

TRUCKEE TAHOE AIRPORT DISTRICT
BOARD OF DIRECTORS AGENDA ITEM SUMMARY

Topic: **Liability Insurance Renewal**

Purpose	Information:	Guidance:	Decision:
			X
Recommendation	<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 is January 15, 2013 – January 15, 2014 at an annual premium of \$13,800.</p>		
Last Action	<p>At the December 1, 2011 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, 2012 – January 15, 2013 at an annual premium of \$13,800.</p>		
Discussion	<p>The District received one proposal aside from the National Union/Chartis quote: ACE-USA (\$17,850 – up from their quote in the prior year of \$16,600). 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 be tightening slightly. He believes that there is still considerable capacity in the market place, which has allowed National Union/Chartis (a division of AIG) to maintain the premium and coverage for the District’s policy at the same level as last year. 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 premium has reduced every year since the 2007-08 policy – when it was \$42,750. However he believes we may be at the bottom of the market. A sign of that would be that ACE-USA’s quote is up from last year, despite their unsuccessful proposal for the 2011-12 policy.</p> <p>Note that this policy does not cover air shows. If the Air Fair next summer has “acts” an endorsement would have to be obtained. The cost is estimated at \$4,000 for \$5 million of coverage.</p>		
Fiscal Impact	<p>The policy recommended by staff is within the budgeted amount. The budget included an increase of insurance premiums of 7.5% for the 2013 fiscal year.</p>		
Communication Strategy	<p>Not applicable</p>		
Attachments	<p>Detail of quotes from Aviation Marine Insurance Services, Inc.</p>		