

TRUCKEE TAHOE AIRPORT DISTRICT
BOARD OF DIRECTORS AGENDA ITEM SUMMARY

Topic: **Liability Insurance Renewal**

Purpose	Information:	Guidance:	Decision:
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, 2012 – January 15, 2013 at an annual premium of \$13,800.</p>		
Last Action	<p>At the December 9, 2010 board meeting, via the consent calendar, the board authorized the General Manager to contract with ACE-USA for \$35 million of airport liability coverage for the period 1/15/11 – 1/15/12 at a premium of \$16,600.</p>		
Discussion	<p>ACE-USA has provided the District's airport liability coverage for nine of the past eleven years. Proposals are received from various carriers each year; in policy year 2008-09 the District was insured by Berkeley Aviation and for policy year 2009-10 National Union Fire Insurance was the carrier. The limit of liability was increased to \$35 million in 2011; for the period from 2000 through 2011 it was \$25 million; prior to that it was \$20 million.</p> <p>The District received three proposals for \$35 million of airport liability coverage: ACE-USA (\$16,600 – same premium as the prior year), Chartis - National Union Fire Insurance (\$13,800) and Old Republic Insurance Company (\$14,150). The three carriers are rated "A+," "A" and "A+," respectively by A. M. Best.</p> <p>The endorsements and levels of coverage being offered are relatively consistent. One difference in the coverage limits is the limit on the "fire damage legal liability" coverage. On the ACE-USA policy it is \$100,000 any one fire, the policy offered by Chartis the limit is \$250,000 any one fire, and the Old Republic policy the amount is \$500,000. This coverage is related to damage to structures the District does not own in the case of a fire. If the District was accused of causing a fire which damaged a structure belonging to another party, the cost of the defense would be covered. As the District owns the majority of the buildings on the property, staff does not feel this should be a deciding factor in choosing a policy. Actual damage to structures would be covered by the property and fire policy.</p> <p>The Old Republic proposal was provided by Alliant Insurance Services. They are also the broker for the District's property and elected officials/employment practices coverages. The ACE and Chartis proposals were presented by Aviation Marine.</p> <p>The premiums paid for the airport liability insurance have decreased</p>		

TRUCKEE TAHOE AIRPORT DISTRICT
BOARD OF DIRECTORS AGENDA ITEM SUMMARY

over the past five years, from a high of \$42,750 in 2007-2008 down to \$16,600 for the policy year just ended. In that time the amount of coverage has been increased from \$25 million to \$35 million. Although softening in the insurance market may account for some of the decrease, staff's aggressive pursuit of competitive quotes at each renewal has greatly benefited the District. A vast amount of time is expended working with various brokers and completing applications; however, the District has a proposal for the upcoming year that is 32% of what was being paid five years ago.

Fiscal Impact	The policy recommended by staff is within the budgeted amount. The budget included an increase of insurance premiums of 5% for the 2012 fiscal year.
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Communication Strategy	Not applicable
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Attachments	Detail of quotes from Aviation Marine Insurance Services, Inc. and Alliant Insurance Services.
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TRUCKEE TAHOE AIRPORT DISTRICT

AIRPORT LIABILITY INSURANCE RENEWAL QUOTES

January 15, 2012 – January 15, 2013

ACE 2011 = \$16,600	ACE-USA	National Union Fire Ins. (Chartis)	
Best Rating	A+	A	
Financial Size Standard & Poor's	XV	XV	
Annual Premium	\$16,600	\$13,800	
Limit of Liability	\$35,000,000	\$35,000,000	
Premises & Operations	Included Ded: NIL	Included Ded: NIL	
Products / Completed Operations	Included*	Included*	
Hangarkeepers Liability	Included Ded: NIL	Included Ded: NIL	
Personal and Advertising Injury Liability	Included*	Included*	
Independent <u>Contractors</u>	Included*	Included*	
Premises Medical	\$25,000 Each Person	\$25,000 Each Person	
Medical Malpractice	Included*	Included*	
Fire Damage Legal Liability	\$100,000 Any One Fire	\$250,000 Any One Fire	
Non-Owned A/C Liability	Included	Included	
Annual Premium	\$16,600	\$13,800	
War/TRIA Coverage	\$2,075	\$1,104	

