



ACI-NA Phase II: Concessionaires Survey Summary

September 2008

**ACI-NA Insurance and Risk Management Committee
ACI-NA Economic Affairs Department**

Background

- In order to assist airports in assessing the adequacy of insurance coverage requirements, the ACI-NA Insurance and Risk Management Committee began researching a pilot project in 2006. Phase I of the project analyzed the insurance and indemnification section of airport and airline use/lease agreements.
- The Committee has developed Phase II of the project, which covers airport food and beverage, retail concessionaires and other space agreements for use of Airport property.
- This survey was designed to gather information on the insurance agreements that airports have with the concessionaires they contract with.
- The information provided through this survey will help airports compare their agreements to others in the industry.

Phase II: Concessionaires Survey

- The survey was launched on May 29, 2008
- Sent to all of the member airports participating in the Insurance and Risk Management Committee.
 - A total of 35 members responded to the survey questionnaire, representing 14 large hub airports, 9 medium hub airports, 4 small hub airports, and 6 non hub primary
- The questionnaire is divided into two sections:
 - Limits of Non-Airline Concession, Space and Off-Site Property Agreements
 - Non-Airline Concession and Space Agreements Insurance Section Specifications.
- Airports participated by providing detailed information regarding their airport concessionaire agreements.



Sample Size

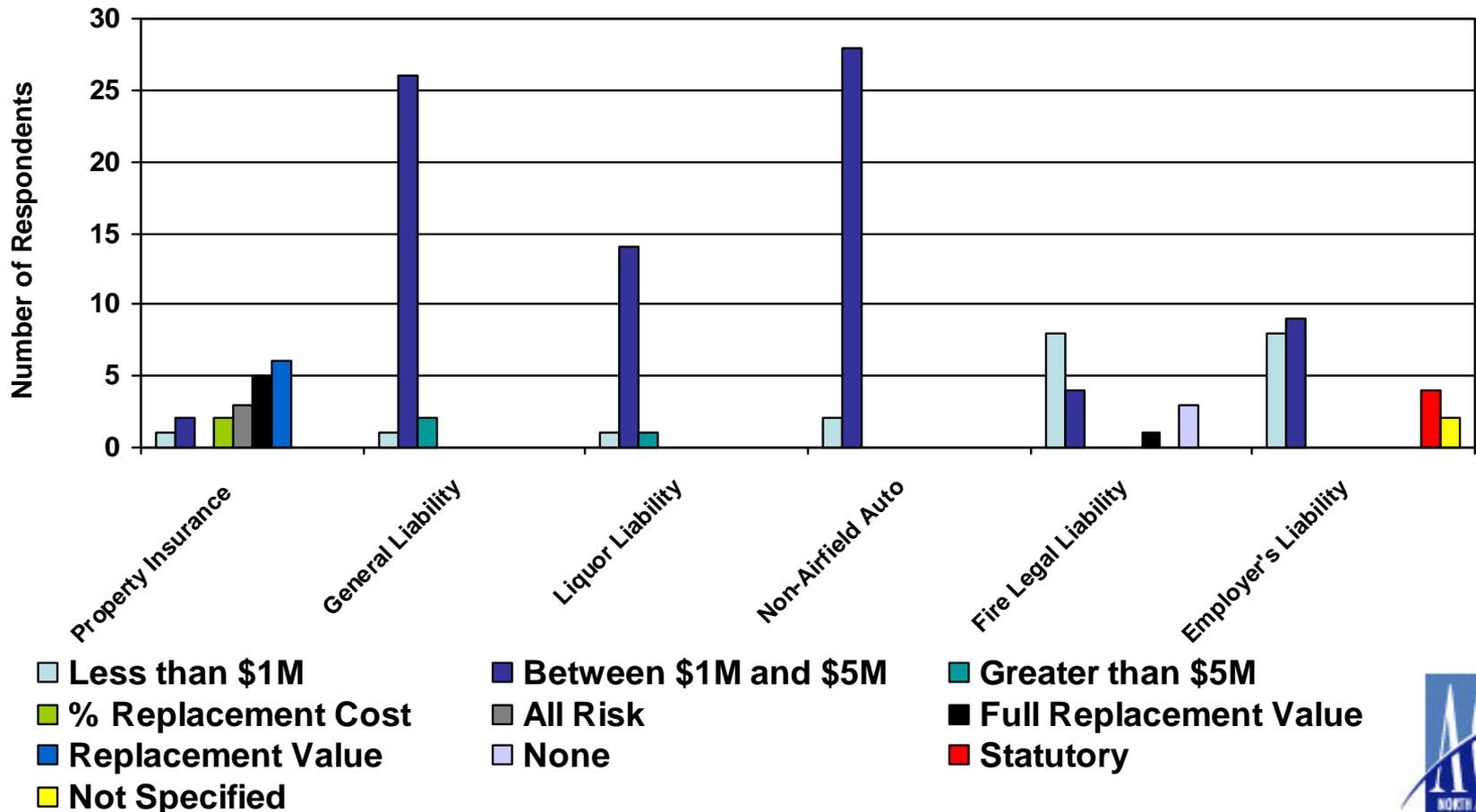
| Hub Size | Number of Responses | Industry Total | Percent of Industry Total |
|----------|---------------------|----------------|---------------------------|
| Large | 14 | 30 | 46.7% |
| Medium | 9 | 37 | 24.3% |
| Small | 4 | 71 | 5.6% |
| Non | 6 | 241 | 2.5% |
| Total | 33 | 379 | -- |

