That the Board authorizes staff to bind the renewal of the DRPA’s Commercial Umbrella Liability 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 not-to-exceed $129,000 payable in quarterly installments. Therefore, the proposed policy premium is net of commission.

At the Board’s direction, Aon marketed the DRPA’s Commercial Umbrella Liability Policy.

Aon marketed the coverage to the following carriers:
- Travelers - quoted $135,000 (incumbent)
- ACE - declined class of business
- AWAC - no response
- Chubb - declined due to class of business
- CV Starr - provided indication of $150,000
- Endurance - declined not a lead umbrella market
- Ironshore - no response
- Liberty Mutual - declined due to class of business
- Swiss Re - declined due to class of business
- XL Insurance - declined due to current pricing
- Zurich - declined due to class of business
- Firemen’s Fund - declined not competitive as a lead umbrella market on risks with large fleets
- Crum & Forster - declined class of business/fleet size and loss history
SUMMARY STATEMENT
New Business 11/21/2012
Commercial Umbrella Liability Policy

PURPOSE:
This policy seeks to reduce the DRPA’s exposure to risk by providing Umbrella liability coverage over the following underlying policies: (1) General Liability; (2) Commercial Automobile Liability; and (3) Part 2 of Worker’s Compensation, Employers Liability.

BACKGROUND:
In 2011, the Board accepted the St. Paul Surplus Lines Insurance Company’s proposal for a true Umbrella policy, which broadened the overall coverage that had previously been written on an Excess Liability basis with Crum & Forster. The St. Paul Umbrella Policy includes an $8 million General Aggregate Maximum, for the combined total of all damages, arising out of any location. (The previous Crum & Forster Excess Liability Policy provided a $4 million occurrence/aggregate limit.)

The Umbrella policy with St. Paul extends the limits of the three underlying liability policies (General Liability, Automobile Liability, and Employers’ Liability). The St. Paul Umbrella Policy is designed to fill coverage gaps by providing primary coverage.

The expiring premium for the policy term 8/1/2011-8/1/2012 was $143,518 (including 12% commission). The extension policy premium from 8/1/2012 to 12/31/2012 term was $59,703 (including 12% commission). The estimated annual premium for policy term 12/31/2012-12/31/2013 will be approximately $135,000, net of commission.

Our broker recommends that we accept the renewal quote offered by incumbent, St. Paul Surplus Lines Insurance Company, per the expiring terms and conditions. Aon further recommends that we 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 Umbrella Liability Policy for the policy term 12/31/2012-12/31/2013, at an estimated annual premium of $135,000. It is staff’s further recommendation that the Board authorize 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/PATCO
New Business 11/21/2012
Commercial Umbrella Liability Policy

SUMMARY:
Amount: $135,000
Source of Funds: Revenue and General Funds
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: 12/31/2012-12/31/2013
Other Parties Involved: Aon Risk Services and St. Paul Surplus Lines Insurance Company (d/b/a Travelers)
RESOLUTION

RESOLVED: That the Board authorizes staff to accept the renewal proposal from St. Paul Surplus Lines Insurance Company (d/b/a Travelers), for the Commercial Umbrella Insurance Policy for the policy term December 31, 2012 - December 31, 2013, at an estimated annual premium of $135,000; and be it further

RESOLVED: That the Board authorizes staff to direct Aon to negotiate an extension of the policy from December 31, 2013 – August 1, 2014, with the understanding 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, 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: $135,000
Source of Funds: Revenue & General Funds
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: December 31, 2012-December 31, 2013
Other Parties Involved: Aon Risk Services and St. Paul Surplus Lines Insurance Company (d/b/a Travelers)