

TRUCKEE TAHOE AIRPORT DISTRICT  
BOARD OF DIRECTORS AGENDA ITEM SUMMARY

**Topic                      Property Insurance**

|                               |  |                  |                  |          |
|-------------------------------|--|------------------|------------------|----------|
| <b>Purpose</b>                | <b>Information:</b>  | <b>Guidance:</b> | <b>Decision:</b> | <b>X</b> |
| <b>Recommendation</b>         | Authorize staff to bind property coverage with the Public Entity Insurance Program (PEPIP) through Alliant Insurance Services for the period July 1, 2014 – July 1, 2015 with a \$10,000 “all risk” deductible for a total premium of \$44,533.  |                  |                  |          |
| <b>Last Action</b>            | The District renewed coverage with Alliant Insurance for property coverage through the Public Entity Property Insurance Program (PEPIP) for the period July 1, 2013 – July 1, 2014 at a premium of \$44,605; including separate Crime Policy Coverage. The cost of the property coverage per \$100 of value was .1264. That renewal was at a significant savings from years prior. |                  |                  |          |
| <b>Facts</b>                  | The Property Insurance premium comparison to prior year is a (.16%) decrease. The decrease represents a decreased insurance rate for property of (3.04%) and an increase in insured value of \$1,017,330 (2.97%).  |                  |                  |          |
| <b>Discussion</b>             | <p>The PEPIP program provides coverage well below the general commercial market.</p> <p>The annual premium for the coverage through PEPIP is \$44,533. A comparison table is included with this agenda item summary.</p>   |                  |                  |          |
| <b>Fiscal Impact</b>          | The premium for property coverage for the period 7/1/14 – 7/1/15 will decrease \$72 (.16%) over the prior policy period.   |                  |                  |          |
| <b>Communication Strategy</b> | Not applicable   |                  |                  |          |
| <b>Attachments</b>            | Alliant Property Insurance Comparison  |                  |                  |          |

## ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

### July 1, 2014 – July 1, 2015 *Truckee Tahoe Airport District* EXECUTIVE SUMMARY

We are pleased to provide you with the 2014–2015 Alliant Property Insurance Program (APIP) attached renewal material.

“APIP” is the umbrella name which encompasses the Alliant property insurance programs known as “PEPIP”, “HARPP” and “SPIP”. As membership in these programs continues to expand, the acronym “APIP” more correctly depicts the membership of the occupancies within the program. Please note the manuscript policy form utilized will continue to be referred to as “PEPIP USA”, unless a more specific program name is indicated.

The property market at the end of 2013 had rates generally lower, with underwriters willing to give decreases based on favorable loss history. As we enter the 2014/15 APIP renewal, most APIP insureds will see rates decrease; however, for those insureds with significant loss history rates will increase. For all insureds, we expect the rate change, whether up or down, will be well below the general commercial market

The primary \$2.5M layer will continue to be placed with our long-term partner, Lexington (Best Rated A XV), and Lexington will also continue to provide the majority of capacity in the \$22.5M x/s \$2.5M layer, with Lloyd’s of London (Best Rated A XV) as its quota-share partner. Excess limits will be placed with London, Bermudian, European and U.S. Domestic markets (Best Rated minimum of A- VII) up to a limit of \$1,000,000,000. Members should note several key highlights for this year’s renewal:

- Increased sub-limit for Unscheduled Tunnels, Bridges, Dams, Catwalks, Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals – from \$500k to \$2MM
- Boiler & Machinery for participating members of the APIP Boiler Program maintained
- Cyber (Privacy Liability) Coverage for both 1<sup>st</sup> and 3<sup>rd</sup> parties from the Beazley Syndicate at Lloyd’s (for those members eligible) with some improvements in coverage as outlined on the following summary
- Pollution Liability Coverage from Illinois Union Insurance Company (for those members eligible) with some improvements in coverage as outlined on the following summary

Alliant Business Services (ABS) will continue to play a significant role not only in providing various types of loss control services, but also in providing appraisal services. For the 2014-2015 policy year property valuations will continue to be a key focus. As a reminder, it is underwriters’ intent to have all buildings with a scheduled value of \$5,000,000 or more appraised once every five years. The cost of this service is included in the total annual cost. Members may also choose to have lower valued buildings appraised. The cost to have all or specific buildings appraised between \$25,000 and \$5,000,000 will be quoted at the time the request is made.

#### Year-over-Year Rate and Premium Comparison

| <u>Truckee Tahoe Airport District</u> | <u>13-14</u><br>(at 12/05/2013) | <u>14-15</u>  | <u>Variance</u> |
|---------------------------------------|---------------------------------|---------------|-----------------|
| Total Insurable Values:               | \$ 34,225,761                   | \$ 35,243,091 | 2.97%           |
| Account Rate (per hundred dollars):   | 0.1303253                       | 0.1263603     | -3.04%          |
| Earthquake TIV:                       | \$ 0                            | \$ 0          | N/A             |
| Earthquake Limit:                     | Not Covered                     | Not Covered   | N/A             |
| *Total Annual Cost:                   | \$ 44,604.83                    | \$ 44,533.28  | -0.16%          |

\* TOTAL COST includes: all premiums, underwriting fees, commissions, loss control expenses, program administration charges and applicable taxes.



| 2014-2015 Proposed Coverage Sub-Limit Changes effective 7/01/2014  |   |   |                |
|--|---|---|----------------|
| <u>Item</u>  | <u>13-14 Coverage or Sublimit Per Occurrence</u>                                    | <u>14-15 Coverage or Sublimit Per Occurrence</u>  | <u>Pending</u> |
| Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless specific values for such items have been declared (excluding Earthquake Shock and excluding F.E.M.A. and/or Office of Emergency Services declared disasters)  | \$500,000   | \$2,000,000   | Enhancement    |
| Per Occurrence and in the Annual Aggregate as respects the peril of Earthquake Shock for Licensed Vehicles, Unlicensed Vehicles, Contractors Equipment and Fine Arts combined, for all Member(s) / Entity(ies) of this Declaration combined that do not purchase optional dedicated Earthquake Shock coverage, and/or where specific values for such items are not covered for optional dedicated Earthquake Shock coverage as part of the Member(s) / Entity(ies) schedule of values held on file with Alliant Insurance Services, Inc. | \$5,000,000   | \$5,000,000 per occurrence per member subject to an Annual Aggregate of \$10,000,000 per declaration. | Enhancement    |
| Per Occurrence and in the Annual Aggregate as respects the peril of Flood for Licensed Vehicles, Unlicensed Vehicles, Contractors Equipment and Fine Arts combined, for all Member(s) / Entity(ies) of this Declaration combined that do not purchase optional dedicated Flood coverage, and/or where specific values for such items are not covered for optional dedicated Flood coverage as part of the Member(s) / Entity(ies) schedule of values held on file with Alliant Insurance Services, Inc.                                  | \$5,000,000   | \$5,000,000 per occurrence per member subject to an Annual Aggregate of \$10,000,000 per declaration. | Enhancement    |
| Scheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per item.  | \$5,000,000   | \$5,000,000 or 110% of Scheduled Landscaping values, whichever is greater for                         | Enhancement    |
| <b>Cyber Liability Coverage</b>  | A Summary of Changes for Cyber Liability is included with the Coverage Proposal     |   | Enhancement    |
| <b>Pollution Liability</b>   | A Summary of Changes for Pollution Liability is included with the Coverage Proposal |   | Enhancement    |

Thank you for your continued support of APIP. We look forward to working with you this next year. Please let us know if you have any questions about your Renewal Proposal.