***Annual Aggregate**

Aviation Marine Insurance Services, Inc. 5707 Redwood Rd., #1, Oakland, CA 94619

Telephone: 800-972-0907 / Fax: 510-530-4488



TRUCKEE-TAHOE AIRPORT DISTRICT
12 months at January 15, 2012

Policy Form: CGL02 (2/05) Wording

Locations: TRK Truckee Tahoe Airport
Truckee, CA
& all premises necessary and incidental to the aviation operations of the Named Insured.

Endorsements:

CGL810 (3/05) Airport Expansion Endorsement, which includes:

- Broad Form Insured
- On-Airport Premises Auto Coverage (secure & non-secure areas) - NIL underlying
- Mobile Equipment
- On-Airport Premises Watercraft Coverage
- Control Tower - Contingent
- Baggage Liability
- Damage to Autos
- Static Display of Aircraft
- Incidental Medical Malpractice Liability
- Discrimination
- Co-Employees (Deletion of Fellow Employee Exclusion)
- Knowledge of Occurrence
- Your inadvertent failure to report or failure to notify

CGL1221 (7/09) Amendment of Bodily Injury Definition - inclusion of Mental Anguish

CGL234 (3/05) Amendment to Coverage Territory - Worldwide Coverage

CGL1260 (11/09) Aviation Operations Definition Endorsement, amending definition to include the acquisition of land by the Named Insured, Mutual Aid agreements and the National Incident Management System ("NIMS") agreement)

CGL201 (4/05)	Cancellation By Us Endorsement, evidencing 120 days except for non-payment of premium																				
CGL822 (3/05)	Contingent Air Show Liability, also includes XS coverage for Insured over the Sponsor's primary policy																				
CGL1059 (1/08)	Excess Off-Airport Premises "Auto" Liability - Policy Limit xs \$1M Subject to advice of underlying carrier(s) and underlying policy number(s).																				
CGL1060 (1/08)	Excess Employers Liability - Policy Limit xs \$1M Subject to advice of underlying carrier(s) and underlying policy number(s)																				
CGL660 (3/05)	Garagekeepers Liability - Limit: \$150,000/\$250,000																				
CGL1259 (11/09)	Mutual Aid Agreements Endorsement - 2																				
CGL1258 (11/09)	National Incident Management System/National Response Plan NIMS Agreement Endorsement (including Off-Airport), with sub-limits as follows:																				
	<table border="0"> <tr> <td>Each Occurrence Limit</td> <td>\$ Policy Limit</td> </tr> <tr> <td> Damage to premises rented to You Limit</td> <td>\$250,000 any one Premises</td> </tr> <tr> <td> Medical Expense Limit</td> <td>\$25,000 each person</td> </tr> <tr> <td>Personal/Advertising Injury Aggregate Limit</td> <td>\$ Policy Limit</td> </tr> <tr> <td>General Aggregate Limit</td> <td>\$ Not applicable</td> </tr> <tr> <td>Products/Completed Operations Aggregate Limit</td> <td>\$ Policy Limit</td> </tr> <tr> <td>Hangarkeepers Limit</td> <td></td> </tr> <tr> <td> Each Aircraft Limit</td> <td>\$ Not insured</td> </tr> <tr> <td> Each Loss Limit</td> <td>\$ Not insured</td> </tr> <tr> <td> Hangarkeeper's deductible</td> <td>\$ Not applicable</td> </tr> </table>	Each Occurrence Limit	\$ Policy Limit	Damage to premises rented to You Limit	\$250,000 any one Premises	Medical Expense Limit	\$25,000 each person	Personal/Advertising Injury Aggregate Limit	\$ Policy Limit	General Aggregate Limit	\$ Not applicable	Products/Completed Operations Aggregate Limit	\$ Policy Limit	Hangarkeepers Limit		Each Aircraft Limit	\$ Not insured	Each Loss Limit	\$ Not insured	Hangarkeeper's deductible	\$ Not applicable
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Each Aircraft Limit	\$ Not insured																				
Each Loss Limit	\$ Not insured																				
Hangarkeeper's deductible	\$ Not applicable																				
CGL846 (3/05)	Non-Owned Aircraft Liability restricted to forty (40) total seats and based on no known or anticipated exposure																				
CGL518 (3/05)	Pollution or Contamination of products sold or supplied																				
CGL231 (3/05)	Waiver of Governmental Immunity																				

