



**AIRPORTS COUNCIL  
INTERNATIONAL**

# **2008 TERRORISM IMMUNITY SURVEY SUMMARY**

**September 2008**

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

September 17, 2008



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## 1 EXECUTIVE SUMMARY

Airlines currently have a \$100 million immunity cap for liability claims. Airport authorities do not have the same benefit, and have to either purchase terrorism coverage or buy stand-alone war risk coverage endorsement, or a combination of both.

This report documents the results of an online survey of the ACI-NA airport members regarding the liability that airports have as a result of terrorist acts. Below are some highlights of the survey results:

- A total of 35 U.S. airports participated in the survey, which accounted for 36% of all U.S. traffic in 2007. This represents a 19.7% response rate from the 178 airports surveyed in total.
  - The results indicate that by an overwhelming majority, 94% of the airports are in favor of lobbying efforts to Congress.
  - However, airports have diverse views on the amount of a liability cap, e.g., only 39% advocate for setting \$100 million or above cap. The rest would like to see a lower cap of below \$100 million.
  - Over two-thirds of the respondents believe that a liability cap will lower the cost of general liability terrorism coverage as offered by the insurance companies. In addition, 15% the airports anticipated that there would be other savings if a liability cap for terrorism events was in place.
  - When asked how the insurance purchasing decision process would be affected if airports were included in the liability cap for a terrorist event that currently applies to airlines, 44% of the respondents stated that they would now justify buying either terrorism, war risk, or both, up to the cap amount since that would reduce the total risk of terrorism liability to a negligible amount. The rest of the respondents would not change their insurance purchasing decision process because they are either indifferent as to whether or not a cap is available to airports, or do not think insurance or a cap is the best risk management strategy for this exposure, or just would not purchase terrorism coverage anyway, or just do not feel confident that a cap would give airports immunity.
  - Airports have concerns with the various terrorism liability consequences. They do not believe that the Terrorism Risk and Insurance Protection Reauthorization Act (TRIPRA) provide adequate protection to airports. The war risk endorsement coverage provides slightly better protection than TRIPRA, however not significant.
  - Thirty percent of the respondents do not have any form or type of terrorism liability coverage.
  - Only 64% of the respondents were aware of the airline liability cap of \$100 million prior to this survey.
-

## 2 BACKGROUND

A recent ACI-NA-sponsored survey completed in August 2007 showed that 85% of respondents have not purchased terrorism coverage. In a separate non-ACI survey done in late 2006 with 13 responding airports, none purchased terrorism coverage and only 40% of them purchased the war risk coverage.

On July 11, 2008, the Government Accountability Office ("GAO") released its initial audit report<sup>1</sup> on the availability of terrorism insurance in specific geographic markets. It found that while terrorism insurance coverage currently appears to be widely available to commercial policyholders on a nationwide basis at rates policyholders viewed as favorable, some policyholders in urban areas experience challenges in obtaining desired amounts of coverage or obtaining coverage at prices viewed as reasonable. In the audit report, GAO selected six cities that the agency considers to be at high, moderate, and low risk of attack. Four airports out of the six responded to this survey: three (San Francisco and Washington DC) are considered being located in high risk cities and one (Boston) in a moderate-risk city.

The Terrorism Immunity Survey<sup>2</sup> (the Survey) was launched on August 20, 2008 to determine if a lobbying effort to Congress to extend terrorism liability to airports is warranted. The Survey was designed to evaluate airports' views on the following issues based on the extent of liability airports have as a result of terrorist acts:

- Airport's exposure for liability stemming from a terrorist act;
- Whether or not a federal cap on terrorism liability should be pursued; and
- Whether or not a liability cap would change their general liability insurance buying tendencies.

