ITEM NO.: DRPA-11-051 | SUBJECT: Renewal of DRPA/PATCO Commercial Automobile Liability Policy

COMMITTEE: Finance

COMMITTEE MEETING DATE: June 8, 2011

BOARD ACTION DATE: July 6, 2011

PROPOSAL: That the Board authorizes staff to bind the renewal of the DRPA’s Commercial Automobile Liability Policy. This policy is placed by our Broker/Consultant, Willis of NJ, Inc.

Willis marketed the DRPA’s Commercial Automobile Liability Policy to several insurance companies to secure the most competitive premium. Willis provided its marketing summary to staff to review, and a copy of same has been provided to the Board.

PURPOSE: To renew the Commercial Automobile Liability policy for the policy term of August 1, 2011 through August 1, 2012.

BACKGROUND: Our incumbent insurance carrier, Charter Oak Fire Insurance Company (d/b/a Travelers) recently advised Willis that a Notice of Non-Renewal for policy term August 1, 2011 through August 1, 2012 would be issued. The Notice of Non-Renewal will become effective August 1, 2011. Traveler’s decision to issue the Notice of Non-Renewal is the result of past claims experience.

As a result of Travelers’ decision, Willis marketed the coverage to other insurance carriers. A summary of the Willis marketing efforts is as follows:

Selective Insurance Company - $541,089
American Alternative - $565,968
Liberty Mutual - $779,747
Selective has agreed to match the terms and conditions currently in force with Travelers. 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. With the exceptions of the coverage for Garagekeepers’ coverage, which has a deductible of $100 comprehensive, and $500 for collision, there are no other deductibles for this policy. Selective has an AM Best Rating of A+/XII (Superior), and is centrally located in Branchville, New Jersey.

The annual premium for policy term August 1, 2011 through August 1, 2012 subject to audit is $541,089, which is an increase of $66,117 or an increase of 13.92% over the current premium.

SUMMARY:

- **Amount:** $541,089
- **Source of Funds:** Revenue and General Funds
- **Capital Project #:** N/A
- **Operating Budget:** DRPA Risk Mgt. C/E#8
  PATCO Admin. C/E Insurance
- **Master Plan Status:** N/A
- **Other Fund Sources:** N/A
- **Duration of Contract:** August 1, 2011 - August 1, 2012
- **Other Parties Involved:** Willis of New Jersey and Selective Insurance Company
RESOLUTION

RESOLVED: That the Board of Commissioners authorizes staff to renew the Commercial Automobile Liability Policy with Selective Insurance Company for a one year term beginning August 1, 2011 through August 1, 2012. The liability limit for this renewal policy is $1 million per accident. The estimated annual premium for this policy is $541,089; 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: $541,089
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
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: August 1, 2011- August 1, 2012
Other Parties Involved: Willis of New Jersey and Selective Insurance Company