



**TRUCKEE TAHOE AIRPORT DISTRICT
BOARD OF DIRECTOR STAFF REPORT**

AGENDA TITLE: Approval of Property, Cyber and Workers' Compensation Insurance Renewal

MEETING DATE: June 27, 2018

PREPARED BY: Sally Lyon, Director of Finance and Administration

RECOMMENDED ACTION: Authorize the General Manager to sign and bind these policies. The property insurance is brokered with Aviation Marine Insurance Services, and the Carrier is Traveler's Indemnity covering \$53,000,000 of property, equipment, and earthquake and flood coverage with an annual premium of \$67,214. The Cyber insurance is also brokered with Aviation Marine Insurance Services, and Traveler's is the carrier, with an aggregate limit of \$2 million with an annual premium of \$3,592. Traveler's is rated by AMBest of A+++XV rated company, the highest available. Additionally, they also rank among the best in terms of claims handling. The Workers' Compensation is contracted with the Special District Risk Management Authority with an annual premium of \$54,717. All three policies run from July 1, 2017 to July 1, 2018.

DISCUSSION: Staff increased the building values from \$41,600,000 to \$43,600,000 to better reflect a more realistic value on replacement of the terminal building. The property policy is an increase of 14%, a combination of increased property values, an insurance market that has endured major natural disasters in recent years and an increase in light of the recent claim for Hangar 2. This resulted in an increase of the policy from \$59,000 to \$67,000. This policy is a blanket policy up to the total insured value.

The Cyber policy has an increase of 50% that reflects a 42% increase in cyber-attacks. The cyber policy again offers additional business interruption coverage this year.

The Workers Compensation policy has a decreased rate offset by higher payroll making the estimated policy down 2%. The worker's compensation is an estimate based on actual payroll. Staff recommends binding these policies this year.

FISCAL IMPACT: The policy premiums are listed above in the first paragraph for a total cost of \$125,523. The increases will push insurance costs about \$3,500 over budget the December 31, 2018 year.

ATTACHMENTS:

Commercial Property Renewal

Cyber Liability

Coverage and Workers' Compensation Program Invoice.