

# GRTC Transit System

## Board Action Item

**Meeting Date:** July 21, 2020

**Item Title:** Annual Liability Insurance Premium Contract Award

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### **BACKGROUND:**

Every year, GRTC must renew liability coverages for General Liability, Auto Liability for Paratransit and Fixed Route Units, Umbrella (Excess Liability Coverage) Employment Practices, Fiduciary Liability, Crime Insurance, Cyber Insurance and Professional Liability Coverages. GRTC contracts with Arthur J. Gallagher as GRTC's insurance broker to request and review proposals from insurance companies for these policies.

The attached spreadsheet shows recent year coverages and policy premiums. For FY2021, premiums have decreased for General Liability and Auto Liability due to our loss ratio. This is in contrast to increases in premiums for Employment Practices and our Umbrella (Excess Liability Coverage) policies. These increases have been attributed to industry wide increases with Excess Insurance Carriers.

Of particular note are the quoted increases in the Excess Liability Coverage. GRTC currently holds \$20,000,000 of total umbrella liability coverage. The quotes for the final \$10,000,000 excess liability policy had not been received prior to this board meeting, so are not included in this packet. This will cause a drop in the umbrella coverage from \$20,000,000 to \$10,000,000.

Upon review of the impacts of this change, GRTC found that industry wide premium increases have caused many transportation businesses to decrease their excess liability coverage from a total coverage amount of \$20,000,000 down to \$10,000,000. There is no federal, state, or local mandated minimum level for excess insurance coverage. Based on GRTC 10 year history of not exceeding \$10,000,000 coverage need and the delayed quotes for the final excess policy, GRTC staff is advancing request for Board approvals to only include coverage policies for \$10,000,000 total in the amount of \$1,643,139. The FY2021 annual budget included \$1,665,249 for these insurance coverages, so this will be paid using budgeted operational funds.

staff will consider the costs, savings, and risks to GRTC of the lowered coverage amount versus advancing negotiations for the final \$10,000,000 for FY2021 coverage for further discussion at the GRTC August Board meeting. Staff will also start an evaluation of fully self-insuring auto liability and excess coverages in FY2022 or beyond.

## Recommendations:

GRTC staff requests that the Board of Directors approve the CEO to enter into policy contracts for General Liability, Auto Liability for Paratransit and Fixed Route Units, Umbrella (Excess Liability Coverage) Employment Practices, Fiduciary Liability, Crime Insurance, Cyber Insurance and Professional Liability Coverages in the amount of \$1,643,139 to reflect of total umbrella coverage reduced from \$20,000,000 to \$10,000,000.

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Eldridge F. Coles, Secretary  
GRTC Board of Directors

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Date

Greater Richmond Transit Co Renewal Comparison vs. Expiring Program								
	August 1, 2014	August 1, 2015	August 1, 2016	August 1, 2017	August 1, 2018	August 1, 2019	August 1, 2020	% Change
<b>General Liability</b>								
Power Units	236	235	251	266	235	244	240	-1.64%
Total Premium	\$ 28,735	\$ 28,614	\$ 31,893	\$ 33,799	\$ 181,109	\$ 188,045	\$ 184,962	-1.64%
Average Rate per unit	\$ 121.758	\$ 121.762	\$ 127.064	\$ 127.064	\$ 770.677	\$ 770.676	\$ 770.675	0.00%
<b>Auto - Paratransit</b>								
Units	73	72	86	96	78	101	97	-3.96%
Total Premium	\$ 46,808	\$ 48,093	\$ 60,343	\$ 67,360	\$ 54,730	\$ 71,577	\$ 71,306	-0.38%
Composite Rate per unit	\$ 641.205	\$ 667.958	\$ 701.663	\$ 701.667	\$ 701.667	\$ 708.683	\$ 735.113	3.73%
<b>Auto - Buses</b>								
Units	163	163	165	170	157	143	143	0.00%
Premium	\$ 580,500	\$ 580,500	\$ 603,191	\$ 646,264	\$ 626,268	\$ 586,755	\$ 641,378	9.31%
Composite Rate per unit	\$ 3,561.35	\$ 3,561.35	\$ 3,655.70	\$ 3,801.55	\$ 3,988.97	\$ 4,103.18	\$ 4,485.16	9.31%
<b>Employment Practices</b>								
Premium	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 19,695	\$ 24,145	22.59%
<b>Fiduciary Liability</b>								
Limit		\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$1,000,000	
Premium	\$ 29,999	\$ 29,999	\$ 29,999	\$ 29,999	\$ 29,999	\$ 35,000	\$ 35,000	0.00%
<b>Excess Fiduciary Liability</b>								
Limit							\$4,000,000	
Premium	\$ 29,999					\$ 50,500		100.00%
<b>Crime</b>								
Premium	\$ 9,079	\$ 9,079	\$ 9,340	\$ 9,340	\$ 9,697	\$ 9,697	\$ 9,697	0.00%
<b>Cyber - \$1m limit</b>								
Revenue					\$ 51,396,876	\$ 53,104,258	\$ 53,856,325	1.42%
Premium	\$ 9,079			\$ 8,872	\$ 12,120	\$ 9,197	\$ 9,692	5.38%
<b>Professional Liability</b>								
Premium	\$ 9,079			\$ 15,229	\$ 20,503	\$ 17,317	\$ 17,317	0.00%
<b>Umbrella</b>								
Primary Limit	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 3,000,000	\$ 3,000,000	0.00%
Premium*	\$ 360,000	\$ 378,043	\$ 400,263	\$ 522,182	\$ 489,850	\$ 360,000	\$ 449,652	24.90%
Excess Limit	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 5,000,000	\$ 5,000,000	0.00%
Premium*	\$ 149,985	\$ 149,985	\$ 162,253	\$ 169,421	\$ 158,158	\$ 125,667	\$ 149,500	18.97%
Excess Limit	\$ 10,000,000					\$ 10,000,000	\$ 10,000,000	0.00%
Premium*	\$ 149,985					\$ 207,050	\$ -	-100.00%
<b>*Does NOT include Surplus Tax</b>								
<b>Total</b>	<b>\$ 1,221,606</b>	<b>\$ 1,240,813</b>	<b>\$ 1,313,782</b>	<b>\$ 1,494,865</b>	<b>\$ 1,566,311</b>	<b>\$ 1,603,486</b>	<b>\$ 1,643,149</b>	<b>2.47%</b>
TRIA WAS ACCEPTED IN 2016 AS REFLECTED INTO THE 2017, 2018, 2019 PREMIUMS								