NOTES:

Volunteers are included within the basic policy wording CGL02 (2/05) under “**WHO IS AN INSURED**” Section.

The limit for Bail Bonds included within “**SUPPLEMENTARY PAYMENTS**” of the basic policy wording CGL02 (2/05) are \$5,000 per bail bond.

The limit for Loss of Earnings included within “**SUPPLEMENTARY PAYMENTS**” of the basic policy wording CGL02 (2/05) are \$250 per day.



**AIRPORT LIABILITY INSURANCE PROGRAM PROPOSAL
TRUCKEE TAHOE AIRPORT DISTRICT
JANUARY 15, 2012 TO JUNE 30, 2012**

Insurance Company:	Old Republic Insurance Company
*A.M. Best's Guide Rating: <i>(Verified November, 2011)</i>	A+, Superior; Financial Size Category 11; \$750,000,000 to \$1,000,000,000
*Standard & Poors Rating: <i>(Verified November, 2011)</i>	A+, Strong Financial Security
California Status:	Admitted
Policy Term:	June 30, 2011 to June 30, 2014 (3 year rolling policy term subject to annual installments)
Pro/Rated Coverage Term:	January 15, 2012 to June 30, 2012 (policy renewal date)
Coverage:	<ul style="list-style-type: none">• Premises Liability• Products/Completed Operations• Personal/Advertising Injury• Incidental Medical Malpractice• Contractual Liability• Medical Expense Per Person• Medical Expense Each Occurrence• Fire Damage Each Occurrence• Non-owned Aircraft Liability• Hangarkeepers Per Occurrence• Hangarkeepers Per Aircraft• Non-Owned Physical Damage Legal Liability• Misdirection of Passengers• Contingent Host Liquor Liability• Garagekeeper's Liability• Contractual Liability• Construction and Demolition• Volunteers• On Premises Automobile (non-owned & hired included)• Excess Off Premises Automobile excess \$1,000,000 primary• Excess Employers Liability excess \$1,000,000 primary• War Risks / Extended Coverages / Tria (if purchased)• Additional Insured Designated Person, Organization (approval process)

**See last page for additional information.*

Alliant Insurance Services, Inc. • 100 Pine Street, 11th Floor • San Francisco, CA 94111
Phone 415 403-1400 • Fax 415 402-0773 • www.alliantinsurance.com • License No. 0C36861



