

SUMMARY STATEMENT

ITEM NO.: DRPA-17-080

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

COMMITTEE:

Finance

COMMITTEE MEETING DATE:

October 4, 2017

BOARD ACTION DATE:

October 18, 2017

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 - \$155,880 Quoted, (incumbent)**
- Navigators -Declined, could not match underlying terms at the incumbent carrier's pricing**
- AIG - Declined, required ventilation between the lead Commercial General Liability and the Claims-made Excess Liability policy already placed with Lexington**

PURPOSE: This policy seeks to reduce the DRPA's exposure to loss by providing Umbrella liability coverage over the following underlying policies: (1) Commercial 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 12/31/2016 to 12/31/2017 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.

The proposed annual renewal premium from National Fire & Marine Insurance Company, will be \$155,880 (including TRIA) for the 12/31/2017-12/31/2018 policy term. The premium increase of approximately 4.6% or \$6,890, is solely attributed to the 2017-2018 estimated increase in the bridge traffic from 50,095,246 to 52,412,493.

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, 2017 to December 31, 2018, at an annual premium of \$155,880 (including TRIA) and net of commission. Staff agrees with TSIB's recommendation.

SUMMARY:	Amount:	Approximately \$155,880 (Including TRIA, and net of commission)
	Source of Fund:	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:	12/31/2017-12/31/2018
	Other Parties Involved:	Turner Surety & Insurance Brokerage, AmWins and National Fire & Marine Insurance Company

DRPA-17-080

Finance Committee Date: October 4, 2017

Board Date: October 18, 2017

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, 2017 - December 31, 2018, at an annual estimated premium of \$155,880 (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.

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