

Item No.:
Meeting Date:

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September 30, 2014

Liability Insurance Renewal Update

Outline of Presentation

- Review of Liability Insurance Coverage
- Insurance Premium Factors
- Premium Re-Cap
- Renewal Coverage Process
- Expiring Premium 2013-2014
- Coverage Issues 2013-2014
- Renewal Issues 2014-2015



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
 - Grain terminal run by tenant
 - Marinas run by Port



Insurance Premium Factors

- Size of automobile fleet and how utilized
- Busing operations
- Inter-local agreements
 - Added Normandy Park Dispatch Agreement
 - Valley SWAT Team Interlocal
- Number of employees and payroll
- Airport enplanements, Seaport TEUs, Rail link

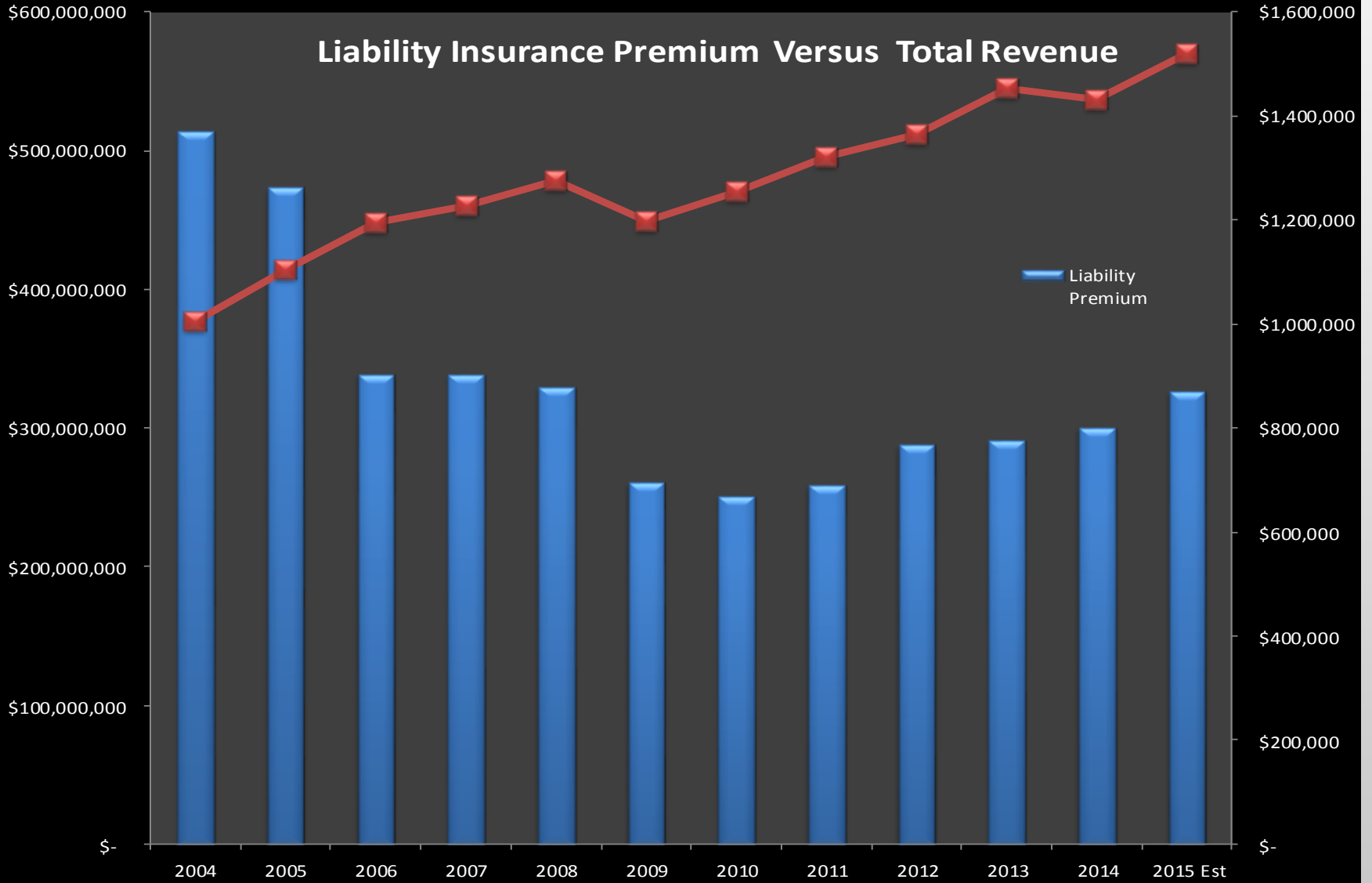


Insurance Premium Factors

- 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 10/1/2014 to 9/30/2015
- 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: 2013-2014

Coverage Line 10/1/2013-9/30/2014	Limits	Deductible	Expiring Premium
Non-Aviation	\$50 Million	\$1,000,000	\$460,000
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 = \$801,000

Coverage Issues For 2014-2015

(To Be Finalized In Discussion With Divisions prior to 10/1/2014)

- **Terrorism**
 - The TRIA Act requires Congressional action; expires 12/31/2014
 - Terrorism Risk and Insurance Act (TRIA)
 - Purchase for non-aviation liability policies
- **Airport Limits**
 - Staying at \$500 Million
 - Not purchasing terrorism coverage
- **Marine General Liability**
 - Port does purchase terrorism coverage
- **Excess Worker Compensation**
 - Not pursuing
- **Cyber Liability Coverage**
 - New coverage – currently not purchased
 - Reviewing options – Pricing ranges between \$60,000 to \$70,000



Renewal Estimate For 2014-2015

(To Be Finalized In Discussion With Divisions prior to 10/1/2014)

- Renewal Estimate~ \$805,000 to \$815,000 with no cyber coverage
- Renewal with Cyber Liability~ \$870,00

