

ITEM NO: 7c supp

DATE OF

MEETING: Sept 22, 2009

Liability Insurance Renewal Briefing

Port Risk Management

Presented September 22, 2009

Jeff Hollingsworth, Risk Manager

Outline of Presentation

- Review of Existing Coverages
- Premium Re-Cap
- Renewal Process for 10/1/2009
- Specific Issues
- Renewal Recommendation

Major Liability Coverages

Coverage	Description
Police	Police operations
Public Officials	Wrongful acts of any Port employee/volunteer
Employment Practices	Wrongful acts of Port with respect to employees
Seaport	All seaport operations
Airport	Only airport operations
Auto	Liability of Port's fleet

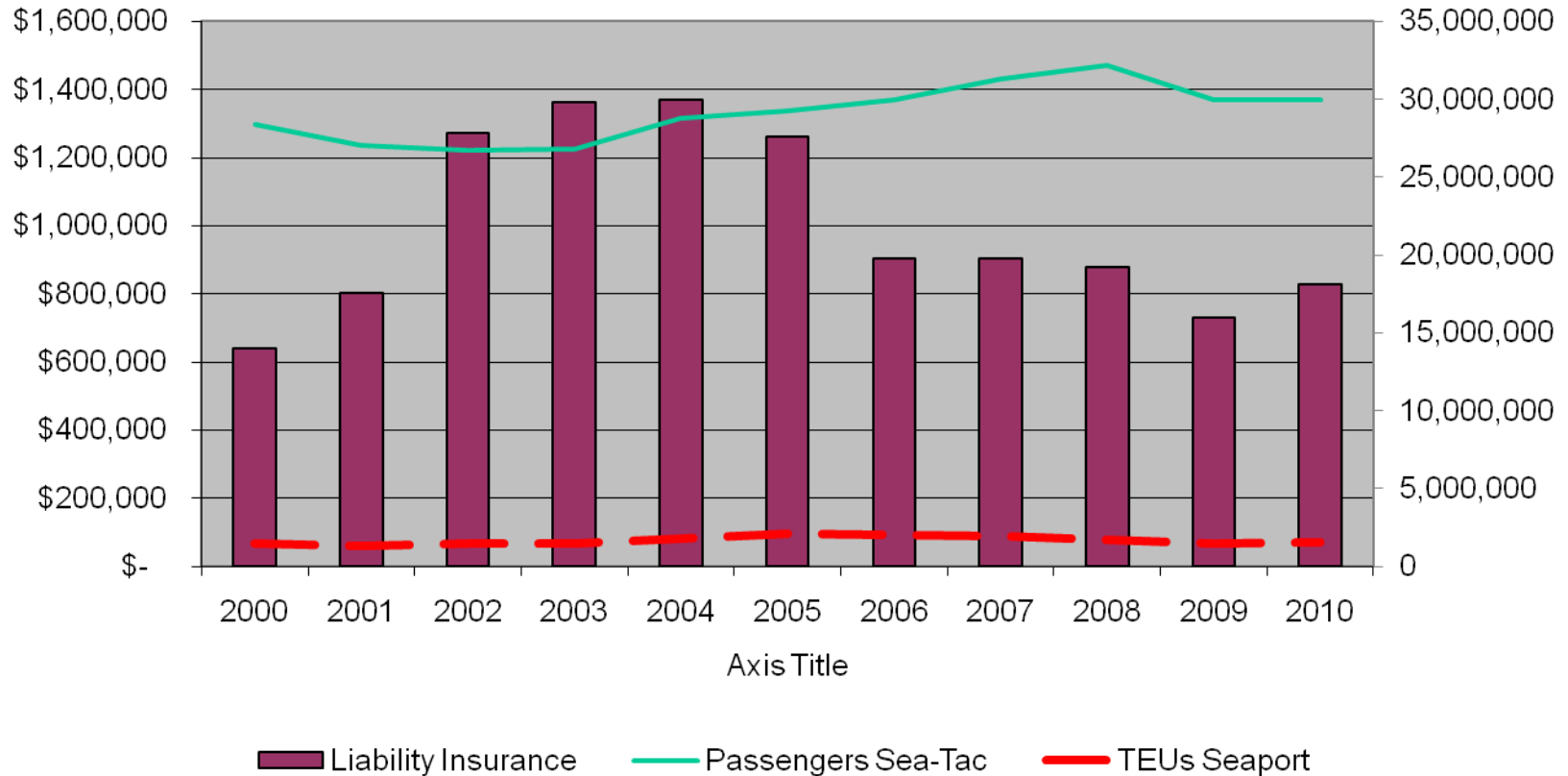
Minor Liability Coverages

Coverage	Description
Fiduciary	Benefit plans for employees
Foreign	Acts of Port employees working/traveling abroad
Mobile Home	Acts of Port with respect to airport mobile home parks
Crime	Employee dishonesty acts
Vessel	Police boat
Bonds	Self-insured pension bonds
Excess workers compensation	Liability to worker injuries above Port's self insurance program

Insurance Premium Factors

- Premium rates depend on:
 - Total operating/capital budget of Port
 - Record of past losses and claims
 - Payroll
 - Strength of our indemnity agreements with tenants
 - Operations directly controlled by Port versus those under ownership of tenant
 - Size of fleet
 - Number of employees and concentration

Liability Premium Re-Cap



Renewal Coverage Details

- Coverage will run 10/1/2009 to 10/1/2010
- Port selected a new broker who has an identified small business partner. A 10% target goal of small business involvement is included in the broker service agreement.
- Risk management reviews claims incurred, coverage costs/options, and deductibles with Division management