Limits Type I:

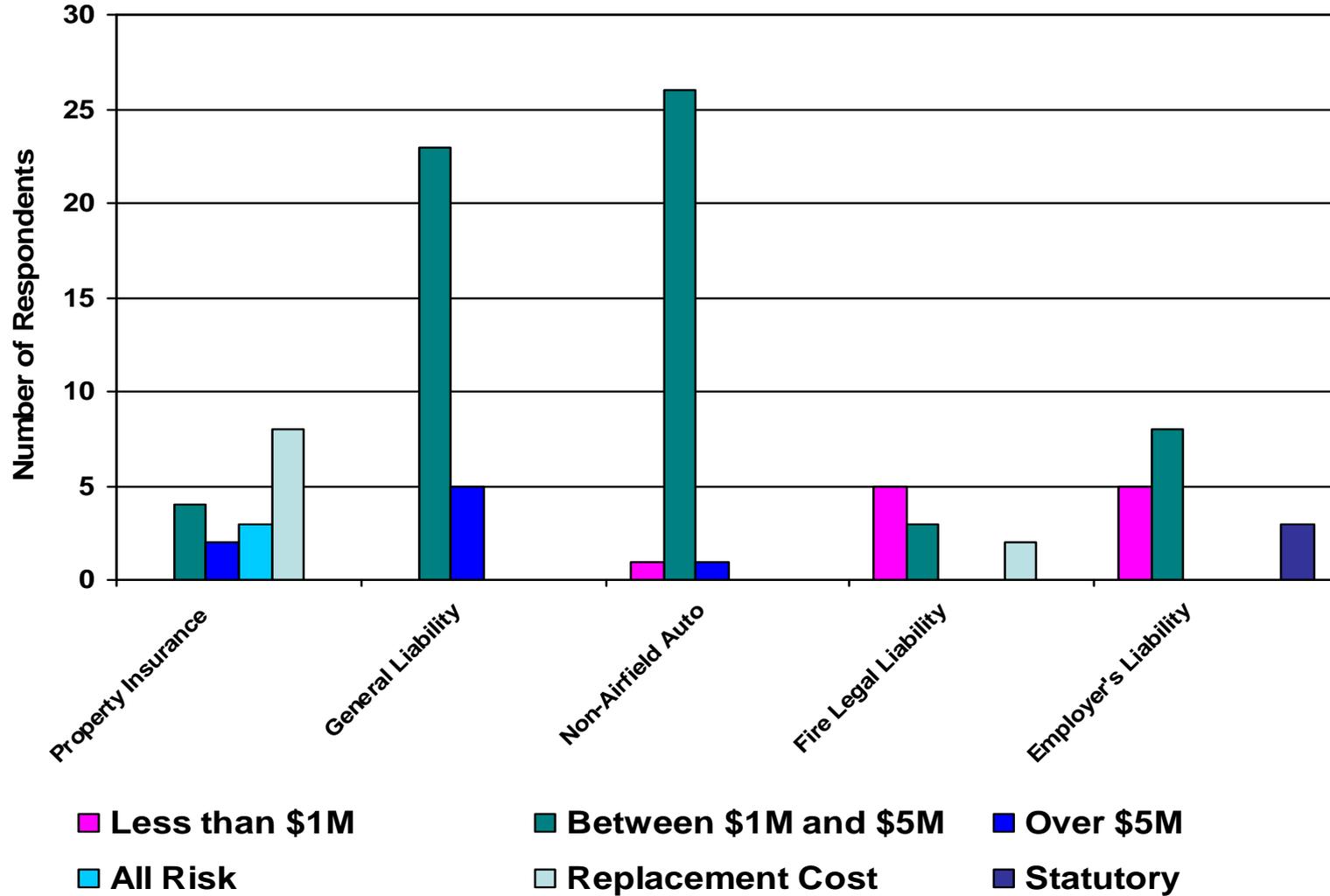
Limits of Non-Airline Concession, Space and
Off-Site Property Agreements

