SUMMARY STATEMENT

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

COMMITTEE: New Business

COMMITTEE MEETING DATE: N/A

BOARD ACTION DATE: June 10, 2009

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, 2009 through July 31, 2010.

The DRPA’s existing Excess Workers Compensation policy will expire August 1, 2009.

Willis of New Jersey, Inc. aggressively marketed this coverage for the 2008-2009 policy period to several insurance companies in order to secure the most competitive pricing available to the Authority. Our broker has recommended that we refrain from marketing the coverage on an annual basis. Last year’s marketing summary was previously provided to the Board. No carriers could match the terms and conditions offered by our current incumbent, Midwest Employers. Midwest has an AM Best Rating of A (Excellent).

PURPOSE: Major accidents or illnesses can result in substantial medical bills and this policy is designed to reduce exposure for catastrophic incidents for DRPA employees.

BACKGROUND: This Excess Workers Compensation policy provides coverage in excess of the $1 million Self-Insured Retention for DPRA employees who work in our New Jersey and Pennsylvania facilities.

Last year, this coverage only covered DRPA employees who worked at our New Jersey facilities. Because we did not possess a Permit for Self-Insured Status from the Commonwealth of Pennsylvania, this policy did not cover DRPA employees who worked at our Pennsylvania facilities. On May 14, 2009, the Pennsylvania Department of Labor issued the necessary order making it possible for us to extend this coverage to DRPA employees working at Pennsylvania facilities.

However, at this time, DRPA continues to self-insure its PATCO employees. We are gathering payroll information for PATCO, and will ask our broker, Willis, to market the additional coverage.

The expiring premium for this policy was $95,001, which provides a
workers compensation loss limit of $5 million each accident, plus a $1 million employers liability limit, both subject to a $1,000,000 self-insurance retention. Midwest Employers Casualty Company is the incumbent carrier for the Excess Workers Compensation policy. This year, the premium will increase to $174,435. This is an increase of $79,434, or 83.6%. The increase takes into account the additional Pennsylvania payroll, including overtime, vacation, FICA, pension contributions and other benefits. The increase also takes into consideration the taxes and fringe benefits for the New Jersey payroll.

SUMMARY:  
Amount: $174,435  
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, 2009 – July 31, 2010  
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, 2009 through July 31, 2010. The specific loss limit of this renewal policy is $5 million per accident, plus a $1 million employers liability limit, each subject to a $1,000,000 self-insurance retention. The premium for this policy is $174,435; 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:                | $174,435 |
| 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, 2009 – July 31, 2010 |
| Other Parties Involved:| Willis of New Jersey |