

An aerial photograph of an airport is shown, with a large blue rectangular overlay in the upper half. The overlay contains the title and date of the event. The airport below shows runways, taxiways, parking lots filled with cars, and various airport buildings.

# ACRP Airport Insurance Requirements

## Transportation Research Board October 23, 2023

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# Today's Learning Objectives

- 1. Understand key components of an airport insurance program and the various elements involved in developing an effective program**
- 2. Use best practices and recommended approaches for managing insurance requirements and contracts**

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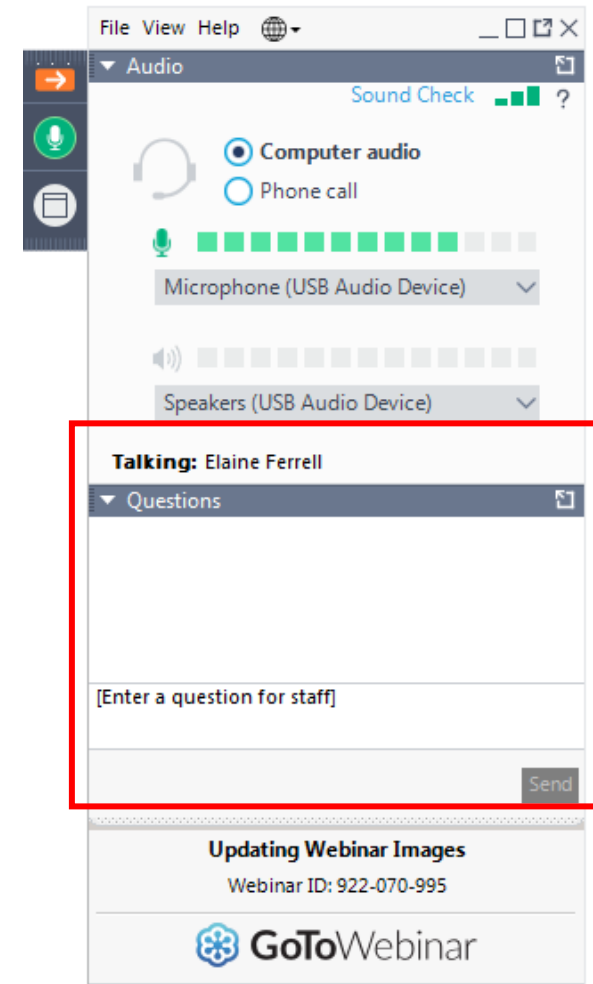
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loud, and answer as many as  
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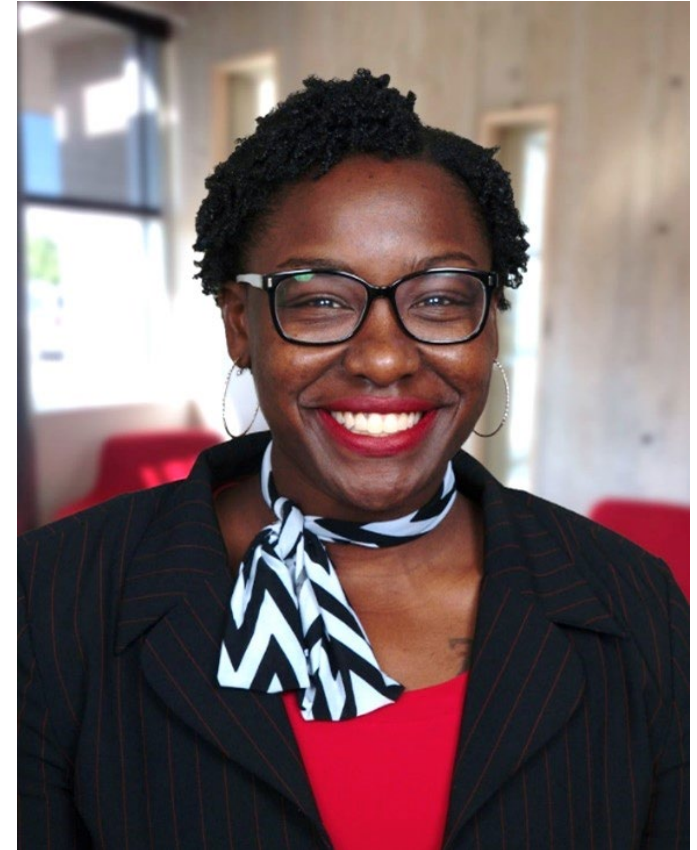