The Survey was distributed to airport members to three ACI-NA standing committees - the Government Affairs Committee, the Finance Committee, and the Insurance and Risk Management Committee, a total of 178 U.S. airports. The responses were collected using an online survey tool. A total of 36 airports responded to the survey<sup>3</sup> representing 19.7% response rate, including 15 large hub airports, 9 medium hub airports, 7 small hub airports, 4 non hub airports as defined by the FAA as shown in Figure 1<sup>4</sup>, and 1 Canadian airport. Together the 35 responding U.S. airports enplaned a total of 274,265,255 passengers, accounting for 36% of all U.S. traffic in 2007 as shown in Table 1.

It was decided that the Canadian airport would be excluded from this survey because the lobbying efforts does not apply to Canadian airports.

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<sup>1</sup> See [Appendix 3](#) – Survey Questionnaire

<sup>2</sup> GAO <http://www.gao.gov/new.items/d08919r.pdf>

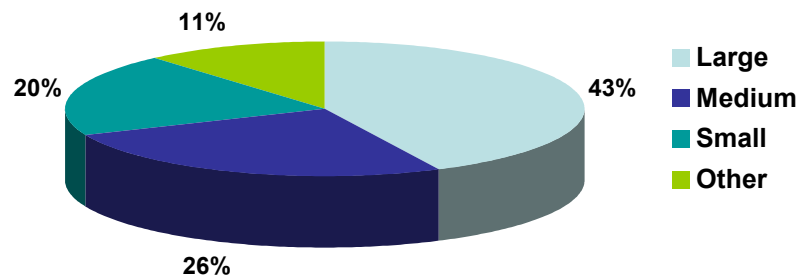
<sup>3</sup> See [Appendix 1](#) for responding airports

<sup>4</sup> See [Appendix 2](#) for FAA definition of airport categories

Table 1: Distribution of Responses by Airport Hub Size

Hub size	Number of responding airports	Total number of airports in industry	Responding airports as a % of total by hub size	Total enplanements of responding airports by hub size	Total enplanements by hub size	% of enplanement by responding airports
Large	15	30	50.0%	227,912,753	526,281,066	43.3%
Medium	9	37	24.3%	38,193,919	150,812,667	25.3%
Small	7	71	9.9%	7,505,217	61,428,869	12.2%
Other	4	241	1.7%	653,366	22,621,335	2.9%
Total	35	379	9.2%	274,265,255	761,143,937	36.0%

Figure 1: Distribution of Responses by Airport Hub Size



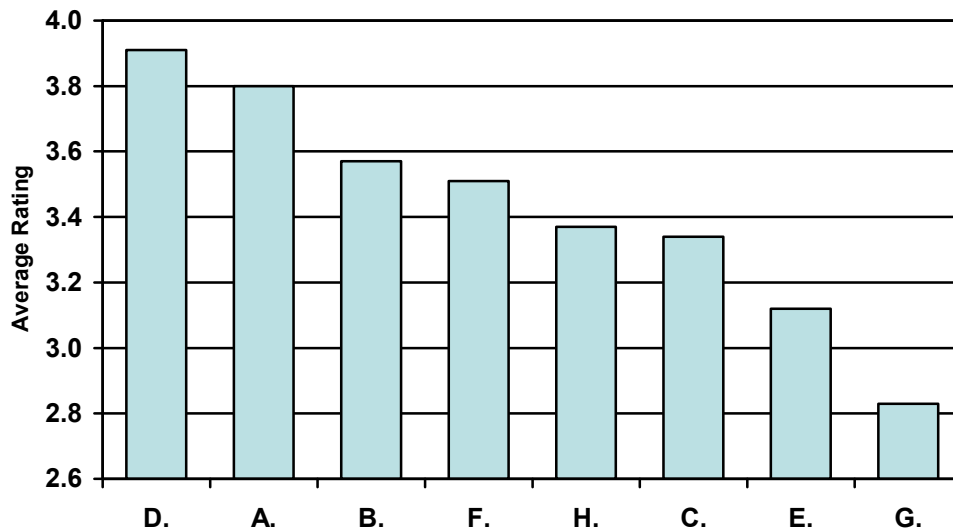
### 3 SURVEY RESULTS

#### 3.1 Concerns with a possible terrorist event

The first part of the survey focus on the airports’ opinions regarding airport liability coverage. This question outlined various situations that an airport may face if a terrorist event occurs. The respondents were asked to rate each scenario varying from the least concerned (1) to most concerned (5).

