SUMMARY STATEMENT

ITEM NO.: DRPA-12-064  SUBJECT: Broker/Consultant for Owner Controlled Insurance Program

COMMITTEE: Finance

COMMITTEE MEETING DATE: July 31, 2012

BOARD ACTION DATE: August 1, 2012

PROPOSAL: That the Board authorizes staff to appoint a Broker/Consultant for the Authority’s Owner Controlled Insurance Program (OCIP) and to negotiate an agreement with the Broker/Consultant.

PURPOSE: To appoint a Broker/Consultant to administer the Authority’s Owner Controlled Insurance Program (OCIP), which would include contractual review, program design, insurance marketing, and claims management, among other tasks. The broker appointment will be validated upon the following: (1) the expiration of the New Jersey Governor’s Veto Period; (2) a fully executed Broker/Services Agreement between the Delaware River Port Authority and the Turner Surety Insurance Brokerage; and (3) receipt of the signed Broker of Record Letter.

BACKGROUND: At the Board’s direction, a formal Request for Proposal was issued. All steps of the process for review of the submission are in compliance with Resolution DRPA-10-044, with consideration of factors outlined in this Resolution.

The Authority publicly advertised on June 25, 2012 its intent to retain a Broker/Consultant and invited interested firms to submit Technical and Cost Proposals. The RFP was advertised on DRPA’s website and in the Business Insurance Periodical. Responses were due on July 25, 2012, by 3 pm.

Each proposer submitted sealed and clearly marked envelopes: (1) Technical Proposal and (2) Cost Proposal. The Cost Proposals remained sealed throughout the Technical Proposal review process.
The following seven (7) firms submitted proposal responses:

- Turner Surety Insurance Brokerage
- Alliant Insurance Services
- Insurance Office of America, Inc.
- Willis of NJ, Inc.
- Aon Risk Solutions
- Marsh USA
- The Graham Company

The review committee consisted of John J. Matheussen, CEO, Michael Conallen, Deputy CEO, Danielle L. McNichol, General Counsel, Toni P. Brown, Chief Administrative Officer, and John T. Hanson, Chief Financial Officer. The evaluation team was reviewed and screened for conflicts, in compliance with Resolution 10-044. On July 26 and 27, 2012, the committee met to discuss and evaluate the proposals on the basis of Technical merit.

Turner Surety Insurance Brokerage was the highest overall ranked firm. The evaluation team felt that Turner Surety Insurance Brokerage’s extensive underwriting experience, direct access to markets and specialty practice in wrap-ups with billions of dollars annually was best able to meet the DRPA’s needs and was the recommendation of staff and the Finance Committee. The Committee also noted the regional presence of Turner Surety Insurance Brokerage.

The Authority’s Inspector General has confirmed that Turner Surety Insurance Brokerage agrees to comply with the Authority’s prohibition against fee-sharing, fee-splitting or receipts of any funds or consideration not earned by any broker or agent on behalf of the DRPA. To ensure transparency of costs, the Authority will require the disclosure of all payments made by or to any brokers as compensation for services provided under the terms of the Broker/Consultant contract. The Office of Inspector General will have the right to request, review and audit all records and documentation of the broker for compliance.

It is recommended that a Broker/Consultant Agreement be negotiated with Turner Surety Insurance Brokerage for a fixed service fee not to exceed $100,000 to be paid over a two year period.

**SUMMARY:**  
Amount:  
Total: Not to exceed $100,000 over two Period of time
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<thead>
<tr>
<th>Summary Statement</th>
<th>Broker/Consultant for Owner Controlled Insurance Program</th>
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<tbody>
<tr>
<td>Source of Funds: Revenue Fund and General Fund (PATCO portion)</td>
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<tr>
<td>Capital Project #: N/A</td>
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<tr>
<td>Operating Budget: DRPA Risk Mgt. C/E #8</td>
<td>PATCO Admin. C/E Insurance &amp; Claims</td>
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<td>Master Plan Status: N/A</td>
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<td>Other Fund Sources: N/A</td>
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<td>Duration of Contract: 2 years</td>
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<td>Other Parties Involved: N/A</td>
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RESOLUTION

RESOLVED: That the Board authorizes staff to appoint a Broker/Consultant for DRPA’s Owner Controlled Insurance Program for a period of two years not to exceed $100,000; and be it further

RESOLVED: That the Board authorizes that the appointment shall be validated upon the following: (1) the expiration of the New Jersey Governor’s Veto Period; (2) a fully executed Broker/Services Agreement between the Delaware River Port Authority and the Turner Surety Brokerage; and (3) receipt of the signed Broker of Record Letter.

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: Total: Not to exceed $100,000 over a two year period of time
Owner Controlled Insurance Program

Source of Funds: Revenue Fund and General Fund
(PATCO portion)
Capital Project #: N/A
Operating Budget: DRPA Risk Mgt. C/E #8
PATCO Admin. C/E Insurance & Claims
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: 2 years
Other Parties Involved: N/A