**AIRPORT LIABILITY INSURANCE PROGRAM PROPOSAL
TRUCKEE TAHOE AIRPORT DISTRICT
JANUARY 15, 2012 TO JUNE 30, 2012**

Limits:	\$ 35,000,000	Bodily Injury and Property Damage Each Occurrence
	\$ 35,000,000	Products Completed Operations Annual Aggregate
	\$ 35,000,000	Personal / Advertising Injury Annual Aggregate
	\$ 35,000,000	Malpractice Annual Aggregate Limit
	\$ 500,000	Fire Damage Limit Any One Fire
	\$ 25,000	Medical Expense Limit Any One Person
	\$ 500,000	Non Owned Physical Damage Legal Liability
	\$ 35,000,000	Hangarkeepers Limit Any One Occurrence
	\$ 35,000,000	Hangarkeepers Limit Any One Aircraft
	\$ 35,000,000	Non-owned Aircraft Liability
	\$ 35,000,000	Excess Off Premises Automobile Excess Primary \$1,000,000 Each Occurrence
	\$ 35,000,000	Excess Employers Liability Excess Primary \$1,000,000 Ea Occurrence
Deductible:	Nil	
Covered Airport:	Truckee Tahoe Airport District 10356 Truckee Airport Road Truckee CA 96161	
Scheduled Events:	If Any	
Exclusions (including but not limited to):	<ul style="list-style-type: none">• Nuclear / Asbestos• Noise and Pollution• Radioactive Contamination• Workers' Compensation• Aviation Millennium Endorsement (Y2K Exclusion)• War/Extended Coverages (not purchased)	
Annual Premium:	\$ 14,150	Excludes War Risks & Tria
Pro-Rate Term Premium	\$ 7,712	Excludes War Risks & Tria
Optional Limits:	Available upon request	
War / Tria Options: (Annual Premiums)	\$1,132	War / Extended Coverages or Tria
	\$1,698	War / Extended Coverages including Tria
Attachments:	Policy Form with Endorsements	

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**AIRPORT LIABILITY INSURANCE PROGRAM PROPOSAL
TRUCKEE TAHOE AIRPORT DISTRICT
JANUARY 15, 2012 TO JUNE 30, 2012**

Broker: ALLIANT INSURANCE SERVICES, INC.
SAN FRANCISCO, CA

Kevin Bibler
Senior Vice President

Tom E. Corbett
First Vice President

Matt McManus
Broker

Gail White
Account Executive

Jo Anne Roque, AIS
Account Manager – Lead

*THIS PROPOSAL IS FOR INFORMATION PURPOSES ONLY AND DOES NOT ALTER THE POLICY IN ANY WAY.
PLEASE REFER TO THE POLICY FORM FOR COMPLETE COVERAGE, TERMS & CONDITIONS AND EXCLUSIONS.*

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliantinsurance.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

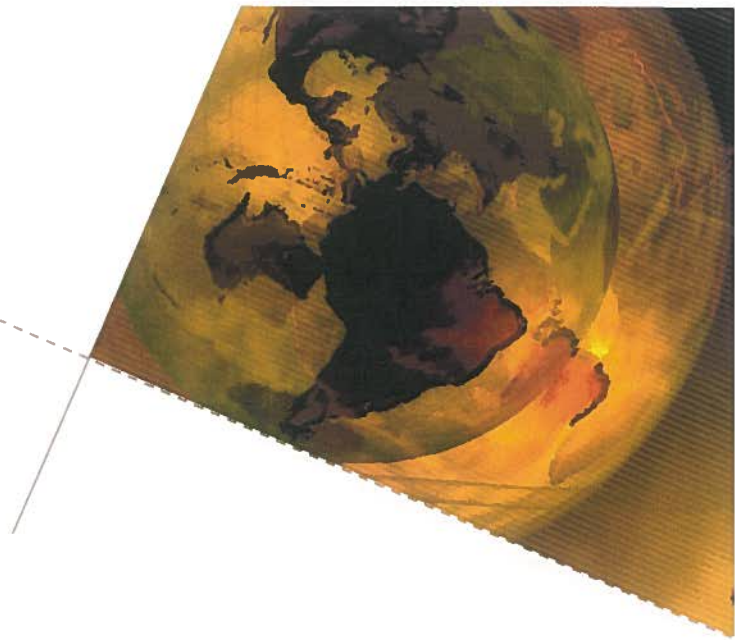
Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com. To learn more about companies doing business in California, visit the California Department of Insurance website at www.insurance.ca.gov.



