

County of El Dorado
Chief Administrative Office
Interdepartment Memorandum

DATE: December 14, 2006
TO: Board of Supervisors
FROM: Laura S. Gill, Chief Administrative Officer
SUBJECT: Airport Liability Policy Renewal

Recommendation

Human Resources, Risk Management Division, requests the Board approve the purchase of Airport Liability Insurance from Ace USA and authorize the Risk Manager to complete and sign all required documents to complete the policy purchase. Insurance is for the period 2/5/2007 through 2/5/2008. This policy continues the current coverage at a \$795 increase over the previous policy period for a total cost of \$16,945.

Reason for Recommendation

The renewal proposal, by ACE USA, is identical to the current coverage for \$15 million dollars in per occurrence coverage, with no deductible, covering both the Placerville and Georgetown Airports for a broad range of liability exposures. ACE USA has a Standard and Poor rating of A+.

In addition to the basic insurance, which continues our current coverage, Ace USA offers extended coverage for war, hi-jacking, terrorist attacks, etc., for a cost of \$17,517. Discussions with our Broker, Don Erickson of Atwood Insurance, reveal that most rural airports do not purchase this coverage because these types of exposures exist at the large metropolitan airports almost exclusively. These kinds of perils are therefore highly unlikely at either the Georgetown or Placerville Airports and Risk Management does not recommend its purchase. The Airport program will monitor the issue through their professional organizations and contacts. If later information suggests that the County should purchase this coverage, Risk Management will work with our Broker to procure it.

In staff's view, this represents an acceptable premium to coverage ratio, and an excellent overall financial risk transfer for our airport operations.

Fiscal Impact

The total annual cost is of the recommended insurance coverage and insurance provider is \$16,945. Amounts are budgeted and payable from the Airport Enterprise Fund.

Net County Cost:

There is no net county cost as the program is a non-general fund program.

Action to be Taken Following Approval:

The Risk Manager will work with Atwood Insurance Agency to bind coverage. The Airport Manager will pay the annual premium when invoiced.



ISU Insurance Services Atwood Agency

Independently Owned and Operated
License #0452737

December 6, 2006

County of El Dorado
Attn: Ms. Sherril Jodar
330 Fair Lane
Placerville, CA 95667

Re: County of El Dorado Airports
Renewal of Policy #AAPN00982271-003
Expiration Date: 2/5/07

Dear Sherril:

The renewal premium from ACE USA, an A+ rated company by S & P and an A+ XV rated company by Best is \$16,695.00, plus a \$250.00 brokerage fee from Burns & Wilcox, the surplus lines broker. Therefore, the total annual premium is \$16,945.00 as compared with \$16,150.00 from last year.

There are no changes in terms or conditions from last year. Coverage is still excluded for War, Hi-jacking, Noise Pollution and Radioactive Contamination per the AAP 201/202 (11-99) endorsement. Once again, the company has offered extended coverage for War, Hi-jacking and other perils, (AAP203), as well as Terrorist Risk Insurance Act (TRIA) coverage, as follows:

(Extended Coverage AAP203)	Limit \$15,000,000 Aggregate
Additional Premium:	\$11,678
(TRIA)	Limit \$15,000,000 Each Occurrence (no aggregate limitation)
Additional Premium:	\$11,678

If both endorsements are purchased, the premium is reduced to \$17,517.00. I appreciate the opportunity to provide a renewal bid. Please do not hesitate to call me if you have any questions.

Sincerely,

Don Erickson
President
DAE:cl
Enclosure/attachment



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AIRPORT OWNERS AND OPERATORS LIABILITY QUOTATION WITH ACE PROPERTY AND CASUALTY INSURANCE COMPANY

In accordance with your request, we are pleased to provide the following quotation:

Named Insured: County of El Dorado

Address: Box 85, Placerville, CA 95667

Policy Period: From February 5, 2007 to February 5, 2008

Interest: The Insured's legal liability, to which this policy applies, arising out of the Insured's airport operations at the following airport location(s):

PVF – Placerville Airport, Placerville, CA
Q61 – Georgetown Airport, Georgetown, CA

Sum Insured: \$15,000,000 each occurrence/offense in respect to Bodily Injury, Personal and Advertising Injury and Property Damage combined, subject to the following limitations:

Products/Completed Operations Annual Aggregate Limit.....	\$15,000,000
Personal Injury & Advertising Injury Annual Aggregate Limit.....	15,000,000
Malpractice Annual Aggregate Limit.....	15,000,000
Extended Coverage - War, Hi-jacking and Other Perils Annual Aggregate Limit.....	Not Insured
Fire Damage Limit, Any One Fire.....	50,000
Medical Expense Limit, Any One Person.....	1,000
Hangarkeepers not "In Flight" Limit, Any One Occurrence.....	15,000,000
Hangarkeepers not "In Flight" Limit, Any One Aircraft.....	15,000,000
Non-owned Aircraft Liability.....	15,000,000

Deductible: Nil each occurrence/offense, but not to exceed nil Annual Aggregate

Conditions: Policy Form: AAP 201/202 (11/99) which includes, inter alia, the following exclusion clauses:
War, Hi-jacking and Other Perils Exclusion Clause,
Noise, Pollution and Other Perils Exclusion Clause

The policy is also subject to the following:

30-day notice of cancellation or non-renewal, but 10-day notice for non-payment of premium. This provision does not override the Automatic Termination, review or cancellation provisions of endorsement AAP237, AAP203, or AAPLA1.

AAP204	(11/99) Amendment of Noise & Pollution & Other Perils Exclusion
AAP220	(11/99) Immunity Waiver Endorsement
AAP237	(11/99) Nuclear Risks Exclusion Clause
AAP242	(11/99) Personal Injury Limitation Endorsement
AAP255	(11/99) Date Recognition Limited Coverage Endorsement
AAP256	(11/99) Date Recognition Exclusion Endorsement
AAP273	(11/03) Pollution Endorsement
AAP277	(01/06) Silica, Dust, and Particulate Matter Exclusion
AAP278	**(12/04) Conditional Exclusion of Terrorism Endorsement
AAP1654	**(10/04) Disclosure of Premium and Estimated Premium for Certified Acts of Terrorism Endorsement
AAP280	**(11/04) Exclusion of Terrorism Endorsement
AAPCA	(03/00) California Changes – Cancellation and Non-renewal

**If TRIA coverage is purchased, endorsements AAP278 (12/04) and AAP1654 (10/04) shall apply, subject to regulatory approval.

**If neither TRIA coverage nor War Extended coverage is purchased, endorsement AAP280 (11/04) shall apply, subject to regulatory approval.

Annual GL Premium:	Total Annual Premium:
\$16,695 + \$250 Broker Fee (Burns & Wilcox)	\$16,945

Annual Premium for Optional Coverages:

\$11,678 – Extended Coverage-War, Hi-jacking and Other Perils Endorsement-AAP203
\$11,678 – Coverage as required by the Terrorism Risk Insurance Act of 2002 (TRIA)
\$17,517 – Coverage under both of the above endorsements.

Disclaimer: This proposal is not a legal interpretation of coverage afforded and is intended only as a brief description of coverage. In the event of a loss, all terms and exclusions will apply. This proposal is valid for 30 days and is subject to underwriting approval.