List the general insurance limits as required by your airport authority, in millions of dollars

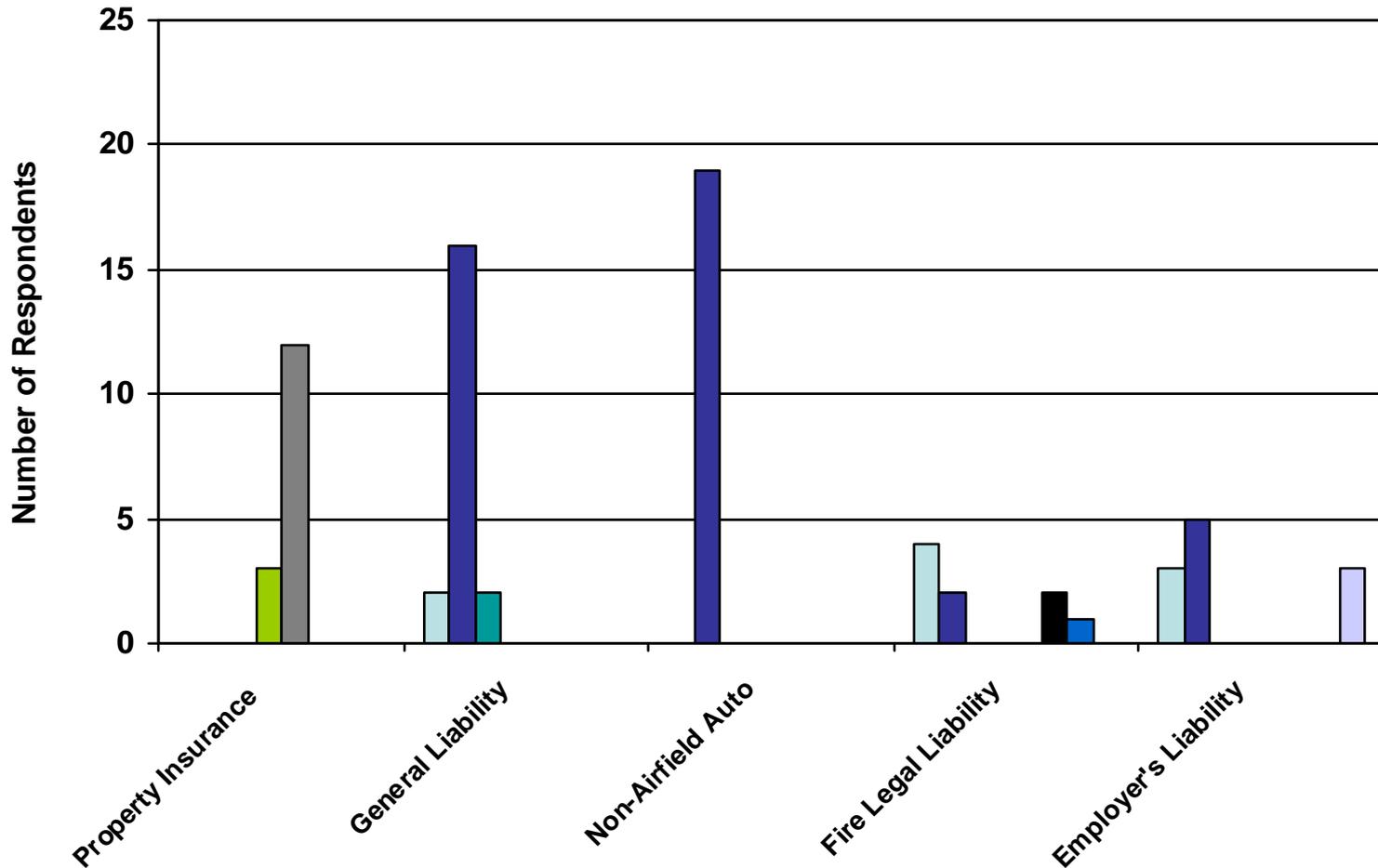
Restaurant and Retail



General Terminal Space



Off-site Warehouse or Other Space/Property



■ Less than \$1M
■ All Risk
■ Varies

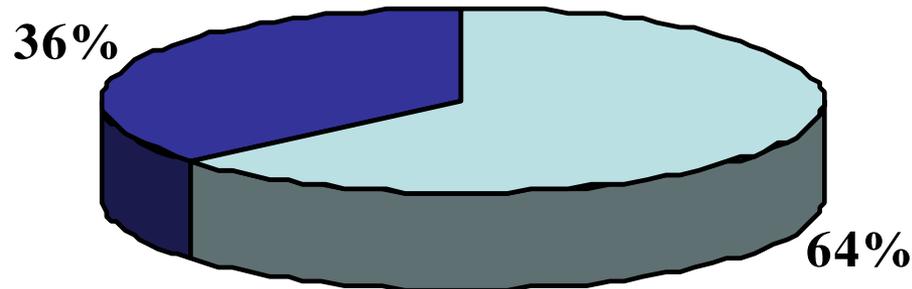
■ Between \$1M and \$5M
■ Replacement Value
■ Statutory

■ Over \$5M