Chartis Aerospace Insurance Services, Inc.

World Leaders in Aerospace Insurance



Strength

Chartis is the world's leading international insurance organization, which serves clients in more than 160 countries and jurisdictions. Chartis serves commercial, institutional and individual customers through the most extensive worldwide property-casualty and accident and health insurance networks of any insurer.

The forces that have made Chartis a leader in the property and casualty industry for decades, continue to endure and are more valuable than ever.

Global reach

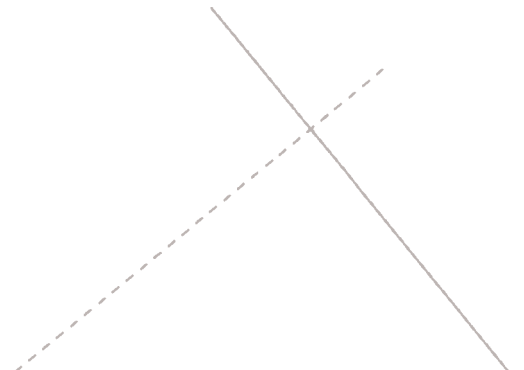
With operations strategically located throughout North America, Australia, Brazil, France, Germany, Latin America, South Africa, Southeast Asia and in the UK, we are a leading provider of aerospace insurance solutions worldwide. We support insureds with local underwriting, claims and loss control services in virtually any corner of the globe.

Stability

For over 60 years, Chartis Aerospace Insurance Services, Inc. has been, and will continue to be, a leading provider of aviation insurance solutions. Our aviation professionals at Chartis have been there for our insureds, developing and creating risk management solutions for all aspects of the aerospace insurance industry. Since 1947, we have supported our insureds and will continue to do so year after year.

Aerospace expertise

Our deep understanding of the aerospace insurance industry makes us extremely valuable as a long-term, strategic partner in addressing risk management needs. We have the expertise, creativity and ability to address virtually any aerospace insurance-related risk. Our specialized claims and safety and loss control teams provide optimal service to insureds - in resolving claims or preventing them - worldwide.



Airlines

Chartis provides insurance solutions for airlines, including major flag carriers, regional, cargo, commuter, charter and start-up airlines. We are uniquely equipped to offer lead hull and liability coverage and claims handling services to customers wherever they are based. We dedicate specialized teams to serve this segment of the industry.



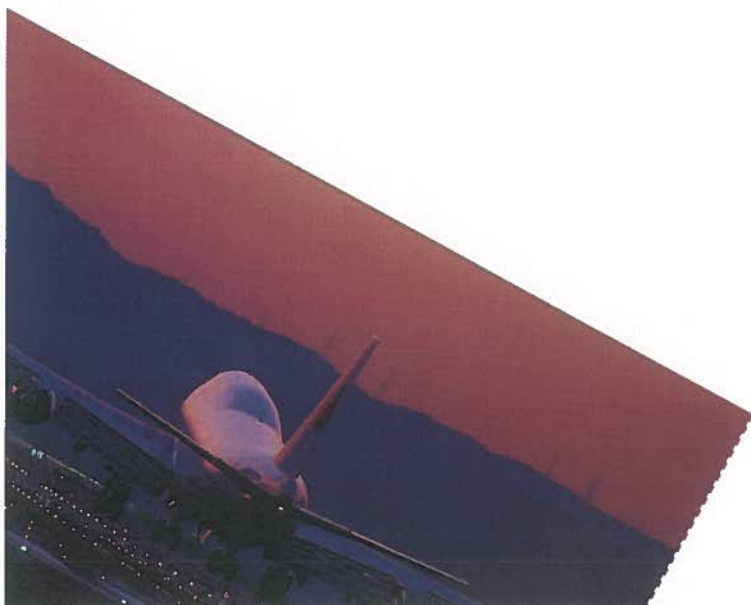
Dedicated teams provide airlines with expansive risk management expertise and large – scale capacity.

