SUMMARY STATEMENT

ITEM NO.: DRPA-12-066  SUBJECT: Broker/Consultant for Traditional Property & Casualty, including Pollution Legal Liability

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 Traditional Property & Casualty Program, including Pollution Legal Liability, and to negotiate an agreement with the Broker/Consultant.

PURPOSE: To appoint a Broker/Consultant for the Authority’s Traditional Property & Casualty Program, including Pollution Legal Liability, which would include 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 Aon Risk Solutions; 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 DRPA10-044.

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 six (6) firms submitted proposal responses:

- Aon Risk Solutions
- Insurance Office of America, Inc.
- Marsh USA
- The Graham Company
- Wells Fargo
- Willis of NJ, Inc.

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.

Aon Risk Solutions was the highest technically ranked firm. The evaluation team felt that Aon Risk Solutions’ with its global, direct marketing capabilities and experience in public sector (including bridge, transit, environmental and marine focus) was best able to meet the DRPA’s needs, and was the recommendation of staff and the Finance Committee. The Committee also noted that the service team was regionally based, with a presence in both in Philadelphia and New Jersey.

The Authority’s Inspector General has confirmed that Aon Risk Solutions 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 Aon Risk Solutions for the fixed service fee of not to exceed $258,000 to be paid over a two year period, with a one year option not to exceed $129,000.
<table>
<thead>
<tr>
<th>SUMMARY:</th>
<th>Amount:</th>
<th>Total:  $258,000 (two year term), with 1 Year option NTE $129,000</th>
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</thead>
<tbody>
<tr>
<td>Source of Funds:</td>
<td>Revenue Fund and General Fund (PATCO portion)</td>
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<tr>
<td>Capital Project #:</td>
<td>N/A</td>
<td></td>
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<tr>
<td>Operating Budget:</td>
<td>DRPA Risk Mgt. C/E #8</td>
<td></td>
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<td>Master Plan Status:</td>
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<td>Other Fund Sources:</td>
<td>N/A</td>
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<td>Duration of Contract:</td>
<td>2 years, with an option for a third year, unilaterally exercisable by the DRPA at its sole discretion</td>
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<td>Other Parties Involved:</td>
<td>N/A</td>
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RESOLUTION

RESOLVED: That the Board authorizes staff to appoint a Broker/Consultant for DRPA’s Traditional Property & Casualty Program, including the Pollution Legal Liability Policy for a period of two years, with an option for a third year, unilaterally exercisable by the DRPA at its sole discretion; for the annual fixed service fee not to exceed $258,000 to be paid over a two year period, with a one year option not to exceed $129,000; 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 Aon Risk Solutions 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 $258,000 (two year term)
With 1 year option NTE $129,000
Traditional Property & Casualty Program,
including Pollution Legal Liability Policy

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, with an option for a third year, unilaterally exercisable by the DRPA at its sole discretion
Other Parties Involved: N/A