Of all the scenarios, airports were most concerned with the liability to individuals injured in a terrorist attack at an airport as shown in Figure 2. In comparison, airports are least concerned with the liability to an airline involved in a terrorist attack that results in injury and damages after leaving the airport, which is the only scenario with the average rating below the mid-point 3 (neutral) as shown in Table 2. This is because most airports specify insurance requirements that airline tenants need to carry in the airport/airline use/lease agreement.

Figure 2 : Concerns with a possible terrorist event



A. Direct property damage to airport assets.
B. Liability for pollution claims due to a terrorist attack that involves an airport's fuel tanks or hydrant systems and/or the fuel associated with an aircraft.
C. Workers compensation claims from the airport authorities own employees injured in an event occurring on airport property.
D. Liability to the airport from individuals who were injured in a terrorist attack while at the airport.
E. Liability to the airport from individuals injured from a terrorist attack but where the injuries and damages occurred away from airport property
F. Liability to an airline that was involved in a terrorist attack that result in injury and damages while on airport property.
G. Liability to an airline that was involved in a terrorist attack that result in injury and damages after leaving the airport.
H. Liability to an airport authority elected or appointed board/commission from injured parties who claim negligence on behalf of these persons.

Table 2: Concerns on Terrorism Liability

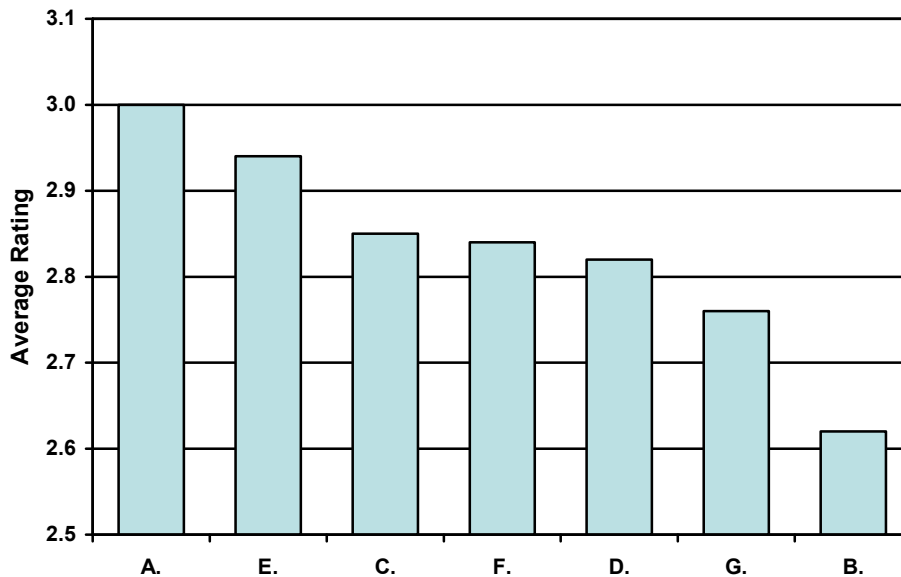
	D.	A.	B.	F.	H.	C.	E.	G.
1 (Least Concerned)	0%	0%	0%	0%	6%	3%	6%	9%
2 (Less Concerned)	20%	11%	14%	20%	20%	29%	32%	37%
3 (Neutral)	9%	20%	17%	23%	29%	17%	24%	23%
4 (More Concerned)	31%	46%	66%	43%	23%	34%	21%	26%
5 (Most Concerned)	40%	23%	3%	14%	23%	17%	18%	6%
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%	100%
<b>Average Rating</b>	3.91	3.80	3.57	3.51	3.37	3.34	3.12	2.83

In general, the average rating for concerns on each scenario is above the midpoint of 3 (neutral), with the exception of one scenario, indicating that the majority of airports are leaning towards more concerned about the various terrorism liability consequences.

