Property and Crime Insurance
Broker Services
Audit, Safety Compliance and Real Estate Committee
August 9, 2022
Project Overview

GCRTA Carries an All-Risk Property Insurance Policy which has a current policy period of 1-1-22/1-1-23

- Covered perils include wind, flood, fire, collapse, etc.
- 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)
Project Overview

• An insurance broker is required to approach almost all insurance markets for either renewal quotes and negotiations, or for approaching new markets for a competitive marketing effort.

• One exception to this is FM Global, GCRTA’s former property insurance carrier, who is a direct writer.
  
  • FM Global advised staff in 2020 that they would no longer be writing rail/rolling stock exposures as part of their core business.
Project Overview

• In 2020, GCRTA’s current broker conducted a full-scale marketing of the program to be placed with other carriers.

• After compiling a comprehensive underwriting submission describing GCRTA’s property exposures including replacement values, engineering/loss control reports, and descriptions of facilities and operations, the best program in terms of coverage and pricing was negotiated.
Project Overview

Incumbent carriers are Liberty Mutual and Evanston Insurance Company, for total insured value of $1.85 billion

- The first program is with Liberty Mutual for coverage of all GCRTA real and personal property, including rolling stock, when garaged.
  - Blanket Limit: $500 million, Deductible $250,000
- The second program is a stand-alone rolling stock policy written by Evanston Insurance Company and specifically provides coverage for GCRTA rolling stock when rolling (both rail and bus).
  - Blanket Limit: $25,000,000, Deductible $500,000
Project Overview

GCRTA also carries a Crime Insurance Policy

- Currently written with Travelers Insurance and Intact Insurance
- Limit: $4,000,000 per loss
- Deductible: $500,000
- Includes employee dishonesty, forgery, alteration, inside and outside premises, and computer fraud
- Term: February 16, 2022 – February 16, 2023
Procurement Overview

- RFP issued April 2022
- Accessed on the GCRTA website by 10 interested parties
- Five firms proposed
Procurement Overview

Evaluation Panel Members:

• Risk Management
• Office of Management and Budget
• Planning and Development
• Procurement
• Office of Business Development
Procurement Overview

Evaluation Criteria:

- Relevance and quality of staff experience and credentials assigned to GCRTA’s account. Experience with other public transit properties a plus.
- Organization, clarity, and responsiveness of proposals regarding the requirements outlined in the RFP.
Procurement Overview

Evaluation Criteria, cont’d:

- References, market reputation, and experience of the firm in the areas of risk funding, casualty account management, and insurance placement activities for accounts of a similar size and complexity.
- Overall cost effectiveness of proposal.
Procurement Overview

Recommended Firm:

• Aon Risk Services Northeast, Inc.
  • Headquartered in Chicago, IL with a local office in Cleveland, OH
• DBE Goal of 7% will be met by using Rutledge Group, located in Cleveland, OH
Procurement Overview

Firm Experience:
• Worldwide brokerage and consulting firm with over 500 offices in 120 countries.
• Provides extensive experience in the design and placement of property and crime insurance coverage.
• As GCRTA’s current property and crime insurance broker, they provide historical knowledge, technical rail knowledge, and a thorough understanding of current issues.
Procurement Overview

Firm Experience, cont’d:

• Strong market relations for transit accounts, and through the utilization of experts throughout the world, ensures that GCRTA obtains the broadest and most competitively priced insurance coverage.

• Has extensive experience in public transit and the rail industry, which includes experience in handling unique exposures to risk management.
Procurement Overview

Firm Experience, cont’d:

• Recent clients include: GCRTA, Regional Transportation Authority (CTA, Metra, and Pace), South Florida Regional Transit Authority (including Tri Rail), Northern Indiana Commuter Transportation District, Virginia Railway Express, First Energy, Goodyear Tires, Cleveland Clinic, Vitamix, Nationwide, Moderna, and J.M. Smucker.
Procurement Overview

Staff is recommending an award to Aon Risk Services Northeast, Inc. to provide Property and Crime Insurance Broker Services in an amount not to exceed $243,000.00 for the base three years, and in amounts not to exceed $85,050.00 and $89,300.00 for each option year, respectively, for a total contract amount not to exceed $417,350.00.
Questions