SUMMARY STATEMENT

ITEM NO.     SUBJECT: Renewal of DRPA/PATCO Commercial Automobile Liability Policy

COMMITTEE: Executive

COMMITTEE MEETING DATE: September 15, 2010

BOARD ACTION DATE: October 06, 2010

PROPOSAL: On May 19, 2010, the Executive Committee authorized the renewal of the DRPA Commercial Automobile Liability insurance policy for an estimated annual premium of $402,103. On June 9, 2010, the Board convened by way of a conference call to address the Traditional Property & Casualty insurance policies. During that conference call, the Board passed Resolution 10-033. Staff seeks to amend Resolution 10-033 to reflect the revised annual premium for the Commercial Automobile Liability coverage in the amount of $474,972. The policy term for the coverage remains for a one-year period, from August 1, 2010 to July 31, 2011.

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

Travelers - $402,103 (later revised to $474,972)
Lexington - Declined – Treaty restriction for police vehicles
No carriers could match the terms and conditions offered by our current incumbent, The Charter oak Fire Insurance Company, a wholly-owned subsidiary of Travelers.

PURPOSE: To amend Resolution 10-033, to reflect the revised annual premium for the Commercial Automobile Liability for policy term August 1, 2010 through July 31, 2011. The revised premium is $474,972 (an increase of $72,869 over the original renewal quote).

BACKGROUND: At the June 16, 2010 Special Board Meeting, staff presented the renewals for the Traditional Property & casualty policies. One of the policies in the group was the Authority’s Commercial Automobile Liability policy. The policy term was to expire July 31, 2010. The annual premium for that term was $512,097.
Travelers submitted a renewal quote for policy term August 1, 2010-July 31, 2010 in the amount of $402,103 (a 21.48% decrease over current). After reviewing a potential claim development, the Traveler’s Underwriting team, on June 8, 2010, adjusted the renewal quote to $474,972 (a 7.25% decrease over current). Staff reported this adjustment, however, in reviewing the minutes for the June 16, 2010 Special Board Meeting, staff notes that the adjusted premium ($474,972) is not reflected.

The policy provides a limit of $1 million for any accident or loss (no aggregate), and also provides an Uninsured/Underinsured Motorist limit of $35,000 per occurrence. There is no deductible for this policy. The Charter Oak Fire Insurance Company, a wholly-owned subsidiary of Travelers, is the incumbent carrier for the Commercial Automobile Liability policy, and has an AM Best rating of A+ (Excellent).
<table>
<thead>
<tr>
<th>SUMMARY:</th>
<th>Amount:</th>
<th>$474,972</th>
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</thead>
<tbody>
<tr>
<td>Source of Funds:</td>
<td></td>
<td>Revenue and General Funds</td>
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<tr>
<td>Capital Project #:</td>
<td></td>
<td>N/A</td>
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</tbody>
</table>
| Operating Budget:                |           | DRPA Risk Mgt. C/E#8 – TBD
|                                  |           | PATCO Admin. C/E Insurance & Claims – 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 amends resolution 10-033 to reflect the adjusted annual premium for the DRPA and PATCO Commercial automobile Liability Insurance Policy with The Charter Oak Fire Insurance Company, for a one year term beginning August 1, 2010 through July 31, 2011. The liability limit for this renewal policy is $1 million per accident. The premium for this policy is $474,972; 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, 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: $474,972
- Source of Funds: Revenue & General Funds
- Capital Project#: N/A
- Operating Budget: DRPA Risk Mgt. C/E#8-TBD
  PATCO Admin. C/E Insurance & Claims- 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