SUMMARY STATEMENT

ITEM NO.: DRPA-11-052 SUBJECT: Renewal of DRPA Commercial General 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 Commercial General Liability insurance policy. This policy is placed by our Broker/Consultant, Willis of NJ, Inc.

Willis marketed the DRPA’s Commercial General 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 reduce the DRPA’s exposure to risk by insuring against third-party Bodily Injury and Property damage claims that occur at One Port Center, and other designated lots and blocks, including, but not limited to ball fields in Philadelphia, vacant lots along Admiral Wilson Blvd., and lots and blocks in Camden and Philadelphia. Accordingly, staff seeks to renew the Commercial General Liability Policy for the policy term of August 1, 2011 - August 1, 2012.

BACKGROUND: The Commercial General Liability policy insures the DRPA against losses by reason of liability imposed by law or assumed under contract for claims involving Bodily Injury, Personal Injury, Property Damage or Advertising Injury. The DRPA’s existing Commercial General Liability policy will expire August 1, 2011.

The policy provides an Occurrence Limit of $1 million per occurrence (general aggregate $5 million) subject to a $25,000 deductible. In order to broaden coverage for the Authority, Lexington has agreed to offer a comprehensive General Liability policy form which provides blanket coverage as opposed to the Designated Premises policy form.

The expiring premium was $84,450. This year, the premium will be $86,877, which is a 2.87% increase ($2,427).
A summary of the Willis marketing efforts is as follows:

Lexington - $86,877
Selective Ins. Co. - Declined to offer quote
Philadelphia Ins. Co. - Declined to offer quote
Tower Insurance Co. - Declined to offer quote
Liberty Mutual - Declined to offer quote
Zurich Insurance - Declined to offer quote
American Alternative- Declined to offer quote

SUMMARY:

Amount: $86,877
Source of Funds: Revenue Funds
Capital Project #: N/A
Operating Budget: DRPA Risk Mgt. C/E #8
    (DRPA/OPC)
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: August 1, 2011 – August 1, 2012
RESOLUTION

RESOLVED: That the Board of Commissioners authorizes staff to renew the DRPA’s General Liability Insurance Policy with Lexington Insurance Company for a one year term beginning August 1, 2011 through August 15, 2012. The limit of this renewal policy is $1 million per occurrence (general aggregate $5 million), subject to a $25,000 deductible. The premium for this policy is $86,877; 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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