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).

Pursuant to DRPA-18-054, TSIB is paid a fixed annual service fee not-to-exceed $160,380.00, payable in quarterly installments of $40,095.00. In accordance with 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.

Pursuant to DRPA 18-103, the Board authorized TSIB to work with AmWINS of Satellite Beach, Florida, a wholesaler, on behalf of the Authority to renew the National Fire & Marine Umbrella Liability policy. 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 Liability policy to several insurance companies to secure the most competitive premium. TSIB marketed the coverage to the following companies:

- National Fire & Marine – Quoted, $185,000, (incumbent)
- AIG - Declined, required ventilation between the lead Commercial General Liability and the Claims -made Excess Liability policy - incumbent both policies)
- Allied World - Indication - $360,000
- Arch - Indication - $290,000
- Aspen - Declined, could not compete with current pricing.
- Navigators - Declined, could not match current policy terms or pricing
PURPOSE: This policy seeks to reduce the Authority’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: Pursuant to DRPA-18-103, the Board authorized staff to renew the Authority’s Commercial Umbrella Liability insurance policy effective December 31, 2018 to December 31, 2019. 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 December 31, 2018 to December 31, 2019 is $160,590.00 (including Terrorism Risk Insurance Program Reauthorization Act (TRIPRA). 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 $185,000.00 (including TRIPRA) for the December 31, 2019 to December 31, 2020 policy term. The premium increase of approximately 15.2% or $24,410.00, is attributed to the following factors:

1. The 2019-2020 estimated increase in bridge traffic from 53,353,668.00 to 53,950,409.00 (1.12%)
2. Increase in the rate applied to the exposure base of 13.9%

This increase in rate by the incumbent is being attributed to the current automobile market deterioration (losses vs premiums), as their need for more rate. This is not a reflection on the Authority’s Commercial Automobile Liability loss history but the current state of the marketplace.

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, 2019 to December 31, 2020, at the estimated annual premium of $185,000.00, (including TRIPRA) and net of commission. The proposed estimated renewal quote represents an annual increase of $24,410 or an increase of 15.2%, over the expiring premium of $160,590. Staff agrees with TSIB’s recommendation.
SUMMARY:  
Amount: Approximately $185,000.00 (Including TRIPRA, and net of commission)  
Source of Fund: Revenue and General Funds (PATCO portion)  
Capital Project #: N/A  
Operating Budget: DRPA Risk Mgt. Commitment 770100  
 PATCO Admins. Commitment 770100  
Master Plan Status: N/A  
Other Fund Sources: N/A  
Duration of Contract: December 31, 2019 to December 31, 2020  
Other Parties Involved: Turner Surety & Insurance Brokerage, (TSIB), National Fire & Marine Insurance Company and AmWINS of Satellite Beach, FL
RESOLUTION

RESOLVED: That the Board authorizes staff to accept the proposed 12-month renewal quote from incumbent, National Fire & Marine Insurance Company, for the Commercial Umbrella Insurance Policy for the policy term December 31, 2019 to December 31, 2020, at an estimated premium of $185,000.00 (including TRIPRA); net of commission; and be it further

RESOLVED: That the board authorizes AmWINS of Satellite Beach, FL, as the Wholesale broker for the placement of this policy. 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 $185,000.00 (Including TRIPRA, and net of commission)
Source of Fund: Revenue and General Funds
Capital Project #: N/A
Operating Budget: DRPA Risk Mgt. Commitment 770100
PATCO Admins. Commitment 770100
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: December 31, 201 to December 31, 2020
Other Parties Involved: Turner Surety & Insurance Brokerage (TSIB), National Fire & Marine Insurance Company and AmWINS of Satellite Beach,
FL