

SUMMARY STATEMENT

ITEM NO.: DRPA-16-100

**SUBJECT: Renewal of DRPA/PATCO
Commercial General Liability Policy**

COMMITTEE:

Finance

COMMITTEE MEETING DATE:

September 14, 2016

BOARD ACTION DATE:

September 21, 2016

PROPOSAL:

That the Board authorizes staff to bind the renewal of the DRPA/PATCO 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. 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. Therefore, the proposed policy premium is net of commission.

TSIB marketed the DRPA's Commercial General Liability policy to the following carriers to secure the most competitive premium:

- Lexington - Quoted \$101,000 (incumbent)**
- Chubb - Minimum deductible \$50,000
(current deductible \$25,000)**
- Liberty Mutual - Declined, could not quote six-months
prior to the expiration date**
- Munich Re - Non-responsive – unable to produce
quote by deadline**
- Selective - Declined, required pre-inspections on all
locations causing time constraints**

TSIB continues to work with Liberty Mutual and Munich Re using a quote target date of mid-September with the understanding that TSIB would only propose alternatives to the incumbent if the pricing, terms and conditions are superior to that of the incumbent carrier, Lexington.

PURPOSE:

To reduce the DRPA's exposure to loss by insuring against third-party Bodily Injury and Property damage claims that occur at all properties owned by the Authority including, but not limited to One Port Center, and other lots and blocks, such as ballfields in Philadelphia, and vacant lots along Admiral Wilson Blvd. in Camden.

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 Authority's existing Commercial General Liability policy will expire December 31, 2016.

The policy provides an Occurrence Limit of \$1 million per occurrence (general aggregate \$5 million) subject to a \$25,000 deductible.

The existing premium for the policy term 12/31/2015-12/31/2016 is \$107,060, including the Terrorism Risk Insurance Act (TRIA). This policy is not subject to the NJ Property-Liability Insurance Guaranty Association (NJ PLIGA) tax.

TSIB has presented the following renewal option with Lexington Insurance Company for our consideration:

- The premium for policy term 12/31/2016-12/31/2017 will be approximately \$101,000 (including TRIA). This is a \$6,060 or 5.6% decrease from the current premium. The decrease is attributed to a correction in the rate able square footage for these properties from 377,586 to 322,917. The proposed term 12/31/2016-12/31/2017 is concurrent with the Commercial Umbrella Liability Policy term 12/31/2016-12/31/2017.

TSIB recommends that staff accept the proposed renewal quote from incumbent, Lexington Insurance Company, for the policy term 12/31/2016-12/31/2017, at an estimated annual premium of \$101,000 (including TRIA) and net of commission. Staff agrees with TSIB's recommendation.

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Finance 9/14/2016

Renewal of DRPA/PATCO
Commercial General Liability
Policy

SUMMARY:	Amount:	Approximately \$101,000 (including TRIA, net of commission)
	Source of Funds:	Revenue and General Funds
	Capital Project #:	N/A
	Operating Budget:	DRPA Risk Mgt. Commitment 770000
		PATCO Admins. Commitment 770000
	Master Plan Status:	N/A
	Other Fund Sources:	N/A
	Duration of Contract:	December 31, 2016 - Dec. 31, 2017
	Parties Involved:	Turner Surety & Insurance Brokerage and Lexington Ins. Company

DRPA-16-100
Finance: September 14, 2016
Board Date: September 21, 2016

Renewal of DRPA/PATCO Commercial General Liability Policy

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 12/31/2016-12/31/2017, at an estimated annual premium of \$101,000 including TRIA coverage, and net of commission; 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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