

ACI-NA INSURANCE & RISK MANAGEMENT SEMINAR

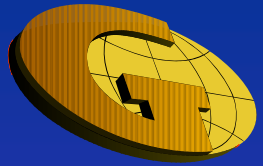
“The Changing Face of Airport Risk and Benefits Management



“TRENDS IN AVIATION PROPERTY INSURANCE”

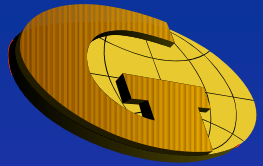
Presented By:
Richard M. Terlecki, CPCU, ARM, ARe
Area Senior Vice President - Public Entity Specialist

January 13, 2006 11:10-12:00 NOON



Current Property\Casualty Insurance Market

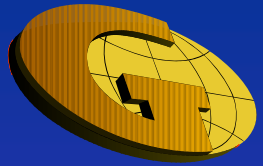
- **Why is Property Insurance sometimes like the Missing Link?**
 - **Frequency**
 - **Leave well enough alone**
 - **Property is like the tail on the dog**
 - **Until something happens then it is usually a matter of severity. Talk to GOAA or KCAB of recent events that have caused them to focus more on this important coverage.**
 - **My goal today is to give you at least one thought or idea you can take back with you from today's presentation.**



Current Property\Casualty Insurance Market

■ Valuation

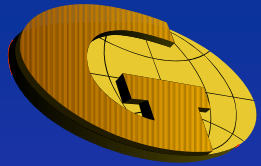
- Blanket Limit
- As Per on Schedule On File
- Margin Clause
- Property In The Open



Current Property\Casualty Insurance Market

■ Valuation (Continued)

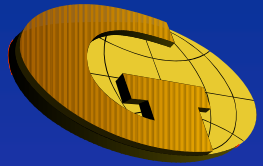
- Runways
- Equipment
- Fine Arts & Valuable Papers
- Appraisals
 - ◆ 2004-2005 Cost of Construction Index + 9-10%
 - ◆ 2005-2006 Cost of Construction Index + 5-6%



Current Property\Casualty Insurance Market

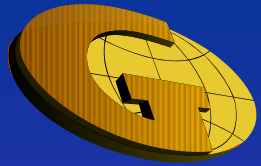
■ Business Interruption

- How Much is Enough?
- What is Contingent B.I.?
- Airport Special B.I. Worksheet
- Professional help is available – Dempsey Myers



Current Property\Casualty Insurance Market

- **Builders Risk**
 - **Part of Property or Standalone**
 - **Contractor vs. Airport Placed**

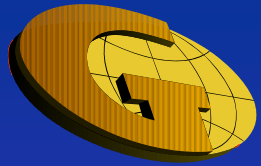


Current Property\Casualty Insurance Market

AIRPORT BUSINESS INCOME AND EXTRA EXPENSE WORKSHEET

Name of Airport: _____

	<u>04- 05</u>	<u>05 - 06</u>
1 Fees Common Fac & FIS, Car Rental Fees, Parking, Landing Fees, Apron Usage, in-flight Catering, Ground Transportation, Direct Fuel Sales		
2 Other Fees		
3 Total Fees (1 + 2)		
<u>Deduct</u>		
4 Interest Income		
5 Contributions		
6 Bad Debt		
7 Collection Expense		
8 Other: _____		
9 Net Fees (3 less 4,5, 6, 7 & 8)		
<u>Add Other Income</u>		
10 Rents Signatory, Non Signatory, non airline RAC, Concession, Fuel Systems, FBOs, Foreign Trade Zone, Building Rental, Land Rental		
11 Other: _____		



Current Property\Casualty Insurance Market

12 **Total Other Income (10 + 11)**

13 **Total Fees and Other Income (9 + 12)**

Deduct

14 **Continuing Rents and Fees**

15 **Cost of Services Purchased From Outsiders
That Do Not Continue Under Contract**

16 **Ordinary Payroll Expense If They Are To Be
Excluded or Limited (See Notes)**

17 **Business Income Exposure For 12 Months
(13 less 14, 15, & 16)**

18 **Period of Restoration Factor**

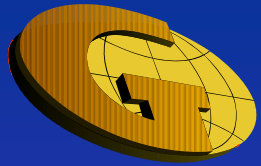
(Adjust for maximum time to rebuild damaged
by serious loss at existing location. Example: 6 mos.
=.50, 9 mos. = .75, 12 mos. = 1.00.
(See Notes)

18 **Adjusted Business Income Exposure** (17 div by 18)
(From Previous Page)

19 **Adjusted Business Income Exposure**

20 **Ordinary Payroll Limited To ___ 90 days or ___ 180 days**
Optional If Ordinary Payroll Excluded Or Limited On Line 16.
(19 + 20)
Add Largest Ordinary Payroll for 90 or 180 Days (See Notes).

21 **Business Income Including Ordinary Payroll Limitation**



Current Property\Casualty Insurance Market

22 **Extended Business Income** _____ **Months**

Indicate Number of Months You Anticipate Reduced Income
After Resuming Operations (pro-rata addition)

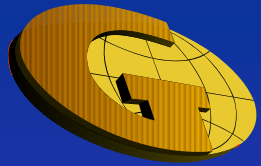
23 **Extra Expenses**

Add Extra Expenses Incurred To Avoid or Minimize Suspension
of Business and to Continue Operations (See Notes).

24 **Total Business Income and Extra Expense (21, 22 & 23)**

Notes:

- A. Ordinary Payroll is usually payroll for other than officers, executives, department managers and key employees. Items for consideration is would you lay off your other employees for a few weeks, could you get them back if they went elsewhere, do you have skilled or specialized labor, or would need employees to keep the airport operational.
- B. Period of Restoration assumes the worst situation such as a tornado, hurricane or serious fire.



Current Property\Casualty Insurance Market

C. Extra Expense Worksheet and Examples

Moving equipment to and from damaged premises.

Additional transportation costs.

Rent for temporary facilities.

Advertising, postage expense.

Overtime of employees or additional staff.

Temporary labor.

Telephone, data lines.

Rent of equipment or machinery.

Travel expenses.

Legal or other professional fees.

Security expenses.

Other:

Other:

Total

(To Line 23)

Signed: _____

Date: _____

Title: _____

Disclaimer: This work sheet is based on a compilation of insurance company and industry work sheets. This form may require modification to meet your individual needs.