SUMMARY STATEMENT

ITEM NO.: DRPA-14-130
SUBJECT: Renewal of DRPA/PATCO Commercial Umbrella Liability Policy

COMMITTEE: Finance

COMMITTEE MEETING DATE: October 1, 2014

BOARD ACTION DATE: October 16, 2014

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-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.

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

Aon marketed the coverage to the following carriers:
- St Paul Surplus - quoted $167,155 (incumbent)
- ACE - quote pending
- AXIS - quote pending
- National Fire & Marine - quoted $140,000
- Ironshore - quoted $190,000 range
- Starr - declined due to risk appetite
- Navigators - declined due to police vehicles
- Swiss Re - indication of $125,000 - $130,000 firm quote pending
- XL Insurance - declined due to attachment point

All quotes include TRIA. NJ PLIGA tax is not applicable.
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: 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 12/31/2013-12/31/2014 was $155,265.

Aon has presented the following renewal option for our consideration:

- The proposed estimated annual premium from National Fire & Marine Insurance Company, which carries an AM best rating of A++, will be approximately $140,000 (including TRIA) for the 12/31/2014-12/31/2015 policy term. This is a $15,265 savings or 10% decrease over the current premium. Aon is drafting a coverage comparison between the two policy forms. Aon advises that the coverage terms and conditions offered by National Fire & Marine Insurance Company are favorable in comparison to the St Paul policy form.

Aon recommends that we accept the proposed renewal quote offered by National Fire & Marine Insurance Company for the premium savings. Aon is drafting a coverage comparison between the two carriers. The proposed term 12/31/2014-12/31/2015 is concurrent with the Commercial Umbrella Liability Policy term 12/31/2014-12/31/2015.

Staff recommends that we accept the proposed renewal quote for the Commercial Umbrella Liability Policy for the policy term 12/31/2014-12/31/2015, at an estimated annual premium of $140,000 with National Fire & Marine Insurance Company.
SUMMARY:  
Amount: Estimated $140,000 (Includes TRIA)
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: 12/31/2014-12/31/2015
Other Parties Involved: Aon Risk Services and National Fire & Marine Insurance Company
RESOLUTION

RESOLVED: That the Board authorizes staff to accept the proposed renewal quote from National Fire & Marine Insurance Company, the Commercial Umbrella Insurance Policy for the policy term December 31, 2014 - December 31, 2015, at an estimated annual premium of $140,000 (includes TRIA); 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 $140,000 (Includes TRIA)
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
Other Parties Involved: Aon Risk Services and National Fire & Marine Insurance Company