■ Full Replacement Value

General Requirements Type I:

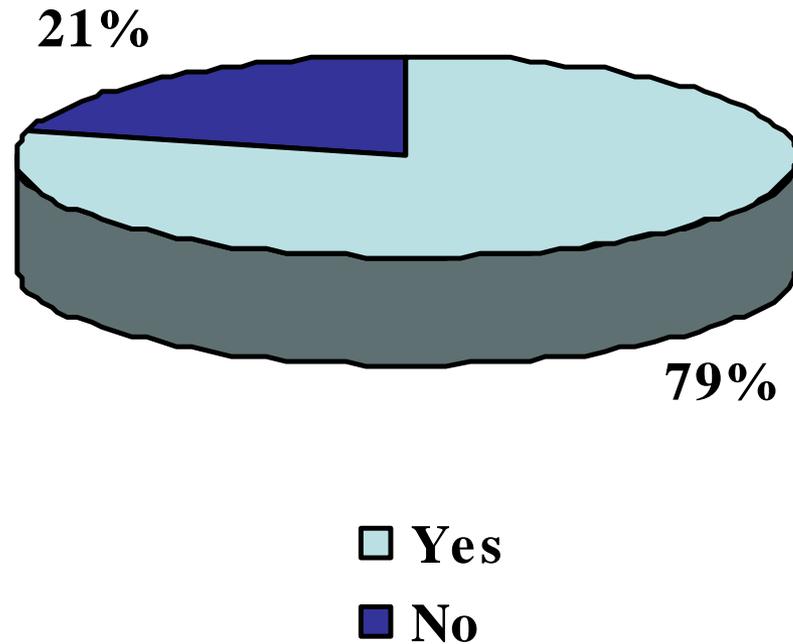
Airport Non-Airline Concession and Space Agreements
and Off-Site Property Insurance Section Specifications

Does the agreement specify that commercial general liability insurance is to include bodily injury and property damage using coverage form ISO CG 00 01 10 01, or its equivalent?

