

SUMMARY STATEMENT

ITEM NO.: DRPA-16-103

**SUBJECT: Renewal of DRPA/PATCO
Commercial Umbrella 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 Authority's Commercial Umbrella Liability Policy. This policy is placed by our Broker/Consultant, Turner Surety & Insurance Brokerage (TSIB). TSIB does not represent National Fire & Marine on a direct basis. Therefore, DRPA issued a Broker of Record letter for TSIB to access National Fire & Marine via the wholesale broker, AmWins of Satellite Beach, FL. AmWins and National Fire & Marine Insurance Company processed the Broker of Record letter NET of any income including commission, or any contingent, supplemental or other forms of additional compensation to TSIB.

Pursuant to DRPA-15-062, TSIB is paid a fixed annual service fee not-to-exceed \$141,000 payable in quarterly installments. Consistent with the previous placement, AmWins will receive a commission from National Fire & Marine, but will not pay TSIB any commission, or any contingent, supplemental or other forms of additional compensation. Therefore, the proposed policy premium is net of commission.

TSIB marketed the Authority's Commercial Umbrella policy to several insurance companies to secure the most competitive premium.

TSIB marketed the coverage to the following carriers:

- National Fire & marine - Quote, \$148,990**
- AIG - Declined as AIG provides the primary Commercial General Liability policy and the Claims made Excess Liability policy**
- Chubb - Declined due to quoting more than 120 days in advance of expiration**
- Liberty Mutual - Declined due to quoting more than 120 days in advance of expiration**
- Zurich - Declined due to quoting more**

than 120 days in advance of expiration

TSIB continues to work with Chubb, Liberty Mutual and Zurich 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, National Fire and Marine.

PURPOSE: This policy seeks to reduce the DRPA's exposure to loss by providing Umbrella liability coverage over the following underlying policies: (1) General Liability; (2) Commercial Automobile Liability; and (3) the DRPA and PATCO Excess Worker's Compensation, Employers Liability policies.

BACKGROUND: The Umbrella policy with National Fire & Marine extends the limits of the four underlying liability policies (General Liability, Automobile Liability, and Employers' Liability policies for DRPA and PATCO). The existing premium for the policy term 12/31/2015 to 12/31/2016 is \$148,990 (including Terrorism Risk Insurance Act (TRIA). The NJ Property-Liability Insurance Guaranty Association (NJ PLIGA) tax is not applicable to this policy.

Even with an anticipated increase in payroll and an increase in the number of power units and trailers, TSIB was successful in negotiating a flat renewal premium on behalf of the Authority.

The proposed annual premium from National Fire & Marine Insurance Company, will be approximately \$148,990 (including TRIA) for the 12/31/2016-12/31/2017 policy term. This is a flat renewal premium compared to the existing premium.

- TSIB advises that the coverage terms and conditions are the same with the following exception:

Bodily Injury definition redefined endorsement

TSIB is working with AmWins to remove this new endorsement proposed by National Fire & Marine. TSIB will keep staff apprised of their efforts. There are no subjectivities regarding the proposal renewal offer.

TSIB recommends that staff accept the proposed renewal quote for the Commercial Umbrella Liability policy from incumbent, National Fire & Marine Insurance Company for the policy term of December 31, 2016 to December 31, 2017, at an estimated annual premium of \$148,990 (including TRIA) and net of commission. Staff agrees with TSIB's recommendation.

SUMMARY: Amount:	Approximately \$148,990 (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:	12/31/2016-12/31/2017
Other Parties Involved:	Turner Surety & Insurance Brokerage, AmWins and National Fire & Marine Insurance Company

DRPA-16-103

Finance Committee Date: September 14, 2016

Board Date: September 21, 2016

Renewal of DRPA/PATCO Commercial Umbrella Liability Policy

RESOLUTION

RESOLVED: That the Board authorizes staff to accept the renewal quote from incumbent National Fire & Marine Insurance Company, for the Commercial Umbrella Insurance Policy for the policy term December 31, 2016 - December 31, 2017, at an estimated annual premium of \$148,990 (including TRIA); net of commission; and be it further

RESOLVED: That the board authorizes TSIB to access National Fire & Marine via the wholesale broker, AmWins of Satellite Beach, FL, and that the proposed renewal quote is NET of any income including commission, or any contingent, supplemental or other forms of additional compensation to TSIB. AmWins will receive commission from National Fire and Marine, but will not pay any additional income to TSIB, including commission, or any contingent, supplemental or other forms of additional compensation; 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:	Approximately \$148,990 (Including TRIA, net of commission)
Source of Funds:	Revenue & 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-December 31, 2017
Other Parties Involved:	Turner Surety & Insurance Brokerage, AmWins and National Fire & Marine Insurance Company