Business aircraft, corporate fleets and executive charter transportation

Our uniquely comprehensive Gold Medallion corporate aircraft policy provides owners, operators and aircraft management companies with cost-efficient, flexible protection and superior coverages that include unparalleled Safety and Loss Control service and worldwide claims services.

Airport operations

An extensive range of insurance programs addresses the third-party needs of airports, heliports and companies facing airport-related liabilities - including airport owners and operators, air traffic controllers, ground handlers, aircraft refuelers and refiners, caterers and air show organizers. Special claims and loss control programs focus on helping airport operations prevent losses, keep claims costs down and resolve claims expeditiously.





Aerospace product manufacturers and distributors

Chartis offers a full range of insurance solutions to help meet the needs of aerospace manufacturers, repair stations and distributors. Chartis has the financial strength and long term market commitment to see you through the entire life cycle of your product exposure and the associated long-tail liabilities. With many manufacturers increasingly operating on a global scale, our unmatched worldwide claims network offers the unparalleled ability to quickly respond almost anywhere in the world with local personnel familiar with local customs and procedures. Our exceptional capabilities can help your organization reduce the risk associated with new business opportunities and navigate the complex landscape of product liability.

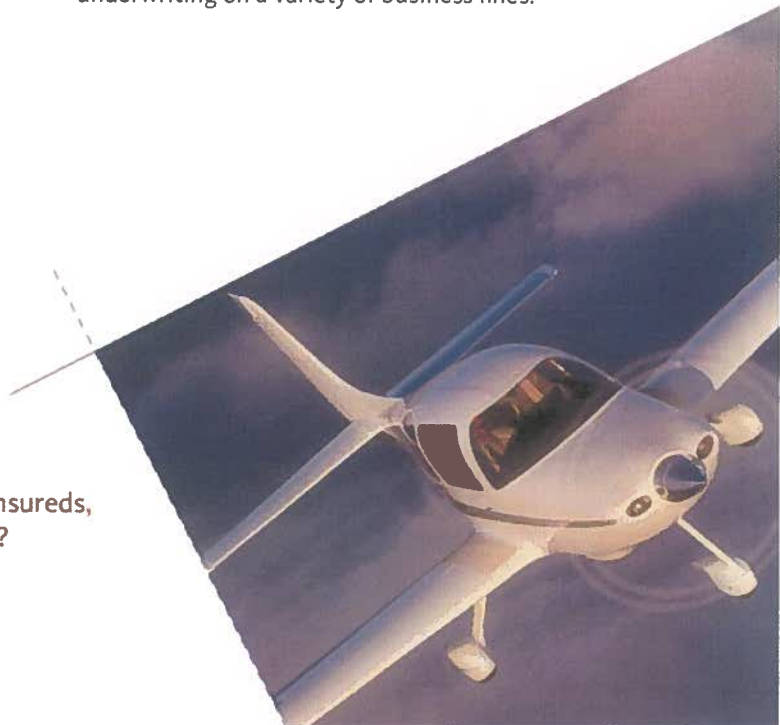
Light Aviation Division

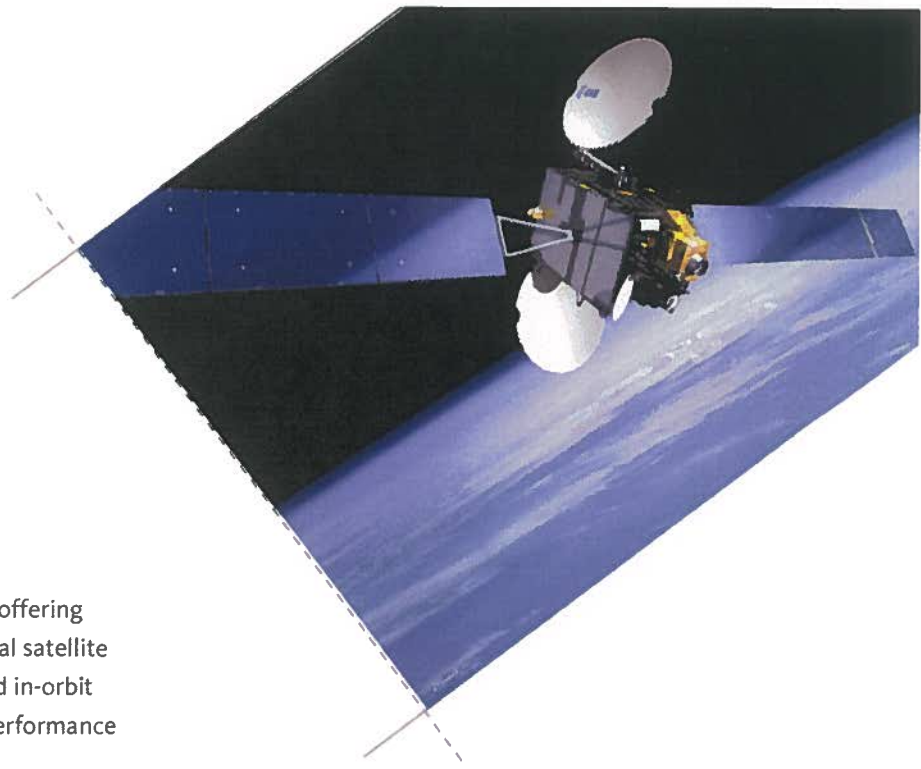
Our Light Aviation Division (LAD) specializes in owned and non-owned coverage for individual aircraft owners, certain classes of commercial business and non-air-carrier served airports. LAD is also a leading provider of insurance solutions for aerial applicators. Our commitment to the aerial application industry was underscored by our active involvement with the National Agricultural Aviation Association during the development and launch of the Professional Aerial Applicators Support System (PAASS) program, which encourages operator professionalism, education and loss prevention.

