

Greater Cleveland Regional Transit Authority



January 1, 2021 Property Insurance Renewal

December 1, 2020

Audit, Safety Compliance and Real Estate
Committee



2021 Property Insurance Renewal

GCRTA Carries an All-Risk Property Insurance Policy; covered perils include Fire, Wind, Flood and collapse, to name a few.

- Replacement Cost Coverage
- Protects Real and Personal Property for which GCRTA is responsible
- Bus Garages, Rail Complex, Rail Stations, Rail and Bus fleet (non-collision only)

2021 Property Insurance Renewal

Current Carrier – FM Global

- Blanket Limit: \$500 million , Deductible \$250,000
- Total Insured Value \$1.77 billion
- FM Global is one of the premier property insurers in the world and GCRTA has had coverage with them for many years.
- However, this year they announced in August that they would non-renew GCRTA as an account due to the Rail / Rolling Stock exposure which is not considered part of their core business.

2021 Property Insurance Renewal

- Given the decision by FM Global and the continued hardening market and expected significant rate increases, we are working with Aon, our property insurance broker, to conduct a competitive marketing effort.
- An underwriting submission was compiled and sent out to many different property insurance markets in the US, Bermuda and London

2021 Property Insurance Renewal

- Expiring premium for 1-1-20/21 policy period \$825,930.
- 2021 Budgeted amount: \$1,280,200 or a 55% increase based on guidance from our insurance brokers.
- Given the combination of no incumbent carrier, the very difficult property insurance market, and some recent loss experience in our record, this is not an unreasonable forecast.

2021 Property Insurance Renewal

Renewal negotiations still underway

- Weekly status call with broker plus updates on significant developments.
- Evaluation and recommendations to be completed by 12-9-20.

Final results in a memo to BOT accompanied by Resolution containing recommendations to be brought to the Board at December 15, 2020 meeting.