- Risk management networks with other public entities and Ports to check limits, deductibles, losses, and coverage exclusions or enhancements during renewal process

Premium: 2008-2009

Coverage Line 10/1/2008-10/1/2009	Limits	Deductible	Expiring Premium
Seaport	\$50 M (Million)	\$1,000,000 Losses Paid~\$13K	\$231,000
Airport	\$300 M	\$50,000 Loss Paid~ \$36K Reserved ~ \$100K	\$222,000
Police	\$3 M	\$1,000,000 Paid - \$0.00	\$87,000
Auto	Self –Insured First Million	Self-Insured	Self-Insured
Public Officials and Employment Practices	\$5 M Public Officials \$5 M Employment	\$1,000,000 \$1,000,000 Incurred ~\$61K	\$122,000
Other Coverage (includes Crime, Fiduciary, Foreign, Bonds, Mobile Home)	Varies	Varies	\$44,000
	Total 2007 = \$937,000	Total 2008	\$706,000 Total

Specific Issues 2009-2010

- Terrorism
 - Excluded under all policies after 9/11
 - Not purchased for the Airport since 9/11
 - Purchased on Seaport side for cruise
- Airport Limits
 - Benchmarking Against Other Airports
- Ramp Insurance at Airport
 - Purchased by Port for vendor
- Excess Worker Compensation
 - Not insured

Other Airports-Limits

Entity	Deductible	Limits Purchased
Cincinnati	\$100,000	\$300 Million
Minn/St Paul	\$50,000	\$500 Million
LAWA	\$10,000	\$1.30 Billion
San Francisco	\$25,000	\$500 Million
Metro WA DC	\$200,000	\$750 Million
Philadelphia	\$ 1 Million	\$500 Million

Liability Renewal Recommendation

- Renew most coverage as its expiring
 - Review limits of coverage for benchmark airports
- Evaluate cost of terrorism and war risk
- Ramp insurance – Port continue to purchase
- Renew coverage with terrorism for seaport
- Evaluate excess worker compensation
- Total cost ~ \$810,000 (if renewed as expiring)
 - Excludes excess workers compensation
 - Costs to be reviewed when quoted with Divisions