### SUMMARY STATEMENT

<table>
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<th>ITEM NO.</th>
<th>SUBJECT:</th>
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<td>Renewal of DRPA/PATCO Commercial Non-Bridge Property Policy</td>
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<th>COMMITTEE:</th>
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<td>Finance</td>
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<tr>
<th>COMMITTEE MEETING DATE:</th>
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<td>June 11, 2008</td>
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<th>BOARD ACTION DATE:</th>
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<td>July 16, 2008</td>
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### PROPOSAL:

That the Board authorize the renewal of the DRPA/PATCO Commercial Non-Bridge Property insurance policy procured through our brokers at Willis of New Jersey, Inc., for a one year term from August 1, 2008 through July 31, 2009.

The property insurance policy for non-bridge assets, including boiler and machinery, business interruption and terrorism coverage, will expire August 1, 2008.

Willis of New Jersey, Inc. is aggressively marketing the DRPA/PATCO Commercial Non-Bridge Property program to several insurance companies in order to secure the most competitive pricing available to the DRPA, but at this time we have not received quotations for the coverage. Willis will review all quotations and we anticipate receiving their recommendations for selecting a carrier well in advance of the July 16, 2008 Board Meeting. As soon as staff obtains this information from Willis, the Commissioners will be sent a chart summarizing the quotations received from each carrier, the carriers’ financial rating, policy limits and deductibles, premium costs and any changes to the expiring policy.

### PURPOSE:

To reduce the Authority’s exposure to risk by insuring against physical damage and economic loss.

### BACKGROUND:

The property insurance for non-bridge assets insures DRPA and PATCO real and personal property (premises, buildings, equipment, piers, substations, computers, furniture, rental income, machinery and inventories, etc.) against direct physical loss in the event of, among other perils – fire, flood, explosion, collapse, interruption of utility service, theft or theft damage, terrorism. The policy also provides coverage for business interruption due to losses or damage at various locations including the Bridge Plazas, One Port Center, PATCO Facilities, the Cruise Terminal, and Ferry Terminals.

The expiring premium for this policy was $334,597, which was based on total
property and asset values of $268,934,891. The policy carries a $10,000 deductible (higher deductibles apply to damages from Earth Movement and Flood). Affiliated FM Insurance Company is the incumbent carrier for the non-bridge property policy.

Consistent with our understanding of the current insurance market, assuming the Authority’s exposures remain the same, Willis has indicated that we should expect a reduction in the premium rate, and although property values will be adjusted upward by approximately 4 - 5%, the premium cost is expected to remain flat or decrease.

SUMMARY:  
Amount:        To be determined  
Source of Funds:       Revenue and General Funds  
Capital Project #:       N/A  
Operating Budget:  
  DRPA Risk Mgt. C/E #8 – TBD  
  (DRPA/OPC/Cruise Terminal)  
  PATCO Admin. Ins & Claims -TBD  
Master Plan Status:       N/A  
Other Fund Sources:       N/A  
Duration of Contract:     August 1, 2008 – July 31, 2009  
Other Parties Involved:  Willis of New Jersey
RESOLUTION

RESOLVED: That the Board of Commissioners approves and authorizes the placement of the DRPA and PATCO Commercial Non-Bridge Property insurance policy with Affiliated FM Insurance Company, for a one year term beginning August 1, 2008 through July 31, 2009. The policy provides a blanket loss limit of $292,490,513, subject to a $10,000 deductible per occurrence. The total premium for this policy is $299,644; and be it further

RESOLVED: That the Chairman, Vice Chairman and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chairman, Vice Chairman and Chief Executive Officer and if thereafter either the Chairman or Vice Chairman is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chairman and Vice Chairman are absent or unavailable, and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

SUMMARY:

Amount: $299,644
Source of Funds: Revenue and General Funds
Capital Project #: N/A
Operating Budget: DRPA Risk Mgt. C/E #8 – $161,807.76 (DRPA/OPC/Cruise Terminal) 
PATCO Admin. Ins & Claims – $137,836.24
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: August 1, 2008 – July 31, 2009
Other Parties Involved: Willis of New Jersey