SUMMARY STATEMENT

ITEM NO.: DRPA-19-097
SUBJECT: Renewal of the DRPA Law Enforcement/Police Professional Liability Policy
COMMITTEE: Finance
COMMITTEE MEETING DATE: October 2, 2019
BOARD ACTION DATE: October 7, 2019

PROPOSAL: That the Board authorizes staff to bind the renewal of the Authority’s Law Enforcement/Police Professional 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 of 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.

This was a new policy placement effective December 31, 2018 for a one-year term. Last year, TSIB performed extensive marketing to ten (10) companies to secure the most competitive premium. In 2019, TSIB marketed the Authority’s Law Enforcement/Police Professional Liability insurance to three (3) insurance companies:

- Greenwich Insurance Company – *indication*, $138,420.21 (incumbent)
- Brit (Lloyd’s of London) – declined, not competitive
- Argo (Colony) – declined, not competitive in price or policy form.

TSIB does not represent Greenwich Insurance Company (a member of the XL/Catlin Group) on a direct basis. Therefore, TSIB accessed Greenwich Insurance Company via the wholesale broker, AmWINS of Edison, New Jersey. AmWINS will receive a commission from Greenwich Insurance Company, but will not pay TSIB any commission, or any contingent, supplemental or other forms of additional compensation. Therefore, the proposed renewal policy premium is net of commission.
PURPOSE:  To reduce the Authority’s financial exposure to loss by insuring against third-party Personal Injury, Bodily Injury and Property damage claims that may result or arise out of and is committed during the course and scope of law enforcement activities, actual or alleged act, error, or omission, neglect or breach of duty.

BACKGROUND:  Pursuant to DRPA-18-109, the Board approved a new 12-month policy from December 31, 2018 to December 31, 2019 with Greenwich Insurance Company. The current Law Enforcement/Police Professional Liability Policy will expire December 31, 2019.

The expiring premium for the $2 million per occurrence and aggregate is $138,420.21 (including the $395 annual engineering fee and the NJ PLIGA tax), for the policy term December 31, 2018 to December 31, 2019.

The Law Enforcement/Police Professional Liability policy provides coverage for Bodily Injury, Personal Injury or Property Damage claims that may result from law enforcement activities or operations and is caused by a wrongful act while conducting those activities or operations. The occurrence form policy includes a $2 million limit for any one occurrence and is subject to a $2 million annual aggregate. The self-insured retention is $100,000 with loss and/or defense costs eroding the retention limit. Defense costs are outside of the limit of liability.

Coverage includes but is not limited to:

- Violation of civil rights;
- Unlawful arrest;
- Assault or battery;
- Line of duty death coverage (family expenses and crisis management expenses payable to the insured)

The Greenwich Insurance policy includes a choice of counsel endorsement, which schedules the panel of Pennsylvania and New Jersey attorneys selected by the Legal department from the list of qualified law firms pursuant to DRPA-19-030, (including the board approved hourly rates) to provide defense for any claims filed against DRPA/PATCO. The qualified law firms must agree to be in compliance with Greenwich’s Litigation Management Guidelines.

When needed, Greenwich will consider the approval of additional panels as recommended from Legal.

The choice of counsel endorsement includes:

- Brown & Connery (NJ)
- Parker McCay (NJ)
- Bennett, Bricklin, Saltzburg (PA)
- Elliott Greenleaf (PA)
Greenwich Insurance Company proposed the following renewal indication:

- 12-month policy, with the same policy terms and conditions at the same expiring premium of $138,420.21; including the $395 annual engineering fee and the NJ PLIGA tax.

Please note that the renewal indication is subject to the following:

- $395 annual engineering fee and;
- Currently signed and dated REN APP 0417 application.

TSIB recommends that staff accept the proposed Law Enforcement/Police Professional Liability renewal indication from the incumbent, Greenwich Insurance Company, including the $2 million per occurrence and $2 million aggregate, written on an occurrence form for the 12-month policy term from 12/31/2019 to 12/31/2020 at the estimated premium of $138,420.21 (including the $395 annual engineering fee and the NJ PLIGA tax); placed by TSIB using AmWINS of Edison, NJ as the wholesaler. AmWINS will receive a commission from Greenwich Insurance Company, but will not pay TSIB any commission, or any contingent, supplemental or other forms of additional compensation. Therefore, the proposed renewal policy premium is net of commission. Staff concurs with this recommendation.

**SUMMARY:**

| Amount: | $138,420.21 Annual est. premium (Including a $395 annual engineering fee and the NJ PLIGA tax); net of commission |
| Source of Funds: | Revenue Fund and General Fund |
| Capital Project #: | N/A |
| Operating Budget: | DRPA/PATCO Risk Mgt. Commitment #770175 |
| 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, Inc. (TSIB), Greenwich Insurance Company and AmWINS of NJ |
RESOLUTION

RESOLVED: That the Board of Commissioners authorizes staff to accept the proposed 12-month renewal *indication* from incumbent, Greenwich Insurance Company (a member of the XL/Catlin Group), for the $2 million per occurrence and $2 million aggregate limit, occurrence form Law Enforcement/Police Professional Liability policy, for the policy term December 31, 2019 to December 31, 2020, at an estimated premium of $138,420.21, (including a $395 annual engineering fee and the NJ PLIGA tax); net of commission; and be it further

RESOLVED: That the Board of Commissioners authorizes AmWINS of New Jersey, 105 Fieldcrest Avenue, Edison NJ 08837, as the Wholesale Broker for the placement of the renewal policy. AmWINS will receive commission from Greenwich Insurance Company, 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: The Chair, Vice Chair 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 Chair, Vice Chair and Chief Executive Officer and if thereafter either the Chair or Vice Chair 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 Chair and Vice Chair 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: | $138,420.21 Annual est. premium (Including a $395 annual engineering fee and the NJ PLIGA tax); net of commission |
| Source of Funds: | Revenue Fund and General Fund |
| Capital Project #: | N/A |
| Operating Budget: | DRPA/PATCO Risk Mgt. Commitment #770175 |
| 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, Inc. (TSIB), Greenwich Insurance Company and AmWINS of NJ