PROPOSAL: That the Board authorizes staff to bind the renewal of the Authority’s Crime insurance policy. This policy is placed by our Broker/Consultant, Turner Surety & Insurance Brokerage (TSIB).

Pursuant to DRPA-18-054, TSIB is paid a fixed annual service fee of not-to-exceed $160,380 payable in quarterly installments of $40,095. 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 Authority’s Crime policy to several insurance companies to secure the most competitive premium. TSIB does not represent Great American Insurance Company on a direct basis. Therefore, TSIB accessed Great American via the wholesale broker, AmWINS of Edison, New Jersey. AmWINS will receive a commission from Great American, 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 coverage to the following carriers:

- Zurich - quoted $72,810 (incumbent) 36-mo. term
- Great American - quoted $103,500 (recommended) 36-mo. term
- Axis - declined, could not offer $15 mil limits
- Chubb - quoted, $150,000 for an annual term
- Hartford - declined, could not offer $15 mil limits
- Selective - declined, could not offer $15 mil limits

PURPOSE: To reduce the Authority’s exposure to loss by insuring against Employee Dishonesty, Forgery or Alteration, Theft, Disappearance and Destruction, Robbery and Safe Burglary, Computer Fraud/Wire Transfer, Money Order and Counterfeit Currency and Credit Card Forgery.

BACKGROUND: The Authority’s existing 36-month Crime policy will expire December 31, 2018. The policy provides a single loss limit of $15 million each for Employee Dishonesty, Forgery or Alteration, Theft, Disappearance and Destruction, Robbery and Safe Burglary, and Computer Fraud and Wire Transfer, all subject to a $250,000 deductible. The policy has a separate $1,000 deductible.
for Money Orders and Counterfeit Currency and Credit Card Forgery. There are no aggregate loss limits. The current 36-month Crime policy is billed on annual installments of $36,728 ($110,184 36-month term premium).

After gathering information from the Finance, HRS, and the Legal departments, staff submitted a completed but unsigned Zurich application to TSIB as part of the renewal underwriting process. TSIB secured a renewal proposal from Zurich offering another 36-month policy term, however, Zurich would only offer renewal limits of $10 million, down from $15 million. Zurich’s explanation was that they were not comfortable in offering renewal limits in excess of $10 million for this class of business. The 36-month renewal premium for the single loss limit of $10 million is estimated to be $72,810 (including NJ PLIGA tax), payable on annual installments.

Great American proposed the same (current) $15 million single loss limit for a 36-month policy term for $103,500 (including NJ PLIGA tax), payable on annual installments of $34,500 each. The terms and conditions of the Great American policy are the same as expiring with the exception of the following enhancement:

- $1,000,000 Fraudulently Induced Transfer coverage subject to the policy deductible of $250,000

The current Zurich Crime policy excludes by endorsement, any coverage for Fraudulently Induced Transfers.

The Great American proposed premium is strictly conditional upon:

- No material changes in the previously submitted application (and attachments) occurring between 6/21/2018 (the date of the quote) and 12/31/2018, the effective date of the proposed policy. In the event of any change in risk, including the condition of the applicant or an occurrence or event which could change the underwriting evaluation of the application, Great American may in its sole discretion, whether or not this proposed premium has been already accepted by the Authority, may modify and/or withdraw their renewal quotation.
- Completed and signed Great American Crime application
TSIB recommends that staff accept the proposed renewal quote offered by Great American Insurance Company, for the 36-month policy term 12/31/2018-12/31/2021, at the 36-month estimated premium of $103,500, (including NJ PLIGA tax) payable in annual installments of $34,500 each, net of commission. The policy will be placed by TSIB using AmWINS of Edison, NJ as the wholesaler. AmWINS will receive a commission from Great American Insurance Company, 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. Staff concurs with this recommendation.

SUMMARY:

Amount: 36-month approximate premium
$103,500 (including NJ PLIGA tax);
Payable in annual installments of $34,500 each, net of commission

Source of Funds: Revenue and General Funds
Capital Project #: N/A
Operating Budget: DRPA Risk Mgt. Commitment 770210
PatCO Admins. Commitment 770210

Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: December 31, 2018-December 31, 2021
Other Parties Involved: Turner Surety & Insurance Brokerage,
Great American Insurance Company and
AmWINS of Edison, NJ
RESOLUTION

RESOLVED: That the Board authorizes staff to accept the proposed renewal premium from Great American Insurance Company, for the Crime policy for the policy term December 31, 2018-December 31, 2021, at an estimated 36-month premium of $103,500, (including the NJ PLIGA tax) payable in annual installments of $34,500 each; net of commission and be it further

RESOLVED: That the Board of Commissioners authorizes AmWINS of New Jersey, 105 Fieldcrest Ave., Suite 200, Edison NJ 08837 as the Wholesale Broker for the placement of this policy. AmWINS will receive commission from Great American, but will not pay TSIB any additional income, 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 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.

SUMMARY: Amount: 36-month approximate premium $103,500 (including NJ PLIGA tax); Payable in annual installments of $34,500 each, net of commission

Source of Funds: Revenue and General Funds
Capital Project #: N/A
Operating Budget: DRPA Risk Mgt. Commitment 770210 PATCO Admins. Commitment 770210
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: December 31, 2018-December 31, 2021
Other Parties Involved: Turner Surety & Insurance Brokerage, Great American Insurance Company and AmWINS of Edison, NJ