SUMMARY STATEMENT

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

COMMITTEE: Executive

COMMITTEE MEETING DATE: May 19, 2010

BOARD ACTION DATE: June 09, 2010

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, 2010 through July 31, 2011.

The DRPA’s existing Excess Workers Compensation policy will expire August 1, 2010

Willis of New Jersey, Inc. aggressively marketed this coverage for the 2010-2011 policy period to several insurance companies in order to secure the most competitive pricing available to the Authority. A summary of the Willis marketing efforts is as follows:

Midwest Employers - $186,712
Safety National - $115,453

One carrier matched the terms and conditions of the existing coverage but offered a more competitive premium cost against our current incumbent, Midwest Employers. Midwest has an AM Best Rating of A (Excellent).

PURPOSE: Major accidents or illnesses during the scope of employment can result in substantial medical bills and this policy provides statutory benefits for DRPA employees who work in Pennsylvania and New Jersey. The Excess Workers’ Compensation policy is designed to reduce exposure for catastrophic incidents excess of the Self Insured Retention.

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. The expiring premium for this policy was $174,373 which provides a Workers’ Compensation Specific 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. Midwest Employers recently experienced a large loss by one of their policyholders which has caused a scrutiny of underwriting for all renewal accounts. As such, Midwest proposed increasing the rate per hundred of payroll from 28 cents to 44 cents per hundred of payroll. Accepting this rate would have increased the annual premium for the same coverage from $174,373 to $186,712.
Safety National Insurance Company has offered a rate per hundred of payroll of .27, with an estimated annual premium of $115,453.

The recommended renewal coverage for the 2010 to 2011 policy term is with Safety National Insurance Company, which has an AM Best Rating of A Excellent. The premium for the recommended renewal policy is $115,453. representing a decrease of 33.79% or $58,920.

SUMMARY:
- Amount: $115,453
- 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, 2010 – July 31, 2011
- 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 Safety National Insurance Company, for a one year term beginning August 1, 2010 through July 31, 2011. The specific loss limit of the 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 $115,453; 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.

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