



Information Update – IndyGo Insurance Renewal Update for 2021

To: Chair and Board of Directors
Through: President/CEO Inez P. Evans
From: Director of Risk and Safety (CSO) Brian Clem
Date: February 12, 2021

INDYGO AND AON INSURANCE RENEWAL FOR 2021

Background:

On November 21st, 2019 IndyGo Awarded Aon Risk Services Central Inc, to a contract for a term of three (3) years with two (2) one-year options to broker Insurance coverage. Lines of coverage have progressed to include, Public Official D/O, Fiduciary Liability, Property, Crime, Cyber, Excess Liability. Aon and IndyGo discussed our renewal strategy meeting in August, the insurance market is experiencing a significant “hardening” of pricing and terms. It is a confluence of factors driving this shift such as increased claim frequency across many lines of coverage, catastrophic property losses and more and larger liability verdicts. In response to this, carriers have been reducing capacity, increasing pricing/rate, and, in some cases, exiting clients and/or markets entirely. This reduction of supply has resulted in carriers being able to increase rates and use leverage to attempt to return to profitability.

Commercial Property:

There was a significant marketing effort undertaken last year to move from a single carrier program to a multi-carrier quota share program. The primary carrier, Great American, quoted a very favorable renewal with a 7.71% increase. More than we wanted but better than the global trend.

Retained Limits GL/Auto:

Initially, we received a quote with an approximate 7% rate increase over 2020. Aon pushed back on the pricing due to the impact of COVID and the significant decrease in ridership mileage. This resulted in leveraging Munich to quote a flat premium and want to foster a long-term relationship with IndyGo. Resulted in a \$15,200 premium decrease from the original \$263,500 quote.

Management Liability:

This includes the Crime, Fiduciary, and Public Officials Liability / Employment Practices Liability coverages. This has been a hardening market for the past few years, and we saw some increases in retentions in the D&O policy again this year. Aon consistently seen double digit increases between 20% to 40% on renewal this year as there is little competitive capacity due to the disruption and uncertainty of the COVID pandemic. IndyGo did experienced a rate increase when binding our current policy.

Cyber liability:

The cyber market remains a difficult market to insure as many underwriters are reducing capacity significantly and exiting the market. The following carriers were approached and only one submitted a quote, “Coalition” for a 3-Million-dollar coverage versus our previous policy of 5 million dollars from Hiscox that submitted Non-Renewal.

2021 RENEWAL PREMIUM SUMMARY

Premium Summary

Coverage	January 1, 2020-21	January 1, 2021-22	\$ Change	% Change
Property	Layered Tower Program	Layered Tower Program		
Total Insured Values	\$ 251,426,870	\$ 272,031,228	+20,604,358	8.19%
Property Rate	\$ 0.1992	\$ 0.2226		11.73%

Great American premium	\$ 316,839	\$ 354,358	+37,519	11.84%
RSUI premium	\$ 61,500	\$ 71,136	+9,636	15.69%
Homeland Premium	\$ 61,500	\$ 104,295	+42,795	69.58%
Hallmark premium	\$ 30,716	\$ 31,868	+1,152	3.75%
Mitsui premium	\$ 30,320	\$ 42,178	+11,858	42.54%
Total Premium w/o TRIA	\$ 500,875	\$ 603,835	+102,960	19.99%
TRIA Premium (Optional)	Declined	\$ 34,881		
Retained Limits Liability w/ Sexual Abuse Coverage	Munich	Munich		
Premium - Revised quote	\$ 248,300	\$ 248,300	-0-	0.00%
Surplus Lines Tax	\$ 6,270	\$ 6,208	-62	-1.00%
Total Premium w/o TRIA	\$ 254,570	\$ 254,508	-62	-0.02%
TRIA Premium (Optional)	Declined	\$ 2,500		

Exposure Basis: Financials and Applications

Crime	AIG	AIG		
Premium	\$ 4,974	\$ 5,577	+603	12.12%
Fiduciary	Travelers	Travelers		
Premium	\$6,680	\$ 7,263	+583	8.73%
Public Officials - D&O/EPL	RSUI	RSUI		
Premium	\$ 37,520	\$ 42,750	+5,230	13.94%
Management Liability Premium	\$ 49,174	\$ 55,590	+6,416	13.05%
Rating Basis: Assets	\$ 225,601,085	\$ 285,530,459		26.56%

Cyber	Hiscox	Coalition		
Premium	\$ 12,308	\$ 14,688	+2,380	19.33%

8925 S Madison Ave property	Endorsement	\$ 2,342	+2,342	
Total Premium w/o TRIA	\$ 816,927	\$ 930,963	+114,036	13.96%

Conclusion:

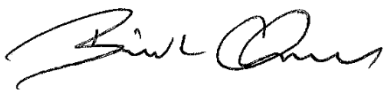
IndyGo's total property values increased over 8% with the additions of 4 new properties in 2020 and 2021. The cost difference from 2020 increased by 13.96% totaling \$930,962.75. On Feb 17th of 2021, IndyGo's Risk and Safety department will be performing property inspections with our major underwriter to re-evaluate the four new properties purchased and recommendations to drive down future cost.

Aon will be submitting their plan to IndyGo by Feb 12th of 2021 on how they plan to use their XBE contractor "A.I.-King". From our meeting on Jan 29th, we remain optimistic that there are several opportunities available to meet their XBE goal.

Recommendation:

To accept the information, provide within this report.

Thank you,

A handwritten signature in black ink, appearing to read "Brian Clem". The signature is fluid and cursive, with the first name "Brian" being more prominent than the last name "Clem".

Brian Clem
Director of Risk and Safety (CSO)
Indianapolis Public Transportation Corporation (IndyGo)