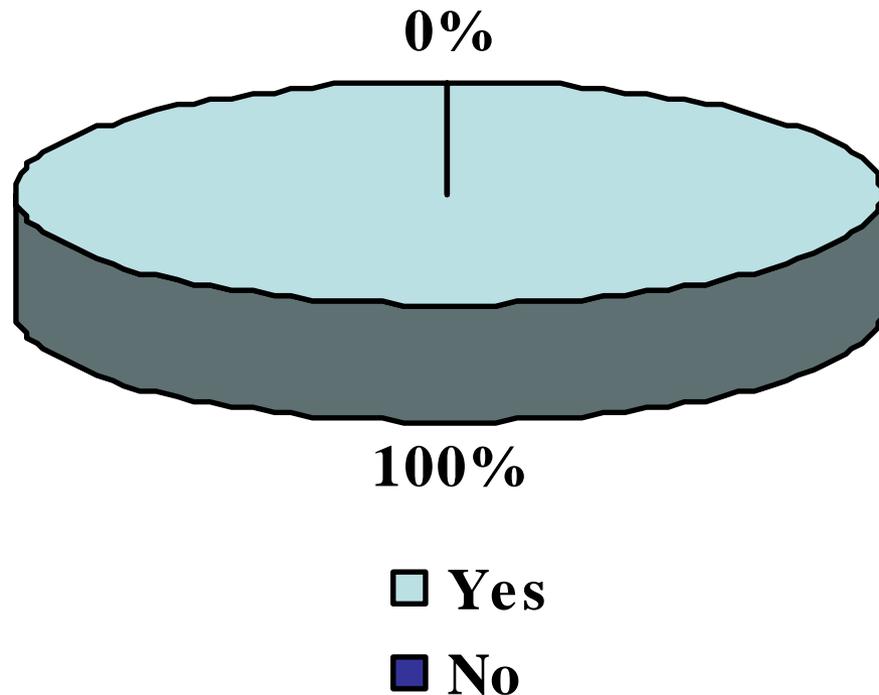


□ Yes
■ No

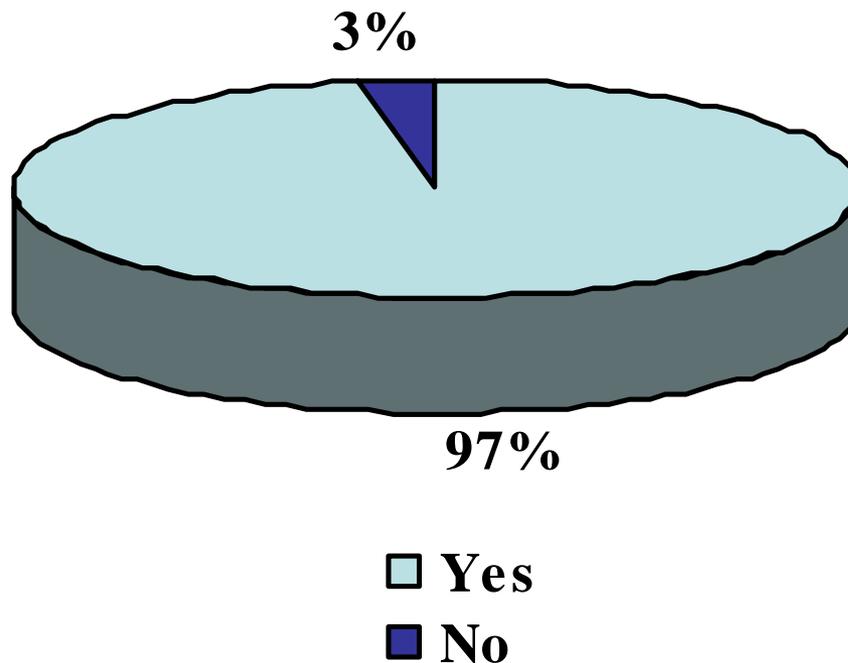
Does the agreement specify commercial general liability coverage for products and completed operations?



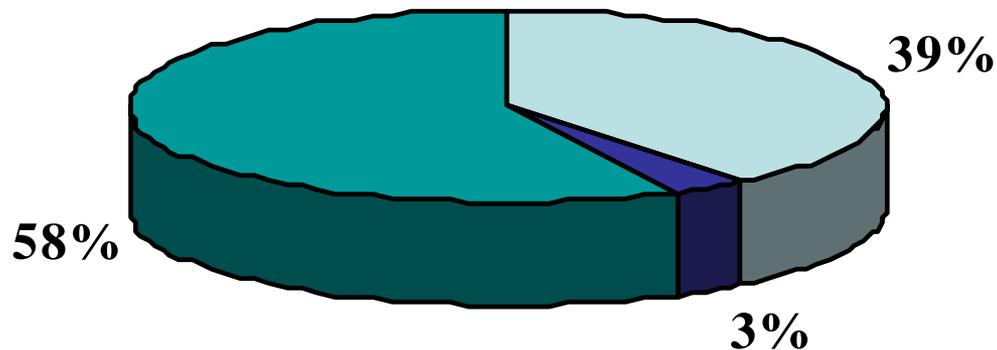
Is a certificate of insurance required?



