PROPOSAL: That the Board authorizes staff to bind the renewal of the DRPA’s Commercial Automobile Liability Policy. This policy is placed by our Broker/Consultant, Aon Risk Services.

Pursuant to DRPA-14-070, 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 Automobile Liability policy to several insurance companies to secure the most competitive premium.

Aon marketed the coverage to the following carriers:

- Liberty Mutual - quoted $561,434 (incumbent)
- Starr Indemnity - declined due to risk appetite
- AIG - no response
- QBE - declined, QBE requires a Deductible/guaranteed cost WC policy in order to write a Commercial Automobile Liability policy
- Philadelphia Insurance - declined due to number of heavy duty units

PURPOSE: To renew the Commercial Automobile Liability policy for the policy term of December 31, 2014 through December 31, 2015.

BACKGROUND: DRPA’s existing Commercial Automobile Liability will expire December 31, 2014.

The expiring policy provides a combined single limit of $1 million for any accident or loss (no aggregate), and also provides an Uninsured/Underinsured Motorist limit of $35,000 per occurrence. The policy will continue not to provide any Comprehensive or Collision
damage coverage to any of the Authority’s power units. The Authority continues to self-insure all physical damage on all owned and insured power units.

With the exception of the coverage for Garagekeepers’ liability, there are no deductibles. The Garagekeepers’ liability coverage includes a $1,000 deductible for comprehensive coverage (e.g., fire, theft, glass breakage) for any vehicles in the “care, custody, and control” of the DRPA while located on the two designated impound lots) and a $1,000 deductible for collision coverage of any vehicles while in the “care, custody, and control” of the DRPA in designated impound lots. There is a maximum deductible of $5,000 for comprehensive coverage only (e.g., if one non-collision event were to cause damage to 10 vehicles), the maximum deductible of $5,000 would apply. There is no maximum deductible for collision; it remains at $1,000 for each impounded vehicle.

Under the policy, the DRPA is not subject to any deductibles under the Bodily Injury and Property Damage coverages. The expiring policy provides a combined single limit of $1 million for any accident or loss (no aggregate). The policy also provides an Uninsured/Underinsured Motorist limit of $35,000 per occurrence.

The 12/31/2013–12/31/2014 premium for the Commercial Automobile Liability Policy was $565,672 based on 245 power units.

Liberty Mutual has offered a renewal quote for the annual policy term 12/31/2014-12/31/2015 for an estimated premium of $561,434 (NJ PLIGA tax included). The renewal quote is based on 244 power units, which is a slight decrease from 245 power units. This policy term will run concurrently with the Commercial Umbrella Liability Policy Term 12/31/2014-12/31/2015.

Aon recommends that we accept the renewal quote offered by the incumbent, Liberty Mutual, for the policy term 12/31/2014-12/31/2015. The annual estimated premium for the policy term 12/31/2014-12/31/2015 would be $561,434 (NJ PLIGA tax included).
<table>
<thead>
<tr>
<th>SUMMARY:</th>
<th>Amount:</th>
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<tr>
<td>Source of Funds:</td>
<td>Revenue and General Funds</td>
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<td>Capital Project #:</td>
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<td>Operating Budget:</td>
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<td>Other Fund Sources:</td>
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<td>Other Parties Involved:</td>
<td>Aon Risk Services and Liberty Mutual</td>
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<td>SUMMARIZED STATEMENT</td>
<td>Renewal of DRPA/PATCO Commercial Automobile Liability Policy</td>
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<td>Finance 10/1/2014</td>
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<td>Amount: Estimated $561,434 (NJ PLIGA tax included)</td>
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RESOLUTION

RESOLVED: That the Board authorizes staff to accept the annual renewal premium from incumbent Liberty Mutual for the Commercial Automobile Liability Policy for the policy term 12/31/2014-12/31/2015, at the annual estimated premium of $561,434 (NJ PLIGA tax 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 $561,434 (NJ PLIGA tax 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
Other Parties Involved: Aon Risk Services and Liberty Mutual