

TRUCKEE TAHOE AIRPORT DISTRICT  
BOARD OF DIRECTORS AGENDA ITEM SUMMARY

Topic: **Liability Insurance Renewal**

Purpose	Information:	Guidance:	Decision:
			<b>X</b>
<b>Recommendation</b>	<p>Authorize the General Manager to contract with Aviation Marine Insurance Services for Airport Liability Insurance with a limit of liability of \$35 million through National Union Fire Insurance, a division of Chartis. The policy term offered is two years, January 15, 2014 – January 15, 2016 with annual premiums in each year of \$15,000.</p>		
<b>Last Action</b>	<p>At the November 29, 2012 board meeting, via the consent calendar, the board authorized the General Manager to contract with Aviation Marine Insurance Services for Airport Liability Insurance with a limit of liability of \$35 million through National Union Fire Insurance, a division of Chartis. The policy term was January 15, 2013 – January 15, 2014 at an annual premium of \$13,800.</p>		
<b>Discussion</b>	<p>The District received one proposal aside from the National Union/Chartis renewal quote: ACE-USA (\$17,850 – equal to their quote in the prior year). ACE-USA is rated “A+,” by A. M. Best, while National Union/Chartis is rated “A”. Chartis showed what the premium amount would be for alternate liability limits of \$40 and \$50 million. Staff does not believe the District needs to consider raising the limit at this time.</p> <p>According to Roger Gault, the broker with Aviation Marine, the market for airport liability coverage seems to have tightened slightly. His firm contacted five other carriers, which are interested, but cannot compete with the level of premium the District currently is receiving from National Union/Chartis. They are listed on the attached table.</p> <p>Mr. Gault noted that the District’s premium had reduced every year between the 2007-08 policy – when it was \$42,750 and the 2013-14 policy at \$13,800. He believes we may have hit the bottom of the market, as the renewal premium the carrier proposed is \$1,200 greater than the prior year – by offering to maintain the premium at that rate for two years, they lessen the sting of the 9% increase.</p> <p>Note that this policy does not cover air shows. As the Air Fair next summer includes “acts,” an endorsement will have to be obtained.</p>		
<b>Fiscal Impact</b>	<p>The premium for the policy recommended by staff is within the budgeted amount. The fact that the premium is guaranteed for the two year period has value to the District.</p>		
<b>Communication Strategy</b>	<p>Not applicable</p>		
<b>Attachments</b>	<p>Detail of quotes from Aviation Marine Insurance Services, Inc.</p>		



**TRUCKEE TAHOE AIRPORT DISTRICT**  
**AIRPORT LIABILITY INSURANCE RENEWAL QUOTES**  
 January 15, 2014 – January 15, 2015

	Current Policy	Proposals for 2014-2015		
	National Union Fire Ins. (Chartis) 2013	National Union Fire Ins. (Chartis)	ACE-USA	Declined:  Phoenix Aviation W. Brown & Assoc. Allianz Aviation USAIG
Best Rating	A	A	A+	
Financial Size Standard & Poor's	XV	XV	XV	
Annual Premium	\$13,800	\$15,000 Per Year – 2-year term	\$17,850 Per year – 3-year term	
Limit of Liability	\$35,000,000	\$35,000,000 Alt. \$40M = \$16,600 Alt. \$50M = \$19,200	\$35,000,000	
Premises & Operations	Included Ded: NIL	Included Ded: NIL	Included Ded: NIL	
Products / Completed Operations	Included*	Included*	Included*	
Hangarkeepers Liability	Included Ded: NIL	Included Ded: NIL	Included Ded: NIL	
Personal and Advertising Injury Liability	Included*	Included*	Included*	
Independent Contractors	Included*	Included*	Included*	
Premises Medical Medical Malpractice	\$25,000 Each Person Included*	\$25,000 Each Person Included*	\$25,000 Each Person Included*	
Fire Damage Legal Liability	\$250,000 Any One Fire	\$250,000 Any One Fire	\$100,000 Any One Fire	
Non-Owned A/C Liability	Included	Included	Included	
Annual Premium	\$15,000	\$15,000	\$17,850	
War/TRIA Coverage	Declined	\$ 2,400	\$415	

\*Annual Aggregate Quote submitted 11-22-13 – valid for 30 days & subject to no losses prior to renewal  
 Aviation Marine Insurance Services, Inc. 5707 Redwood Rd., #1, Oakland, CA 94619 Tel: 800-972-0907