Does the agreement specify that the airport authority is to be added as an additional insured on the general liability coverage?

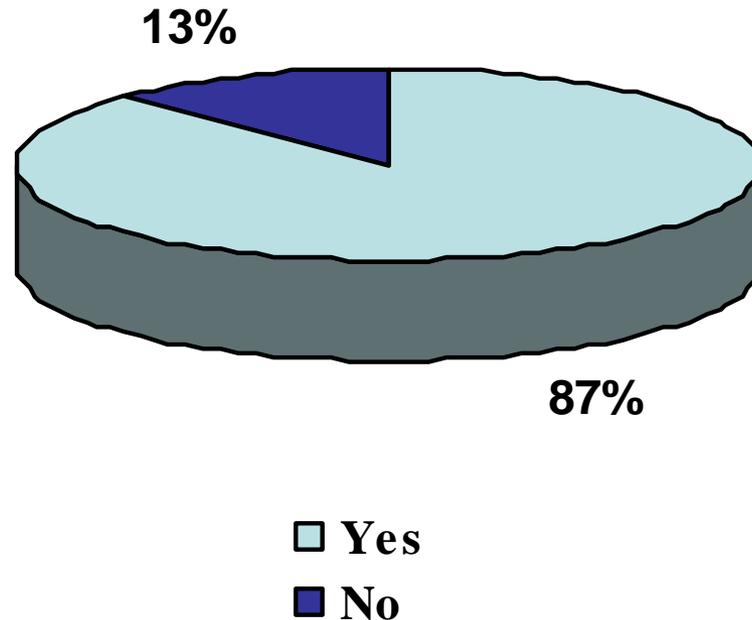


Are the insurance limits in dollars specified in your agreements standard or custom-set for each agreement?

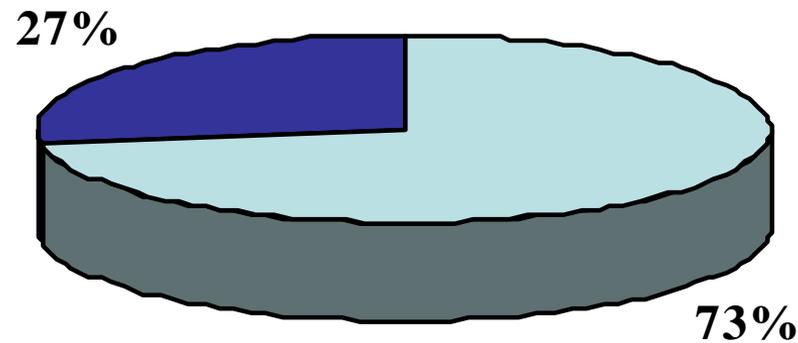


- Standard
- Custom-Set
- Combination

Does the agreement specify that Workers' Compensation coverage is to be provided?

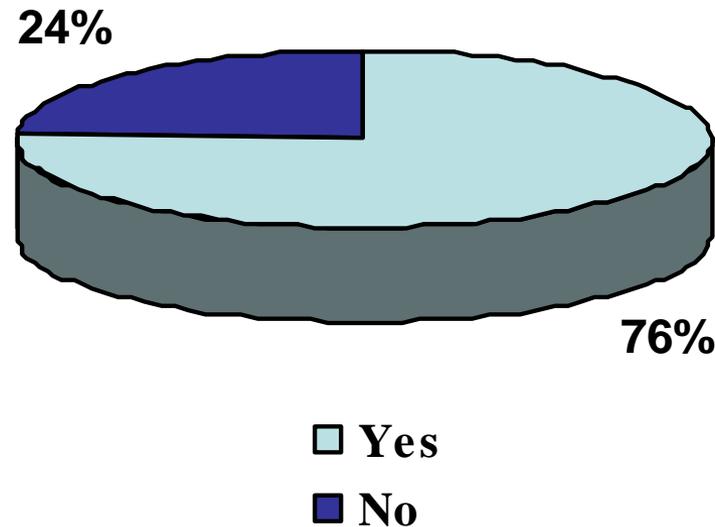


Does the agreement specify that employer's liability insurance is to be provided?