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## *Mead & Hunt*

- Market Leader for Aviation Equity Strategies
- Specializes in project equity, environmental justice, community collaboration, workforce development, and accessibility



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- ACRP Report 33 - Guidebook for Developing and Managing Airport Contracts (2010)
- Former Risk Manager for the State of California, Department of Transportation



## Olivia Raese, ARM, CIC, CRM, CRIS, RIMS-CRMP, PMP

- Aerospace and Aviation Practice Leader, Consultant at Albert Risk Management Consultants
- 20+ Years of Risk Management Experience, Including Aerospace and Aviation



# ACRP 01-44 OVERSIGHT PANEL

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- Thomas W. Anderson, Metropolitan Airports Commission (retired), Edina, MN
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- Lynn Hampton, Lynn Hampton Associates, Louisville, KY
- Geoffrey Harrold, Metropolitan Airports Commission, Edina, MN
- Kathleen Brockman, FAA Liaison
- Ashley Sng, Airports Council International—North America Liaison

Thank YOU to those who put time into reviewing the report and guidebook!



# RESEARCH PROBLEM

- Guidance on Insurance Best Practices
  - Small, Mid-sized Hubs
- Guidance on Contractual Insurance Requirements for Vendors, Suppliers, Tenants
- Template(s) for Basic Contractual Insurance Requirements

ACRP 01-44 RFP:

*“The objective of this project is to develop a guidebook for airports of all categories to establish (a) an insurance program for its own activities and (b) insurance requirements for third-party actors based on the type of activity and risk.”*

# ACRP PROJECT

## ACRP 01-44

- Issued by ACRP & Transportation Research Board December 2019
- National Academies of Sciences, Engineering, and Medicine
- Funded by Federal Aviation Administration

Development of guidebook for airports of all Hub sizes to include:

- Insurance Purchasing Best Practices
- Contractual Insurance Requirements for Third Parties

Specifically excludes construction.

# PROJECT AND RESEARCH SUMMARY

- Literature review
- Airport risk manager survey
- Interviews with risk managers, brokers, and underwriters
- Interim report and presentation to panel
- Development of Guidebook
- Implementation of the Guidebook
- Recommendations for future ACRP research projects

# LITERATURE REVIEW

- Research team identified 80 relevant publications on the subject as part of their literature search and review.
- 40 journal articles, books, presentations, and other reports related to airport insurance, third-party insurance requirements for airports, and issues with third party vendor insurance compliance.
- 39 online news articles and blog posts that were related to the project.

**Results of literature review incorporated into Guidebook.**

# AIRPORT RISK MANAGER SURVEY

A survey to airport risk managers was developed, tested, and launched

- 24 questions

Responses were collected from airports of all hub sizes across the US

- 24 airports participated in and completed the survey
- 28% response rate

# AIRPORT INTERVIEWS

- Individuals identified for interviews included:
  - Airport Risk Managers and Finance Personnel
  - Airport Insurance Brokers
  - Aviation Insurance Underwriters
- Development of Questions by Audience
- Conducted Interviews (2-3 Months)



# GUIDEBOOK CONTENTS

- A. Purpose
- B. Risk Exposures (faced by airports)
  - Top Risks
  - By Hub Size
  - By Region
- C. Risk Management Practices
  - General
  - Insurance Purchasing practices
  - Contractual Risk Transfer Practices
- D. Contractual Insurance Requirements (for third parties) s
  - 5-Step Process
  - Templates
- E. Appendices - Literature, Brochure on Minimum Airport Insurance Requirements and Standards, Insurance Requirement Templates

# GUIDEBOOK PUBLICATION

- ACRP Panel - Approval of FINAL Guidebook
- Guidebook Finalized
  - Sent to TRB (Transportation Research Board)
  - Significant, Lengthy Editing Process
- Publication released by National Academies January 2023

# PUTTING THE GUIDEBOOK TO USE

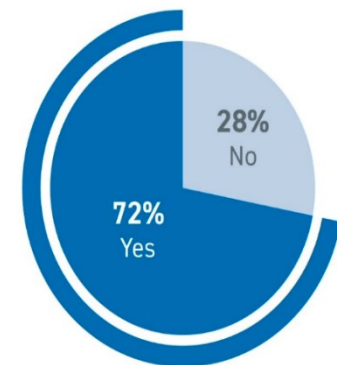
# REVIEW EXPOSURES

- Section B - Outlines Typical Exposures
  - Top Risks
  - Uninsurable Risks
  - Airport Size
  - Airport Region



Source: Adopted from Spaniel and Eftekhari (2019).

