SUMMARY STATEMENT

ITEM NO.    SUBJECT: Renewal of DRPA/PATCO Crime 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/PATCO Crime insurance policy procured through our brokers at Willis of New Jersey, Inc., for a one year term beginning August 1, 2008 through July 31, 2009.

The DRPA’s existing DRPA/PATCO Crime Insurance policy will expire August 1, 2008.

Willis of New Jersey, Inc. is aggressively marketing the Authority’s Crime policy 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: The Crime Insurance policy protects the DRPA against employee dishonesty; forgery or alteration; Theft disappearance or destruction; Robbery and Safe Burglary; & Computer Fraud/Wire Transfer. The policy also includes coverage as required by ERISA concerning Welfare and Pension plans.

The expiring premium for this policy was $44,571 which provides a loss limit of $15 million, subject to a $250,000 deductible. (Money Orders and Counterfeit Currency, and Credit Card Forgery carry a $1,000 deductible) Zurich American Insurance Company is the incumbent carrier for the Crime policy.

Consistent with our understanding of the current insurance market, Willis has indicated that assuming all exposures remain the same, we should expect a reduction in the premium rate, thereby reducing the premium cost for this policy.
<table>
<thead>
<tr>
<th>SUMMARY:</th>
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<tbody>
<tr>
<td>Amount:</td>
<td>To be determined</td>
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<tr>
<td>Source of Funds:</td>
<td>Revenue and General Funds</td>
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<tr>
<td>Capital Project #:</td>
<td>N/A</td>
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<tr>
<td>Operating Budget:</td>
<td>DRPA Risk Mgt. C/E #8 - TBD</td>
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<td></td>
<td>PATCO Admin. C/E Insurance &amp; Claims - TBD</td>
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<td>Master Plan Status:</td>
<td>N/A</td>
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<td>Other Fund Sources:</td>
<td>N/A</td>
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<td>Duration of Contract:</td>
<td>August 1, 2008– July 31, 2009</td>
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<td>Other Parties Involved:</td>
<td>Willis of New Jersey</td>
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RESOLUTION

RESOLVED: That the Board of Commissioners approves and authorizes the placement of the DRPA and PATCO Crime Insurance Policy with Zurich American Insurance Company, for a one year term beginning August 1, 2008 through July 31, 2009. The loss limit of this renewal policy is $15 million, subject to a $250,000 deductible. The premium for this policy is $42,342; 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: $42,342
Source of Funds: Revenue and General Funds
Capital Project #: N/A
Operating Budget:
- DRPA Risk Mgt. C/E #8 – $31,756.50
- PATCO Admin. C/E Insurance & Claims - $10,585.50
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