

Liability Insurance Renewal Update



Outline of Presentation

- Review of Liability Insurance Coverage
- Insurance Premium Factors
- Premium Re-Cap
- Renewal Coverage Process
- Expiring Premium 2012-2013
- Renewal Issues 2013-2014

Liability Insurance Coverage

Coverage	Description of Exposure Covered
Law Enforcement	Police operations
Public Officials	Wrongful acts of Port employees
Employment Practices	Wrongful acts of Port with respect to employees
Non-Aviation	Non-aviation operations
Aviation	Airport operations only
Auto	Automobile liability (Above what is self insured)

Liability Insurance Coverage

Coverage	Description of Exposure Covered
Fiduciary	Liability of managing employee benefit plans
Foreign	Port employees who are in foreign countries
Crime	Dishonest acts of Port employees
Vessel	Police boat and other owned vessels
Bonds	Self-insured pension bonds, notary bonds, custom bonds, etc.....
Excess Workers Compensation	Not purchasing.

Insurance Premium Factors

- Total operating-capital budget/payroll
- Past losses and claims
- Strength of our indemnity agreements with tenants
- Indemnity/transfer in construction contracts
- Operations directly controlled by Port versus tenant controlled operations

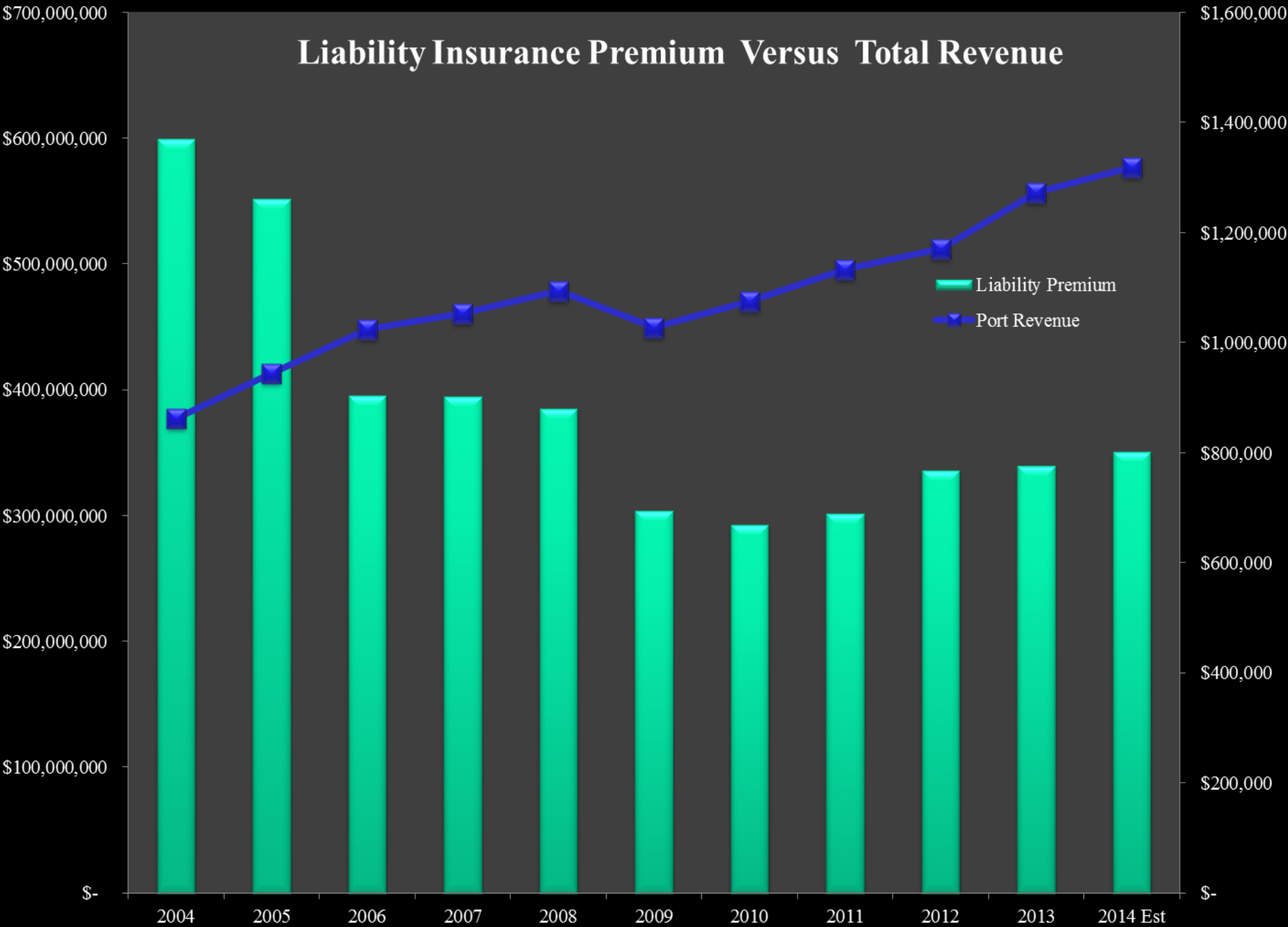
Insurance Premium Factors

- Size of automobile fleet and how utilized
- Inter-local agreements
- Number of employees and payroll
- Airport enplanements, Seaport TEUs, Rail link

Insurance Premium Factors

- Insurance markets
- External events
- Amount of Port's deductible
- Limits requested
- Special coverage requests

Liability Insurance Premium Versus Total Revenue



Renewal Coverage Process

- Coverage will run 10/1/2013 to 9/30/2014
- Risk Management department networks with other port and airport entities to check current limits, deductibles, and coverage offered in the marketplace.
- Update of operations, and current claims and litigation.

Renewal Coverage Process

- Port submits renewal information to the Port's broker, who markets the account and solicits insurance bids and coverage on the Port's behalf.
- Risk Management reviews insurance proposals and discusses issues/costs with Division management prior to binding coverage

Expiring Premium: 2012-2013

Coverage Line 10/1/2012-9/30/2013	Limits	Deductible	Expiring Premium
Non-Aviation	\$50 Million	\$1,000,000	\$440,000
Airport	\$300 Million	\$50,000	\$282,000
Police	\$10 Million	\$1,000,000	Included in Non-Aviation
Auto	Self –Insured First Million	Self-Insured	No Premium – Self insured
Vessels	\$ 1 Million	\$5,000	\$21,000
Public Officials and Employment Practices	\$10 Million	\$1,000,000	Included in Non-Aviation
Other Coverage: Crime, Fiduciary, Foreign, Bonds	Varies	Varies	\$38,000
			Total = \$781,000

Coverage Issues For 2013-2014

(To Be Finalized In Discussion With Divisions prior to 10/1/2013)

- Terrorism
 - Purchase for non-aviation liability policies
- Airport Limits
 - Keep at \$500 Million
- Marine General Liability
 - Provide primary coverage for marina facilities
- Excess Worker Compensation
 - Not pursuing
- Cyber Liability Coverage
 - Reviewing options – looking at coverage options for industrial control system incidents

Operational Issues For 2013-2014

(To Be Finalized In Discussion With Divisions prior to 10/1/2013)

- Real Estate Division
 - Eastside Rail Corridor and sale to Woodinville; Past operating volumes have not been significant enough to impact premium
 - Maintenance of East Marginal Way Grade Separation
- Aviation Division
 - Landside RCF Operations – Review incidents, loss projections, travel on non-Aviation roadways
- Renewal Estimate~ \$800,000 to \$815,000