

## Minutes

### RTA Audit, Safety Compliance & Real Estate Committee Meeting

10:10 a.m., August 13, 2024

**Committee Members:** Koomar (Chair), Welch (Vice Chair), Pacetti, Sleasman, Weiss

**Other Board Members:** Elder, Koomar, Love, Lucas

**Not present:** McPherson

**Staff:** Bennett, Birdsong Terry, Burney, Caver, Cottrell, Davidson, Dimmick, Feke, Feliciano, Ferraro, Fesler, Fleig, Garofoli, Gautam, Gibson, Hudson, Jones, Jupina, Kabelen, Kirkland, Laule, Lawson, Lincoln, Miller, Muti, Rusnov, Svancara, Togher, Varga, Walker-Minor

**Public:** Goodwin, Loh, Rutledge

The meeting was called to order at 10:10 a.m. There were five (5) committee members present.

#### Casualty Insurance Program

Judy Lincoln, Director, Risk Management gave the presentation. RTA's casualty insurance program expires September 1, 2024. Barbara Goodwin, Sr. VP of USI Insurance, our Casualty Insurance Broker and Darwin Rutledge, Rutledge Group our DBE broker were in attendance.

GCRTA maintains a Casualty Insurance Program for protection of assets against catastrophic loss:

- Excess Liability (General, Rail, Auto) \$95 million limits, \$5 million Self-Insured Retention ("SIR")
- Excess Workers' Compensation - \$10 m limit, \$750,000 SIR
- Public Officials Liability / EPL - \$5 m limit, \$250k SIR/ \$500k SIR

We also have a cyber liability program that renewed in February. It carries a \$5M coverage limit and \$50M SIR.

How GCRTA Procures this Insurance:

- Excess Liability Markets must be accessed via a broker; no direct writers of these coverages
- GCRTA conducts an RFP process to select and retain a casualty insurance broker
  - Broker is selected based on their expertise in the commercial insurance market, including the industry sector being rail, transit and transportation.
  - Together GCRTA and broker approach insurance markets with a submission describing GCRTA's operations and exposures, loss experience, safety culture to negotiate the best partnerships with markets and best program for GCRTA in terms of coverage and pricing.
  - GCRTA Executive management and Risk Management also meet face-to-face with underwriters and discuss highlights. Very well received by underwriters.

Dr. Caver participates heavily in these meetings. He discusses our financial position, safety culture and technology investments. They procured cameras and an operator monitoring program called Lytx in 2014. The Lytx program monitors operator risky behavior. These items have helped to decrease events proportionally over the last several years.

Public Officials / Employment Practices Liability (EPL) Renewal:

- Provides liability protection to Board Members directors and officers as well as GCRTA for alleged wrongful acts by D&Os, committee members or employees
- The policy also provides insurance coverage for employment practices claims.

Excess Workers' Compensation Renewal:

- Provides catastrophic insurance coverage excess of a \$750,000 self-insured retention per occurrence.

*2024 Excess Liability Renewal Market Outlook*

The casualty market remains challenging for all classes:

- Impact of nuclear verdicts (over \$10M) and social inflation.
- One market cited that it has 10 claims; each with \$100M demand.
- Markets are still not getting enough premium in high excess layers.
- A few markets are exiting/reducing capacity.
- Insurance carriers are particularly focused on reviewing aggregation;
  - *Norfolk Southern derailment loss in East Palestine, OH*

GCRTA is better placed in an extremely challenging market given careful risk management strategy and long-term partnership with insurers:

- Program is currently balanced between 15 US, London and Bermuda insurers
- GCRTA has historically been viewed as a preferred account by underwriters.

Excess Liability – Largest Program:

Expiring Premium \$1,785,783

- Renewal premium \$1,877,664, a 5% increase
- Very favorable result. Market experiencing some difficult losses. Expected increase of 7.5% based on strategy meeting in July. Still priced below peers. Budgeted for a 10% increase.
- Quota share program - domestic, London and Bermuda markets

Public Officials / EPL renewal:

- Incumbent carrier: AIG (National Union)
- Expiring Premium is \$100,900
- Renewal Premium is \$104,000, a 3% increase
- Budgeted for 5% increase in accordance with broker's experience with other public entity accounts.

Excess WC Policy renewal

- Due to marketing effort, generated competition among markets and maintained expiring rate.
- Existing carrier, Safety National offering unchanged rate despite payroll increase of 4.4% (from projected 2023 to projected 2024) so renewal premium quoted is \$287,527 vs \$275,355, an increase of \$12,172, or 4.4%.
- Better than expected result given recommended budgeted amount of \$313,000 (increase of 13%).

*Summary*

The combined result for all three insurance policies is a renewal premium of \$2,269,191 vs. expiring premiums of \$2,162,038, an increase of 4.5% and \$102,411 or 4.3% under the budgeted amount of \$2,371,602.

*Recommendation*

Staff requests that the Audit, Safety Compliance, and Real Estate Committee recommend to the Board of Trustees the purchase of casualty insurance from various insurance underwriters through USI Insurance Services National, Inc., GCRTA's casualty insurance broker, in a total amount not to exceed \$2,269,191 for a period of twelve months.

Ms. Elder asked what contributed to the increases to the premiums. Ms. Lincoln said the market place volatility and carriers not trusting the transit industry. Mayor Weiss and Rev. Lucas commended the staff for their work. Ms. Welch asked if Transit Police incidents fall under the Public Officials insurance. Ms. Lincoln said those events would be covered under the excess liability program.

It was moved by Mayor Koomar, seconded by Mayor Weiss and approved to move this to the full Board.

The meeting was adjourned at 10:30 a.m.

  
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Rajan D. Gautam  
Secretary/Treasurer

  
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Theresa A. Burrage  
Executive Assistant