SUMMARY STATEMENT

ITEM NO.: DRPA-13-127  SUBJECT: Renewal of DRPA/PATCO Commercial Umbrella Liability Policy

COMMITTEE: Finance

COMMITTEE MEETING DATE: November 1, 2013

BOARD ACTION DATE: November 20, 2013

PROPOSAL: 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.

Aon marketed the DRPA’s Commercial Umbrella Liability Policy to the following carriers:

- Travelers - Estimated premium $155,265 (incumbent) (TRIA is included)

Aon reports to date, that the majority of the carriers below has either declined or did not offer a response to quote.

- ACE - declined
- Arch - no response
- AWAC - no response
- Crum & Forster - no response
- CV Starr - no response
- Endurance - declined
- Firemen’s Fund - declined
- Great American - declined
- Ironshore – provided a non-competitive price indication of $180,000
- Liberty Mutual - no response
- Swiss Re - declined
- XL Insurance - declined
- Zurich - declined
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: DRPA’s existing Commercial Umbrella Liability policy will expire December 31, 2013.

The Umbrella policy with St. Paul includes an Each Occurrence Limit of $4million, a General Aggregate Limit of $4million, and a Products/Completed Operations Aggregate of $4million. 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 12/31/2012–12/31/2013 premium for the Commercial Umbrella Liability Policy was $135,000 (including TRIA and NJ PLIGA tax).

Aon has presented the following option for our consideration:

- St. Paul has offered an annual estimated renewal premium for the policy term 12/31/2013-12/31/2014 for $155,265 (TRIA is included).

Staff recommends that we accept the renewal option offered by the incumbent, St Paul Surplus Lines Insurance Company, for the policy term 12/31/2013-12/31/2014, at an annual estimated renewal premium of $155,265 (TRIA is included).
SUMMARY STATEMENT  -3-  Renewal of DRPA/PATCO
Finance 11/1/2013     Commercial Umbrella Liability Policy

SUMMARY:  
Amount:  Estimated $155,265 (TRIA is included)
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:  12/31/2013-12/31/2014
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 annual estimated renewal premium from incumbent, St. Paul Surplus Lines Insurance Company (d/b/a Travelers), for the Commercial Umbrella Insurance Policy for the policy term 12/31/2013-12/31/2014, at an estimated renewal premium of $155,265 (TRIA is included); 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: Estimated $155,265 (TRIA is included)
Source of Funds: Revenue and General Funds
Capital Project #: N/A
Operating Budget: DRPA Risk Mgt. C/E #8
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: 12/31/2013-12/31/2014
Other Parties Involved: Aon Risk Services and St. Paul Surplus Lines Insurance Company (d/b/a Travelers)