

Liability Insurance Renewal Update 2015-2016



Renewal Coverage Process

- Coverage will run 10/1/2015 to 9/30/2016
- Risk Management department compares coverage terms and costs with other port and airport entities to validate the coverage we are selecting and to ensure we leave no gaps in coverage.
- Quotes on coverage are reviewed and final costs are discussed with Division Finance and Budget
- Bind coverage on September 30, 2015

The Port uses a licensed broker to access insurance markets to obtain quotes on coverage which Risk Management then reviews during the renewal process. Several policies are placed in London.

Port's 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 (marine, cruise)
Aviation	Airport operations only
Auto	Automobile liability (Above what is self-insured or \$ 1 Million per claim)

In 2014, Risk Management handled 116 auto claims; liability costs were \$23,000 and physical damage costs were \$80,000.

Port's 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 Port vessels
Bonds	Self-insured pension bonds, notary bonds, custom bonds, etc.
Excess Workers Compensation	Not purchasing

The Port has not purchased excess workers compensation in recent years due to cost.

Insurance Premium Factors

- Insurance markets
- Strength of Port indemnity agreements/leases
- Amount of Port's deductible
- Limits requested
- Special coverage requests
- Number of open claims and litigation
- Reserves on claims and litigation

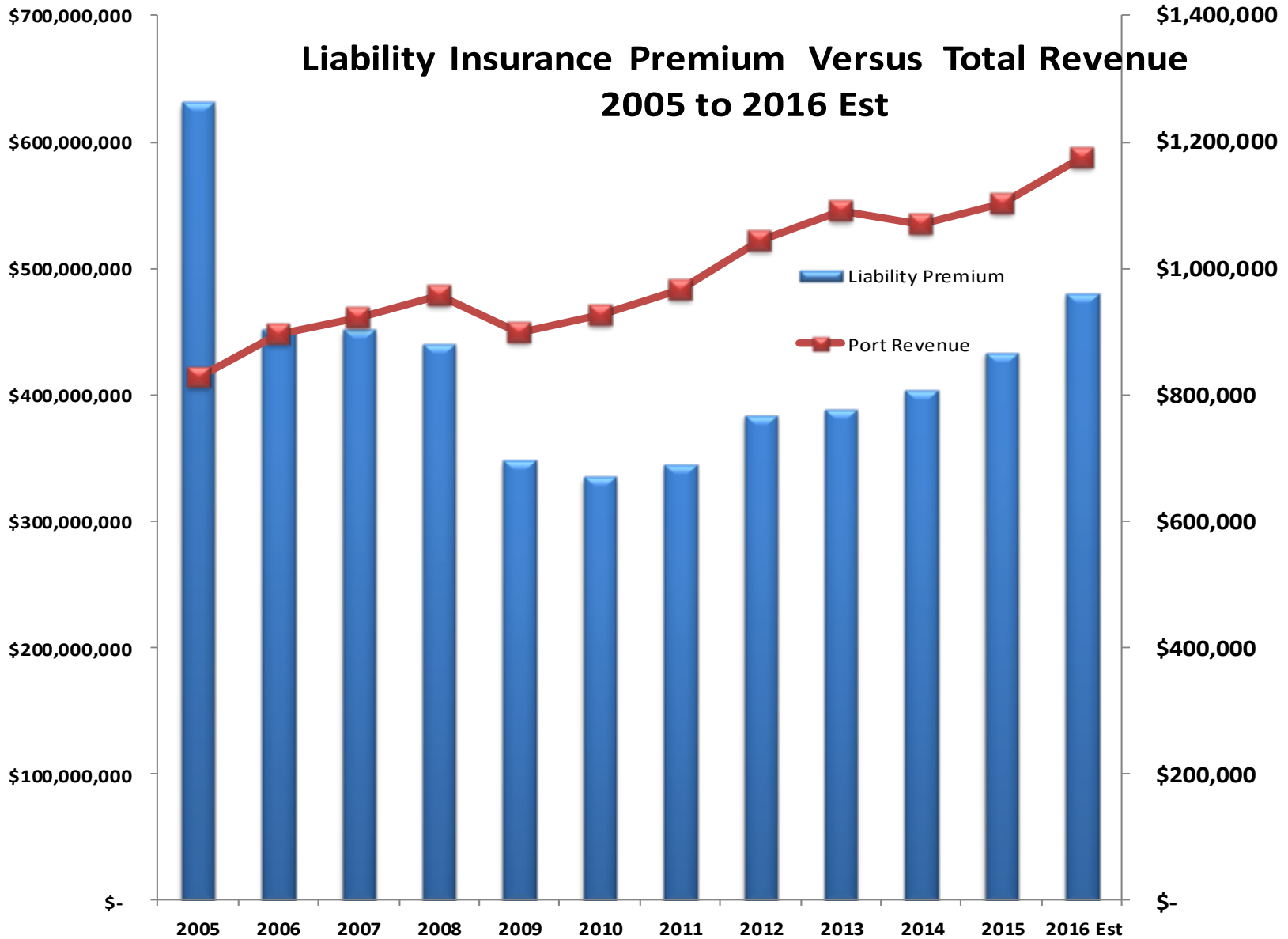
Port reserves at the end of second quarter totaled \$3.2 Million, down from \$3.5 Million in Q1.

Expiring Premium: 2014-2015

Coverage Line 10/1/2014 -9/30/2015	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 Employment Practices	\$10 Million	\$1,000,000	Included in Non-Aviation
Cyber	\$5 Million	Varies - \$50,000	\$48,000
Other Coverage: Crime, Fiduciary, Foreign, Bonds	Varies	Varies	\$38,000
			Total = \$849,000

The Port added cyber coverage on 12/1/2014 – last year’s renewal saw no major increases.

Liability Insurance Premium Versus Total Revenue 2005 to 2016 Est



The Port's increase in the cost of liability insurance is tracking with revenue growth.

Liability Coverage Issues For 2015-2016

(To Be Finalized In Discussion With Divisions prior to 10/1/2015)

- Terrorism
 - The TRIA Act was reauthorized in 2015 (Terrorism Risk and Insurance Act)
 - Continue to purchase for non-aviation liability policies but looking at stand-alone coverage
- Airport Liability Limits
 - Staying at \$500 Million
- Public Entity General Liability
 - Initial quote from insurer is a 22% increase in premium
 - Increase due to reserves on litigation claims the insurance company is carrying
 - First premium increase since October 1, 2013.
- Marine Excess Liability Limits
 - Staying at \$50 Million
 - Adding the Northwest Seaport Alliance as an additional insured onto this policy
- Excess Worker Compensation
 - Not pursuing
- Cyber Liability Coverage
 - Added as new coverage on 12/1/2014
 - Will renew on October 1, 2015 with \$5 Million in limits

The Port's increase in the cost of public entity liability insurance is 22% or ~ \$75,000.

Renewal Estimate For 2015-2016

(To Be Finalized In Discussion With Divisions prior to 10/1/2015)

- Renewal Estimate ~ \$940,000 to \$960,000
- Overall total insurance costs for 2015 will be at or slightly less than budget.
- Through end of July, insurance costs are roughly \$72,000 below budget year to date.

The Port's favorable property insurance renewal on July 1, 2015 will offset most of the increase to the liability insurance.