**Figure 1. Examples of Airport Cyberattacks**



**Figure 3. US Airports: Has COVID-19 Changed Your Risk Profile?**

# RISK MANAGEMENT BEST PRACTICES

- Section C - Airport Risk Management Practices
  - General (Department, Initiatives, Claims, Broker Selection, Safety)
  - Insurance (Purchasing Practices, Types, Limits, Deductibles, Market Concerns, Trends)
  - Contractual Risk Transfer (Establishing Protocols, Proof of 3<sup>rd</sup> Party Coverage, Contractual Insurance Compliance)



## RISK MANAGEMENT BEST PRACTICE

Periodically **challenge your airport's insurance retention levels**, especially if that analysis has not been conducted for a while. Review the airport's claim experience at various loss levels. Consider soliciting the services of a trained actuary to conduct an in-depth analysis to recommend appropriate retention levels.

## RISK MANAGEMENT BEST PRACTICE

### Tips for Establishing Insurance Requirements

- Review your insurance language at least once every 1 to 2 years.
- Identify emerging risks at your airport which may require additional insurance requirements or higher limits of liability.
- Engage your insurance broker to conduct a thorough review as part of their scope of work. Alternatively, solicit the services of a risk management consultant to independently review your language and processes and procedures to ensure best practices are followed ensuring the maximum amount of risk is transferred.

## RISK MANAGEMENT BEST PRACTICE

**Purchase cyber liability coverage**, especially if your airport is owned by a city, county, state, or other public municipality as they are subject to frequent attacks. Purchase the highest liability limits reasonably available in the marketplace. In addition, deploy risk mitigation efforts such as multi-factor authentication and arrange for backup systems.

# THIRD-PARTY INSURANCE REQUIREMENTS

- Section D - Setting Contractual Insurance Requirements
  - Discussion of Development, Setting up Protocols
  - Recommended 5-Step Process

# 5-STEP PROCESS - INSURANCE REQUIREMENTS

1. Identify Contract Type (7 categories)
2. Conduct Risk Assessment
  - Identify risks by line of insurance
  - Identify risks for basic and ancillary coverages
  - Tables to guide the process
3. Determine Limits for Basic Coverages
  - WC; GL; Auto
  - Range of limits by type of contract
4. Identify Ancillary Coverages
  - Identifies possible ancillary coverages needed by contract type
5. Assemble Components
  - Basic Coverages + Ancillary Coverages + General Provisions
  - Templates; Best Practices (when deviating); High-hazard Risks

**Table 4. Major Categories of Contracts<sup>6</sup>**

Contract Category	Examples of Activities Covered by Contract Type
<b>Professional Services</b>	<ul style="list-style-type: none"> <li>■ Architects &amp; Engineers of all specialties</li> <li>■ “Airport’s” Construction Management representative</li> <li>■ Legal services of all specialties</li> <li>■ Tax and Auditing Services</li> <li>■ Project Management Contractor</li> </ul>
<b>Repair &amp; Maintenance</b>	<ul style="list-style-type: none"> <li>■ Automated people movers</li> <li>■ Lift system maintenance and repair</li> <li>■ Jetway bridge maintenance and repair</li> <li>■ Any Contractor hired to maintain airport building operations</li> <li>■ Maintenance and Repair Contractors</li> </ul>
<b>Tenant &amp; User</b>	<ul style="list-style-type: none"> <li>■ Right of entry agreements</li> <li>■ Easements</li> <li>■ Basic space and use agreements</li> <li>■ Fueling leases</li> <li>■ Developer agreements</li> <li>■ Standard commercial operator leases</li> </ul>
<b>Airline Signatory</b>	<ul style="list-style-type: none"> <li>■ Agreements between airlines and the “Airport”</li> <li>■ Includes airfield and terminal usage agreements</li> </ul>
<b>Ground Transportation</b>	<ul style="list-style-type: none"> <li>■ Contracts that provide rights of access to airport property</li> <li>■ Taxis, Lyft, Uber, and other ride share entities</li> </ul>
<b>Vendor &amp; Purchase</b>	<ul style="list-style-type: none"> <li>■ Acquisition of goods and services for airport operations</li> </ul>
<b>Software and IT</b>	<ul style="list-style-type: none"> <li>■ Financial systems</li> <li>■ Passenger flight displays</li> <li>■ Telecommunications</li> <li>■ Security and Data Lines</li> <li>■ Software and IT system designers, installers, or service providers</li> </ul>