LAD utilizes a combination of traditional and web-based quoting and individual account underwriting on a variety of business lines.

What has fueled the success of Chartis, and our insureds, in the aerospace insurance sector for six decades?

Our combination of capabilities that set us apart from anyone in the industry.





Satellites

We have nearly 25 years of experience offering programs for a wide array of commercial satellite risks. Our programs include launch and in-orbit coverage, transponder coverage and performance incentive coverage.

Aviation workers' compensation/ employers' liability

Workers' compensation and employers' liability programs are tailored to the special needs of aviation and related industries. We offer special services to help companies control and reduce the costs of workplace injuries or illnesses and a wide range of program enhancements, including foreign voluntary compensations, excess repatriation, stop gap, waiver of subrogation and voluntary compensation coverage.

Commercial operations

Chartis provides a broad range of products to meet the needs of a variety of commercial aerospace operations from air taxi and aircraft charter operations to emergency medical services and fixed base operations. For over sixty years, we have demonstrated our ability to apply creative risk management, innovative programs and other unique approaches to benefit our commercial aerospace clients.

Our program includes, but is not limited to, FAR Part 135 operations, aircraft management, cargo carriers, EMS operations, fixed base operators and aircraft sales.

Claims management centered on you

Chartis Aerospace Adjustment Services, Inc., in partnership with Chartis Aerospace Insurance Services, Inc., is dedicated to provide the best possible claims service and solutions, in support of its customers' business and strategic interests.

State-of-the art preparation and communication

Prompt, effective communication is essential to make the claims process work. The lines of communication are wide open even before a loss occurs. We work with our insureds to establish sound disaster preparedness and response plans. When an insured is faced with a claim, our response is rapid. Collaboration with all parties is ongoing, and services are tailored to give each insured the full support they need.

