

Greater Cleveland Regional Transit Authority



# January 1, 2021 Property Insurance Renewal

December 15, 2020

Audit, Safety Compliance and Real Estate  
Committee



# 2021 Property Insurance Renewal

As discussed at the December 1, 2020 Committee meeting, GCRTA's All-Risk Property Insurance Policy expires on January 1, 2021.

- Covers all 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

- Incumbent Carrier is FM Global
  - Blanket Limit: \$500 million , Deductible \$250,000
  - Total Insured Value \$1.77 billion
  - FM Global informed us this year 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.
  - As described at the Committee Presentation on 12-1-2020, we worked with Aon, our property insurance broker, to conduct a competitive marketing effort.

# 2021 Property Insurance Renewal

- The results of the marketing effort are that the best proposals were from two different insurance markets; one for the traditional property insurance coverage, and one for the Rolling Stock coverage.
- Rolling Stock (both rail and bus) is a unique exposure and only certain insurance markets will consider insuring it.
- Therefore, our recommendation includes placing two separate programs for GCRTA's property insurance coverage as of January 1, 2021.

## 2021 Property Insurance Renewal

- The first program will be written by Liberty Mutual and is for the coverage of all GCRTA real and personal property excluding rolling stock.
- The second program is a stand-alone Rolling Stock policy written by Evanston Insurance Company and specifically provides coverage for GCRTA Rolling Stock (both rail and bus).

## 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.
- The combined premium for the new combined program is \$1,126,116, an increase of 36% over the expiring premium of \$825,930 and 12% under budget.

# 2021 Property Insurance Renewal

- Both Liberty Mutual and Evanston Insurance Company carry the highest possible financial security rating from Best's Insurance Rating service (A XV), demonstrating their financial stability and ability to pay claims.
- More detail on the new program is included with our recommendation in the resolution submitted to you for approval in the board package for today's meeting.
- We are seeking approval to execute this insurance program renewal as recommended.