SUMMARY STATEMENT

ITEM NO.: DRPA-15-123  SUBJECT: Renewal of DRPA Commercial General Liability Policy

COMMITTEE: Finance

COMMITTEE MEETING DATE: October 14, 2015

BOARD ACTION DATE: October 21, 2015

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, Turner Surety & Insurance Brokerage (TSIB).

Pursuant to DRPA-15-062, TSIB is paid a fixed annual service fee of not-to-exceed $141,000 payable in quarterly installments. Lexington has agreed to “net out” the 10% commission. Pursuant to the terms of the Broker/Consultant Service Agreement, TSIB understands that no commissions shall be paid on any insurance policies placed on DRPA’s behalf.

Due to time constraints, TSIB was unable to market the DRPA’s Commercial General Liability policy to other insurance companies.

PURPOSE: To reduce the DRPA’s exposure to loss 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, 2015.

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 12/31/2014-12/31/2015 was $112,087 (including 10% commission, which was later credited after Board approval, against the quarterly service fee installment
for professional services rendered by the former broker, Aon). After the 10% commission credit offset of $11,208.70 the net premium was $100,878.30

TSIB has presented the following renewal option for our consideration:

- The premium for policy term 12/31/2015-12/31/2016 will be approximately $107,060 (including TRIA). This is a $6,181.70 or 6.1% increase over the current premium. The increase is attributed to an increase in acreage from 59 to 119 (additional properties being covered) and an increase in square footage from 335,000 to 377,000 (as a result of the additional properties). These changes in exposure are driving the overall increase of approximately $6,181.70 over last year’s net premium. The proposed term 12/31/2015-12/31/2016 is concurrent with the Commercial Umbrella Liability Policy term 12/31/2015-12/31/2016.

Staff recommends that we accept the renewal option offered by incumbent, Lexington Insurance Company, for the policy term 12/31/2015-12/31/2016, at an estimated annual premium of $107,060 (including TRIA).

**SUMMARY:**

| Amount: | Approximately $107,060 including TRIA |
| 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: | Turner Surety & Insurance Brokerage and Lexington Ins. Company |
RESOLUTION

RESOLVED: That the Board authorizes staff to accept the renewal premium from incumbent, Lexington Insurance Company, for the Commercial General Liability Policy for the policy term 12/31/2015-12/31/2016, at an estimated annual premium of $107,060 including TRIA coverage, which represents an increase of approximately 6.1% or $6,181.70 as a result of increased acreage and square footage from owned properties; 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.

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