Claims staff

We use dedicated claims professionals to serve major segments of the aerospace business, ensuring the high level of expertise needed to be the most effective advocate for our insureds and brokers when a loss occurs. Drawing on the vast global resources of Chartis, we offer insureds and brokers powerful advantages in managing every aspect of a claim - from overseeing accident investigations to rigorously defending liability lawsuits - while always assertively managing our insureds' costs. We use our global experience to adapt claims practices to suit local cultures, laws and customs around the world.

Accident response

When a major aviation catastrophe occurs, insureds receive rock-solid support from the Major Loss Emergency Team. This team includes staff adjusters, technical investigators and legal counsel who come together to manage all aspects of a disaster for our insured - from securing the wreckage to coordinating the welfare of injured parties. Their primary focus: Protecting our clients' interests and reputation and returning them to normal operations quickly.

Exceptional claims resolution

When our insured has a claim, our mission is clear: to resolve it quickly and return our insured to normal operations as soon as possible. To accomplish this, we draw on our own aerospace expertise coupled with the high caliber, far-reaching capabilities of our global claims operations.

When a claim occurs, the vast global resources of Chartis are brought to bear to protect our insureds' interests.



Safety and Loss Control

Nothing is more valuable to our insureds than an impeccable safety record. We are committed to equipping insureds with powerful tools and knowledge to enhance safety practices and mitigate losses. We have a worldwide network of aerospace loss control experts who specialize in specific areas of aerospace safety, including flight operations, aircraft maintenance, fixed base operations, hangars, facilities, ground vehicle operations, airports and employee safety.

Dedicated to raising the bar in aerospace safety and loss control, we are an active member of the Flight Safety Foundations, National Safety Council, Regional Airline Association, Helicopter Association International and the National Business Aviation Association.

Safety resources

Human Factors - Our safety experts are dedicated to optimizing performance and reducing human error, by focusing on human capabilities and organization of the work environment.

Employee Safety - We have resources and skills to assist in meeting OSHA compliance standards, developing formal safety programs and policies, implementing accident prevention and also identifying and reporting hazards both in the work-place and environment.

Ergonomics - Our ergonomics specialists can help you control the risk factors related to baggage handling, parcel sorting, cargo handling, ticketing, cabin service, aircraft maintenance, ramp service, office ergonomics and much more.

Business Operations - Whether you are addressing flight, maintenance, ramp or other business functions, our team can help improve efficiency, performance and safety.

Safety Awareness - We have numerous awareness tools to assist in keeping safety awareness at the forefront of everyone's minds: safety posters, training videos, fact sheets, calendars, ramp whistles and pocket cards.

Industry-leading loss control surveys

One of the most powerful and most requested tools we put at our insureds' disposal is our safety and loss control surveys. These on-site reviews examine various operational aspects of our insureds' businesses, assessing liability exposures. Practical recommendations are then provided to help you improve safety and mitigate risks.

RiskTool System ("RiskTool") has recently been introduced as another value-added service for insured clients of Chartis Aerospace Insurance Services, Inc. RiskTool is a Web-based safety resource that provides customers with a comprehensive platform for managing environmental, health, safety, and ground and air transportation risk management throughout the world. For more information and to view informative talking point presentations go to: <http://www.chartisinsurance.com/risktool>.



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About Chartis

Chartis is a world leading property-casualty and general insurance organization serving more than 40 million clients in over 160 countries and jurisdictions. With a 90-year history, one of the industry's most extensive ranges of products and services, deep claims expertise and excellent financial strength, Chartis enables its commercial and personal insurance clients alike to manage virtually any risk with confidence.

Chartis is the marketing name for the worldwide property-casualty and general insurance operations of Chartis Inc. For additional information, please visit our website at <http://www.chartisinsurance.com>. All products are written by insurance company subsidiaries or affiliates of Chartis Inc. Coverage may not be available in all jurisdictions and is subject to actual policy language. Non-insurance products and services may be provided by independent third parties. Certain coverage may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds.