SUMMARY STATEMENT As Amended

ITEM NO.: DRPA-12-104 SUBJECT: Renewal of DRPA Commercial General Liability Policy

COMMITTEE: New Business

COMMITTEE MEETING DATE: November 7, 2012

BOARD ACTION DATE: November 21, 2012

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, Aon Risk Services.

Pursuant to DRPA-12-066, Aon is paid a fixed annual service fee of not-to-exceed $129,000 payable in quarterly installments. Lexington will not “net” out the commission. However, pursuant to the terms of the Broker/Consultant Service Agreement, Aon understands that no commissions shall be paid on any insurance policies placed on DRPA’s behalf. Accordingly, Aon has offered to credit the commission amount of $9,560 against our quarterly service fee installment for professional services rendered.

At the Board’s direction, Aon marketed the DRPA’s Commercial General Liability policy to several insurance companies to secure the most competitive premium.

Aon marketed the coverage to the following carriers:

- Lexington/Chartis - quoted $95,600 (incumbent)
- Crum & Forster - declined class of business/pricing
- CV Starr - provided indication of $90,000
- Hartford - declined due to class of business
- Liberty Mutual - declined due to class of business
- Philadelphia Ins. - declined - loss history/pricing
- Travelers - declined - loss history/pricing
- XL Insurance - declined due to current pricing
- Ironshore - declined - program structure

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 lots and blocks, including, but not limited to
ball fields in Philadelphia, vacant lots along Admiral Wilson Blvd.
in Camden, and lots and blocks in Camden and Philadelphia.

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 December 31, 2012.

The policy provides an Occurrence Limit of $1 million per occurrence (general aggregate $5 million) subject to a $25,000 deductible.

The expiring premium for the policy term 8/1/2011-8/1/2012 was $86,877 (including 10% commission). The extension policy premium for the 8/1/2012 to 12/31/2012 term was $39,757 (including 10% commission). The estimated annual premium for policy term 12/31/2012-12/31/2013 will be approximately $95,600 (including 10% commission).

Our broker recommends that we accept the renewal quote offered by incumbent, Lexington Insurance Company, per the expiring terms and conditions. It is the intent of Aon to negotiate in Quarter 4 of 2013 an extension of the policy from 12/31/2013-8/1/2014.

Staff recommends that we accept the renewal proposal for the Commercial General Liability Policy for the policy term 12/31/2012-12/31/2013, at an estimated annual premium of approximately $95,600 (including a 10% commission). It is staff’s further recommendation that the Board authorizes staff to accept the credit from Aon in the amount of approximately $9,560 to offset the 10% commission to be paid Aon by Lexington. It is staff’s further recommendation, that the Board authorizes Aon to negotiate an extension of the policy from 12/31/2013-8/1/2014. Staff would return to the Board with the extension quote option for approval before binding same.
SUMMARY STATEMENT
Renewal of DRPA Commercial General Liability Policy
New Business 11/21/2012

SUMMARY:
Amount: $95,600
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
Parties Involved: Aon Risk Services and Lexington Ins. Company
RESOLUTION

RESOLVED: That the Board authorizes staff to accept the renewal proposal from incumbent, Lexington Insurance Company, for the Commercial General Liability Policy for the policy term 12/31/2012-12/31/2013, at an estimated annual premium of $95,600 (including 10% commission); and be it further

RESOLVED: That the Board authorizes staff to accept the credit from Aon in the amount of approximately $9,560 to offset the 10% commission to be paid by Lexington to Aon; and be it further

RESOLVED: That the Board authorizes staff to direct Aon to negotiate an extension of the policy from 12/31/2013-8/1/2014, with the understanding that staff would return to the Board with the extension quote option for approval before binding same; 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.

SUMMARY:

| Amount   | $95,600 |
| 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 | December 31, 2012 - December 31, 2013 |
| Other Parties Involved | Aon Risk Services and Lexington Ins. Co. |