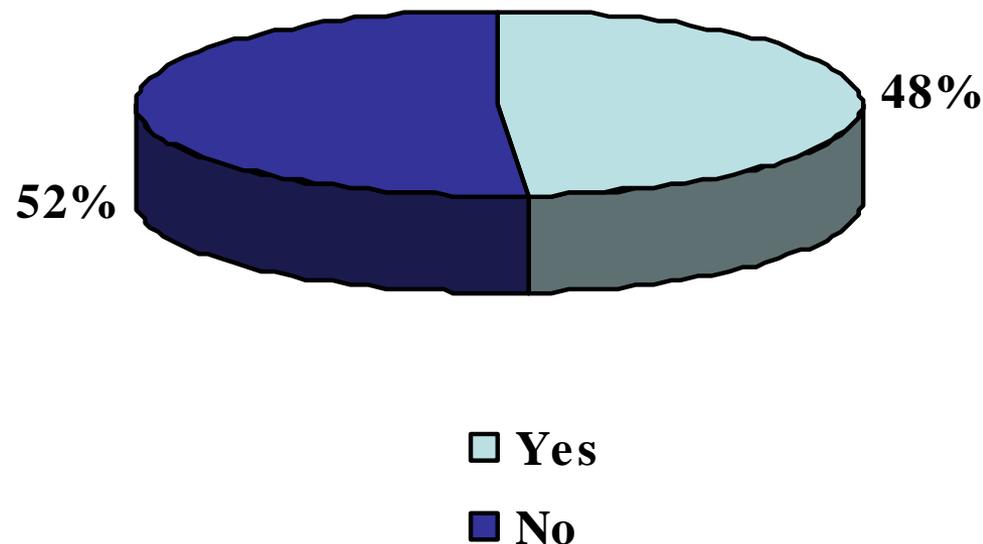


- Yes
- No

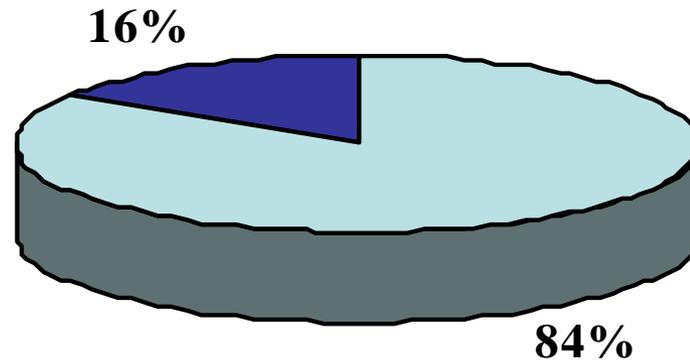
Is auto liability insurance always required and specified in agreements?



Is auto liability insurance only required based on whether or not the vehicles are used within the scope of the agreement, or on the airfield?

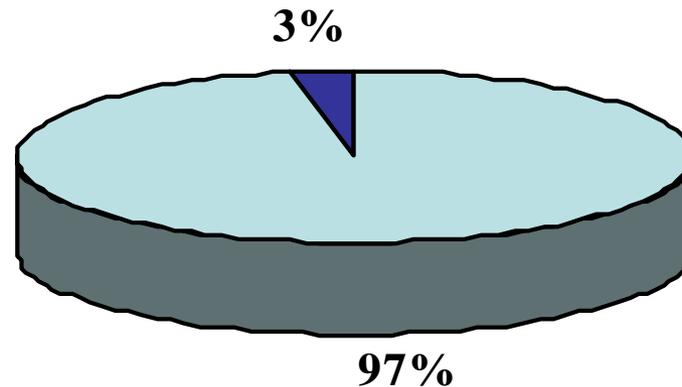


Do the agreements for professional services require evidence of errors and omissions, or liability coverage for wrongful acts



