



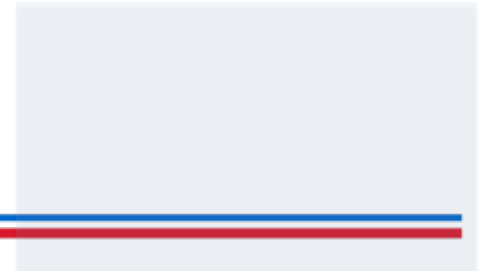
Greater Cleveland Regional Transit Authority

CASUALTY INSURANCE PROGRAM RENEWAL

September 1, 2024

Presented to: Audit, Safety Compliance, and Real Estate Committee

August 13, 2024



Casualty Insurance Program 9-1-24 Renewal

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



Casualty Insurance Program 9-1-24 Renewal

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.

Casualty Insurance Program 9-1-24 Renewal

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

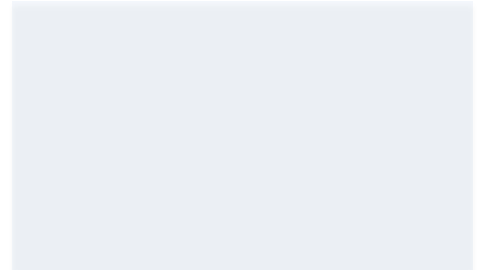
- Provides catastrophic insurance coverage excess of a \$750,000 self-insured retention per occurrence.



GCRTA: 2024 Excess Liability Renewal Market Outlook

The casualty market remains challenging for all classes

- Impact of nuclear verdicts 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: 2024 Excess Liability Renewal Market Outlook-continued

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.



Casualty Insurance Program 9-1-24 Renewal

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



Casualty Insurance Program 9-1-24 Renewal

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.



Casualty Insurance Program 9-1-24 Renewal

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%).

Casualty Insurance Program 9-1-24 Renewal

In 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.



Casualty Insurance Program 9-1-24 Renewal

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.



Questions

