SUMMARY STATEMENT

ITEM NO.: DRPA-12-035  SUBJECT: Traditional Property & Casualty Program - Extension

COMMITTEE: New Business

COMMITTEE MEETING DATE: N/A

BOARD ACTION DATE: March 21, 2012

PROPOSAL: Staff seeks Board authorization to extend until December 31, 2012 the existing Traditional Property & Casualty Program, which will expire on August 1, 2012. If approved, the existing terms and conditions of each policy will remain the same throughout the terms of the extension policies.

All extension policies associated with the Traditional Property & Casualty Program will be placed by our broker, Willis.

PURPOSE: To extend the required insurances necessary to reduce the DRPA’s exposure to risk, physical damage, and liability.

BACKGROUND: With the exception of the Public Officials Liability Policy, including Employment Practices Liability, all policies in the Traditional Property & Casualty Program will expire on 8/1/2012. The policies in the Traditional Property & Casualty Program include:

Commercial Non-Bridge Property (Affiliated FM Global)
Annual Premium: $261,340 (includes PLIGA and engineering fees)
Proposed 6-Month Extension Premium: $108,717 (12% commission)

Commercial General Liability (Lexington Insurance Company)
Annual Premium: $86,877
Proposed 6-Month Extension Premium: $39,757 (10% commission)
Note: The Chief Underwriting Officer for Lexington would not release an extension option without a 10% increase.

Commercial Automobile Liability (Selective Insurance Company)
Annual Premium: $535,279 (includes PLIGA)
Proposed 6-Month Extension Premium: $222,676 (12.5% commission)

Commercial Umbrella Liability ($4 million) – Travelers
Annual Premium: $143,518
Proposed 6-Month Extension Premium: $59,703 (12% commission)
Before Travelers binds the coverage the underwriter will review our General Liability and Auto Liability losses. If losses are over 50% ($500,000) of the primary layer, Travelers reserve the right to increase the premium for the extension.

Excess Workers’ Compensation & Employers’ Liability (Safety National Casualty)
Current Annual Premium: $110,565
Proposed 6-Month Extension Premium: $45,995 (10% commission)

Crime (Zurich American Insurance Company)
Current Annual Premium: $42,400
Proposed 6-Month Extension Premium: $17,638 (17% commission)

Marine General Liability Program (Federal Insurance Company d/b/a Chubb)
Policies: General Liability; Excess Liability; Hull & Machinery; and Protection & Indemnity
Current Annual Premium: $36,875
Proposed 6-Month Extension Premium: $15,329 (12% commission)

Public Officials Liability, including Employment Practices Liability
Expires 8/1/2013
In 8/2011, we pre-paid the 2-year premium in full.
In 8/2011, RSUI pre-paid the 2-year commission to Willis.

We are waiting for the underwriter at Affiliated FM Global to provide a 6-month extension option for the Non-Bridge Property Policy.

We are also waiting for an extension quote from Lexington Insurance Company for the Commercial General Liability Policy.

SUMMARY:

<table>
<thead>
<tr>
<th>Source of Funds:</th>
<th>Amount: $509,815</th>
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</thead>
<tbody>
<tr>
<td>Revenue Funds and General Fund</td>
<td>Commercial Non-Bridge: $108,717</td>
</tr>
<tr>
<td>(PATCO portion)</td>
<td>Commercial General Liability: $39,757</td>
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<tr>
<td></td>
<td>Commercial Automobile: $222,676</td>
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<td>Commercial Umbrella: $59,703</td>
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<td>Capital Project #:</td>
<td>N/A</td>
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<tr>
<td>Operating Budget:</td>
<td>DRPA Risk Management</td>
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<tr>
<td>Master Plan Status:</td>
<td>N/A</td>
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<tr>
<td>Other Fund Sources:</td>
<td>N/A</td>
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<tr>
<td>Duration of Contract:</td>
<td>8/1/2012 – 12/31/2012</td>
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<tr>
<td>Other Parties Involved:</td>
<td>Affiliated FM Global; Lexington Insurance Company; Selective Insurance Company; Travelers; Safety National Casualty; Zurich American Insurance Company; and Federal Insurance Company d/b/a Chubb</td>
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</tbody>
</table>
RESOLUTION

RESOLVED: That the Board authorizes staff to bind extensions of the lines of coverage under the Traditional Property & Casualty Program, which would include the following policies: Commercial Non-Bridge Property (Affiliated FM Global); Commercial General Liability (Lexington Insurance Company); Commercial Automobile Liability (Selective Insurance Company); Commercial Umbrella Liability (Travelers); Excess Workers’ Compensation & Employer’s Liability (Safety National Casualty); Crime (Zurich American Insurance Company); and Marine General Liability Program, including General Liability, Excess Liability, Hull & Machinery and Protection and Indemnity (Federal Insurance Company d/b/a Chubb); and be it further

RESOLVED: The Chair, Vice Chair 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 Chair, Vice Chair and Chief Executive Officer and if thereafter either the Chair or Vice Chair 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 Chair and Vice Chair 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: $ 509,815
Commercial Non-Bridge: $108,717
Commercial General Liability: $39,757
Commercial Automobile: $222,676
Commercial Umbrella: $59,703
Excess Workers Comp: $45,995
Crime: $17,638
Marine: $15,329

Source of Funds: Revenue Funds and General Fund (PATCO portion)

Capital Project #: N/A
Operating Budget: DRPA Risk Management
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: 8/1/2012 – 12/31/2012
Other Parties Involved: Affiliated FM Global; Lexington Insurance Company; Selective Insurance Company; Travelers; Safety National Casualty; Zurich American Insurance Company; and Federal Insurance Company d/b/a Chubb