- Yes
- No

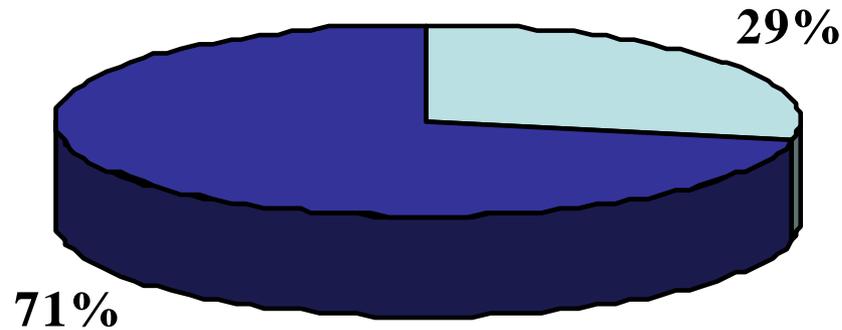
Is the number of days to submit a cancellation notice to airport authority specified in the agreements?



Yes

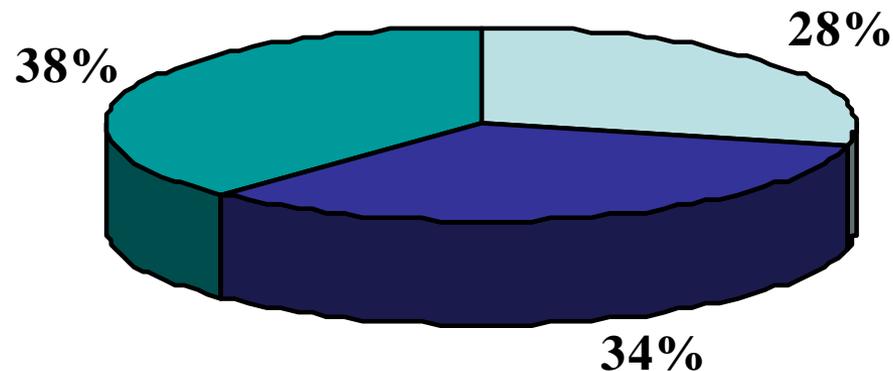
No

Do any agreements limit the amount of deductible to be carried, or do they require approval by the airport if deductible is in excess of a certain amount?



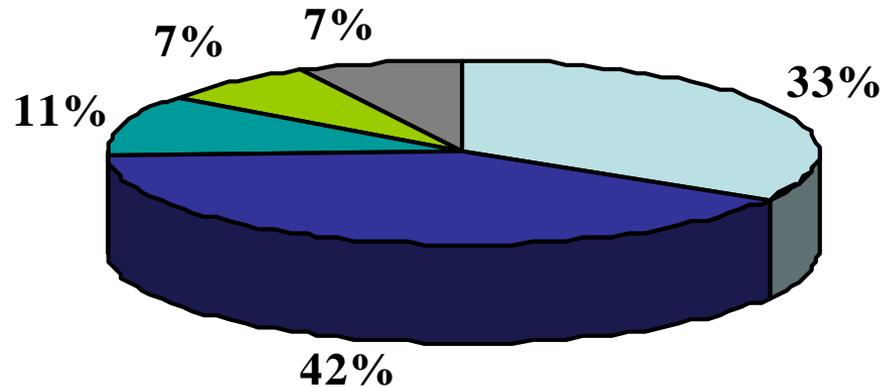
- Limit the amount deductible to be carried
- Require approval by airport

Lines for Which Any Form of Self Insurance is Allowed



- Workers' Comp
- Auto Liability
- General Liability

Which airport department manages certificate and insurance compliance for these agreements?



- Properties
- Risk Management
- Business
- Finance
- Individual Department

Steering Group Members

- Jeff Hollingsworth, Risk Manager, SEA
- Errol Fitzpatrick, Risk Manager, SAN
- Bill Hoyt, Risk Manager, MSP
- Scott Gibbons, Risk Manager, CVG
- Mike Natale, Risk Manager, MWAA
- Stephen Dinsdale, Vice President, ACE
- Liying Gu, Senior Director, Economic Affairs and Research, ACI-NA
- Miranda Horan, Research Analyst, Economic Affairs and Research, ACI-NA

Questions?