

ITEM NO: 7a Supp

DATE OF

MEETING: Sept 7, 2010

# Liability Insurance Renewal Briefing

Port Risk Management

Presented September 7, 2010

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# Outline of Presentation

- Review of Liability Insurance Coverage
- Insurance Premium Factors
- Liability Premium Re-Cap
- Renewal Coverage Process
- Expiring Premium 2009-2010
- Renewal Assumptions for 2010-2011

# 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
Airport	Airport operations only
Auto	Automobile liability (above what is self insured)

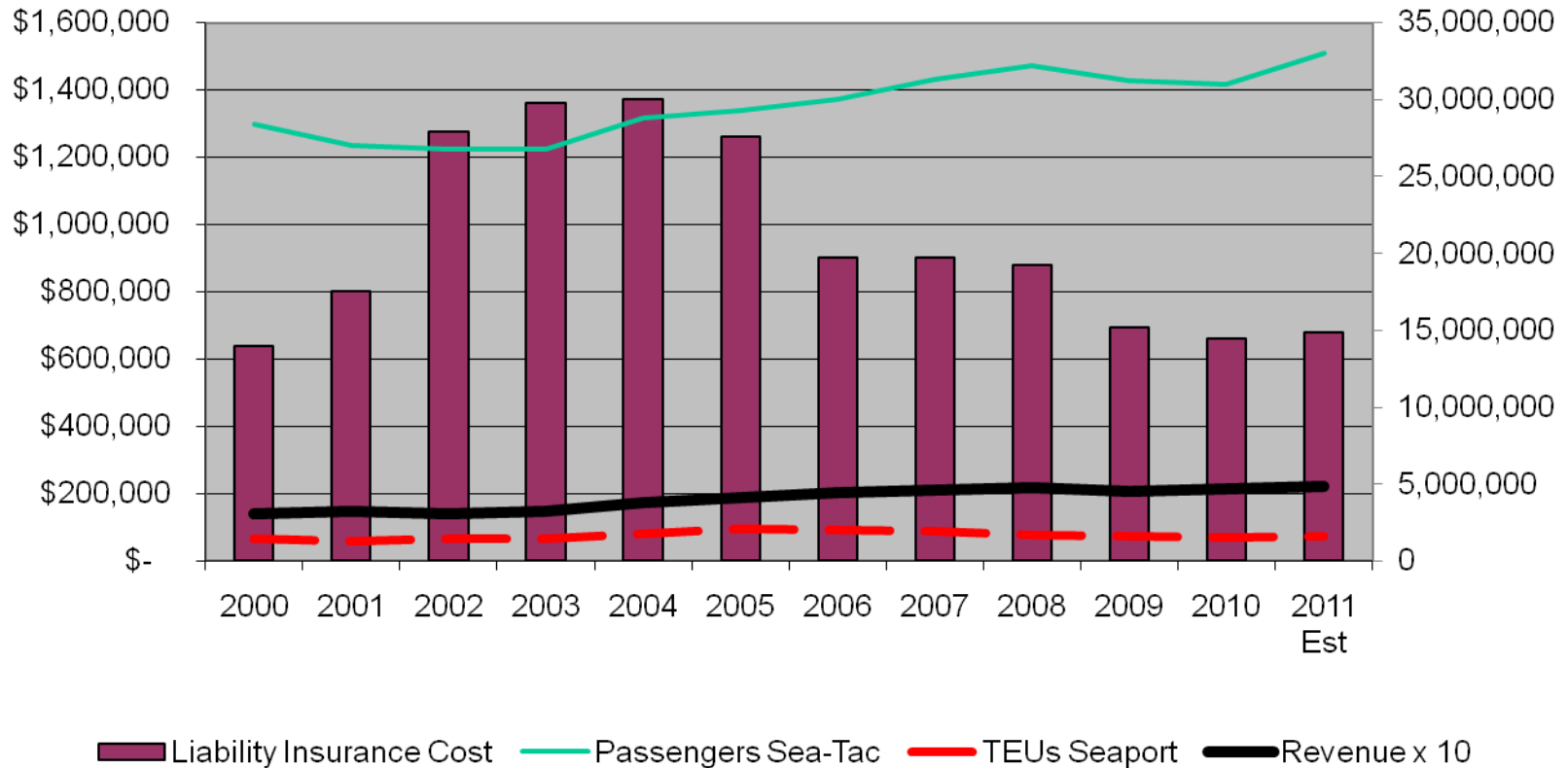
# Liability Insurance Coverage

Coverage	Description of Exposure Covered
Fiduciary	Liability of managing employee benefit plans
Foreign	Port employees who are in foreign countries
Mobile Home	Acts of Port with respect to airport mobile home parks (Will not be renewed)
Crime	Dishonest acts of Port employees
Vessel	Police boat and vessels for Real Estate
Bonds	Self-insured pension bonds, notary bonds, custom bonds, etc.....
Excess Workers Compensation	Do not purchase at this time.

# 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 in any location
  - Airport enplanements, Seaport TEUs, Rail link

# Liability Premium Re-Cap



# Renewal Coverage Process

- Coverage will run 10/1/2010 to 10/1/2011
- Risk management networks with other port and airport entities to check market limits, deductibles, and coverage exclusions or enhancements during renewal process
- Port submits completed application packages and signed declarations to the Port's broker, who markets the account and solicits insurance bids on the Port's behalf.
- Risk management reviews insurance bids and proposals to include coverage costs/options, and deductibles with Division management prior to binding coverage with our broker.

# Expiring Premium: 2009-2010

<b>Coverage Line 10/1/2009-10/1/2010</b>	<b>Limits</b>	<b>Deductible</b>	<b>Expiring Premium</b>
Non-Aviation	\$50 Million	\$1,000,000	\$386,000
Airport	\$300 Million	\$50,000	\$222,000
Police	\$10 Million	\$1,000,000 Paid - \$0.00	Included in Non-Aviation
Auto	Self –Insured First Million	Self-Insured	No Premium – Self insured Claims ~ \$20,000 Incurred
Public Officials and Employment Practices	\$10 Million	\$1,000,000 \$1,000,000 Incurred ~\$61K	Included in Non-Aviation
Other Coverage (includes Crime, Fiduciary, Foreign, Bonds, Mobile Home)	Varies	Varies	\$50,000
	<b>Total 2008= \$705,000</b>	<b>Total 2009</b>	<b>\$658,000 Total</b>



# Assumptions For 2010-2011

(To Be Finalized In Discussion With Divisions)

- **Terrorism**
  - Purchase for non-aviation liability policies
- **Airport Limits**
  - Keep at \$300 Million
- **Ramp Insurance at Airport**
  - Continue to purchase for ramp control vendor
- **Excess Worker Compensation**
  - Do not insure-due to cost

# Assumptions For 2010-2011

(To Be Finalized In Discussion With Divisions)

- Rail operating volumes not enough to impact premium for Real Estate Division
- Renew the Combined Non-Aviation policy
  - Includes police, public officials, and employment practices coverage
- Total cost ~ \$675,000 to \$700,000 (Estimated)