marketing and negotiation efforts, both Liberty Mutual and Evanston Insurance Company quoted a flat rate increase over 2024 premiums. The Authority’s total insured value (“TIV”) was increased from \$1.85 million in 2024 to \$1.95 million for 2025.

After applying the flat rate increases against the updated TIV, the resulting premium is \$1,512,321.00, an increase of \$43,078.00 or approximately 2.93%. This amount is \$67,679.00 or 4.3% below the budgeted amount of \$1,580,000.00.

- 4.0 **AFFIRMATIVE ACTION/ DBE BACKGROUND:** Does not apply.
- 5.0 **POLICY IMPACT:** Does not apply.
- 6.0 **ECONOMIC IMPACT:** This insurance policy will be funded through the General Fund, Risk Management Department budget, in an amount not to exceed \$1,512,321.00 for the twelve (12) month period beginning January 1, 2025.

- 7.0 ALTERNATIVES: Reject this offer. Rejection of this offer will leave the Authority without property insurance, placing substantial assets of the Authority at risk.
- 8.0 RECOMMENDATION: This property insurance program was discussed by the Board of Trustees at the December 3, 2024 Audit, Safety Compliance and Real Estate Committee meeting. It is recommended that the proposals for the purchase of property insurance from Liberty Mutual and Evanston Insurance Company, as submitted by the underwriter, Aon Risk Services Northeast, Inc., be accepted and the resolution passed authorizing the General Manager, Chief Executive Officer to purchase the property insurance policies.
- 9.0 ATTACHMENTS: None.

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



General Manager, Chief Executive Officer