SUMMARY STATEMENT

ITEM NO.    SUBJECT: Renewal of DRPA Excess Workers
             Compensation Policy

COMMITTEE:     Finance

COMMITTEE MEETING DATE:       June 11, 2008

BOARD ACTION DATE:           July 16, 2008

PROPOSAL:  That the Board authorize the renewal of the DRPA Excess Workers’
            Compensation insurance policy procured through our brokers at
            Willis of New Jersey, Inc., for a one year term beginning August 1,

The DRPA’s existing Excess Workers Compensation policy will
expire August 1, 2008.

Willis of New Jersey, Inc. is aggressively marketing the Excess
Workers’ Compensation 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 DRPA’s exposure to risk by insuring against liability
and economic loss.

BACKGROUND: This Excess Workers Compensation policy provides coverage in
excess of the $1 million Self-Insured Retention for DPRA employees
based in New Jersey. Major accidents or illnesses can result in
substantial medical bills and this policy is designed to reduce exposure
for catastrophic incidents. The DRPA is currently self-insured for its
PATCO and Pennsylvania-based employees because of certain
statutory regulations. However, we are working with Willis to
identify programs that would also capture PATCO and Pennsylvania
based employees at a reasonable cost to the DRPA.

The expiring premium for this policy was $93,500, which provides a
workers compensation loss limit of $5 million, plus a $1 million employers liability limit, subject to a $1,000,000 self-insurance retention. Midwest Employers Casualty Company is the incumbent carrier for the Excess Workers Compensation policy.

SUMMARY:

Amount: To be determined
Source of Funds: Revenue
Capital Project #: N/A
Operating Budget: DRPA Risk Mgt. C/E #8 - 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 Excess Workers’ Compensation Insurance Policy with Midwest Employers Casualty Company, for a one year term beginning August 1, 2008 through July 31, 2009. The loss limit of this renewal policy is $5 million, plus a $1 million employers liability limit, subject to a $1,000,000 self-insurance retention. The premium for this policy is $95,001; 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: $95,001
Source of Funds: Revenue
Capital Project #: N/A
Operating Budget: DRPA Risk Mgt. C/E #8 – $95,001
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