## Step 5: Assemble the Insurance Requirements into one Master Document



# MINIMUM INSURANCE REQUIREMENTS BROCHURE



# Minimum Airport Insurance Requirements and Standards



**General Liability or  
Aviation General Liability  
Insurance Coverage**



**Auto Liability  
Insurance Coverage**



**Worker's Compensation  
and Employer's Liability  
Insurance Coverage**

## General Liability or Aviation General Liability Insurance Coverage



### What is it?

General liability insurance or aviation general liability insurance provides coverage for bodily injury or property damage arising out of an airport tenant, vendor, or service provider actions.

### Why am I being asked to carry it?

Airports request that tenants, vendors, or service providers have this coverage in place as part of the agreement with the airport to pay for any third party liability claims arising from your operations or services performed while a tenant, vendor, or service provider is on airport premises.

### What specific insurance provisions will be required?

A certificate of liability insurance is required with policy endorsements attached naming the airport as an additional insured and providing a waiver of subrogation, a primary and non-contributory provision, and 30-day notice of cancellation provision in favor of the airport.

### Why am I being asked to provide additional insured status and a waiver of subrogation in favor of the airport on my general liability insurance policy?

By adding the airport as an additional insured on your general liability insurance policy, your insurance acts as a funding mechanism to protect the airport in the event you (tenant, vendor, or service provider) cause an accident while performing work or operating at the airport. A waiver of subrogation clause is required to ensure that your insurance policy does not try to recoup costs from the airport after a claim is made. Both provisions are required contractually to protect the airport from your business operations.

## MINIMUM AIRPORT INSURANCE REQUIREMENTS AND STANDARDS (Best Practices)

These insurance coverages are minimum standards and should be adhered to as part of your written agreement with the airport. Depending on your services offered and performed at the airport, additional insurance coverages may be contractually required. Please refer to your contract for specific information on insurance coverages and limits required.

## Auto Liability Insurance Coverage



### What is it?

Auto liability insurance provides coverage for bodily injury or property damage arising out of an airport tenant, vendor, or service provider's use of an automobile.

### Why am I being asked to carry it?

Airports request that tenants, vendors, or service providers have this coverage in place as part of the agreement with the airport to pay for any auto liability claims that may occur while a tenant, vendor, or service provider is performing work while using an auto in and around airport premises. This coverage must be provided even if no vehicles are owned by the tenant, vendor, or service provider as any employee driving onto the airport in their personal or rented vehicle must be insured.

### What specific insurance provisions will be required?

A certificate of auto liability insurance evidencing coverage for owned, non-owned, and hired autos is required with policy endorsements attached naming the airport as an additional insured with a primary and non-contributory provision and 30-day notice of cancellation provision in favor of the airport.

### Why am I being asked to provide additional insured status in favor of the airport on my auto liability insurance policy?

By adding the airport as an additional insured on your auto liability insurance policy, your insurance acts as a funding mechanism to protect the airport in the event you (tenant, vendor, or service provider) or your employee cause an auto accident while performing work or operating at the airport. This provision is required contractually to protect the airport. Your automobile liability policy may provide automatic additional insured coverage when required under a contract.

## Workers' Compensation and Employer's Liability Insurance Coverage



### What is it?

Workers' compensation and employer's liability insurance covers your employees for work-related injuries providing compensation for medical care as well as lost wages.

### Why am I being asked to carry it?

Airports request that tenants, vendors, or service providers have this coverage in place as part of the agreement with the airport to pay for any injury to employees that may occur while an airport tenant, vendor, or service provider is performing work while on airport premises.

### What specific insurance provisions will be required?

A certificate of workers' compensation insurance is required with policy endorsements attached providing a waiver of subrogation and 30-day notice of cancellation provision in favor of the airport.

### Why am I being asked to provide a waiver of subrogation in favor of the airport on my workers' compensation insurance policy?

A waiver of subrogation clause in favor of the airport is required to ensure that your workers' compensation insurance policy does not try to recoup costs from the airport associated with a workplace injury brought about by work performed by you (tenant, vendor, or service provider) at the airport. This provision is required contractually to protect the airport.

## RIGHT TO REVIEW INSURANCE POLICIES

The airport may review the insurance policy to verify terms, limits, and deductible amounts on a case-by-case basis. Insurance certificates and endorsements will be provided to the airport at each insurance renewal.

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## Airport Insurance Requirements

An airport's insurance program is just one component of its overall risk management program. An insurance program can be quite complex, addressing types of coverage, limits, retention amounts, and legal and contractual issues, among other factors.

The TRB Airport Cooperative Research Program's *ACRP Research Report 248: Airport Insurance Requirements* provides best practices for airports developing an insurance program, including requirements for contracts with third parties doing business at the airport.

Supplemental to the report are a [Brochure](#) and [Insurance Coverage Templates](#).

Project: Project Information  
DOI: 10.17226/26908  
Project Number: 01-44

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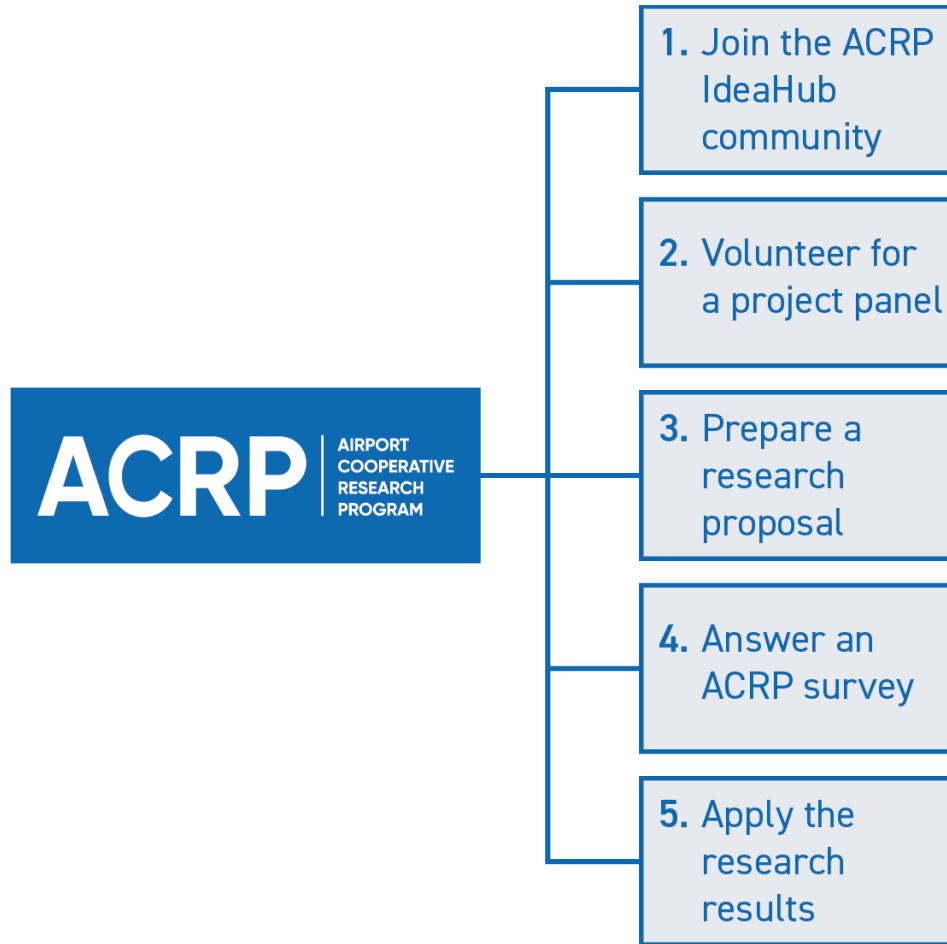


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