### 3.2 Perception of the Terrorism Risk and Insurance Protection Reauthorization Act (TRIPRA)

Of the 34 responses to this question, all have an average rating at or below the midpoint 3 as shown in Figure 3, indicating that airports do not think (TRIPRA) provides adequate protection to airports. Of all the categories listed, TRIPRA was thought to provide the best protection to direct property damage to airport assets with an average rating of 3.00 shown in Table 3.

Figure 3: Perception of the TRIPRA





A. Direct property damage to airport assets.
B. Liability for pollution claims resulting from a terrorist attack stemming from damage to an airport's fuel tanks or the fuel associated with an aircraft.
C. Liability to the airport from individuals (non-employees) who were injured in a terrorist attack while at the airport.
D. Liability to the airport from individuals injured from a terrorist attack but where the injuries and damages occurred away from airport property.
E. Liability to an airline that was involved in a terrorist attack that result in injury and damages while on airport property.
F. Liability to an airline that was involved in a terrorist attack that result in injury and damages after leaving the airport.
G. Liability to an airport authority elected or appointed board/commission from injured parties who claim negligence on behalf of these persons.

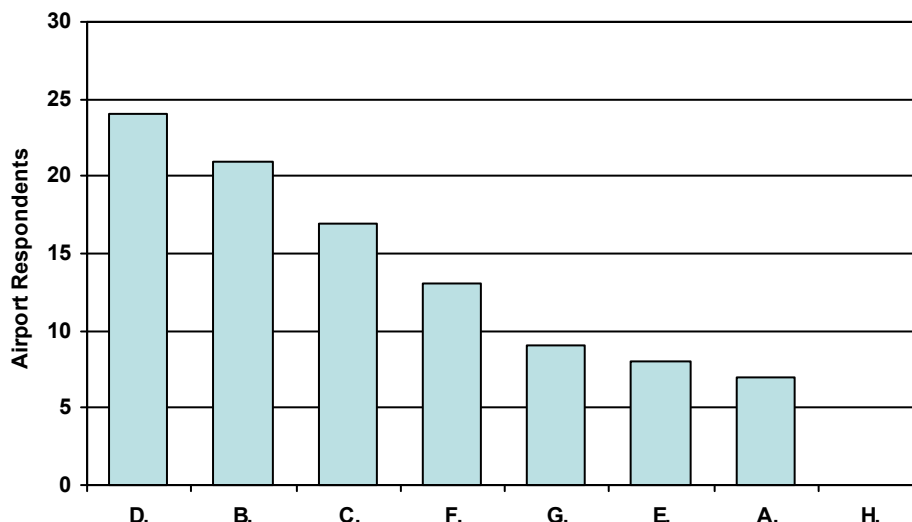
Table 3: Perception of the TRIRA

	A.	E.	C.	F.	D.	G.	B.
1 (Very Poor)	3%	3%	3%	3%	3%	3%	9%
2 (Poor)	21%	21%	22%	22%	24%	35%	26%
3 (Fair)	56%	58%	65%	63%	65%	47%	59%
4 (Good)	15%	15%	12%	13%	6%	12%	6%
5 (Very Good)	6%	3%	0%	3%	3%	3%	0%
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%
<b>Average Rating</b>	3.00	2.94	2.85	2.84	2.82	2.76	2.62

### 3.3 TRIPRA - Weaknesses, Problems or Deterrents

Respondents were asked to identify the weaknesses, problems or deterrents when deciding to purchase the terrorism coverage. Each respondent identified at least one weakness, problem or deterrent of TRIPRA, while on average, each airport identified 3 out of the 8 choices. The two biggest problems the majority of the respondents seen are shown in Figure 4: the premium cost and the fact that coverage has not been tested in court. Also, half of the respondents (17) believe that the definition of a terrorist event is unclear or even open to interpretation.

Figure 4: TRIPRA – Weaknesses, Problems or Deterrents

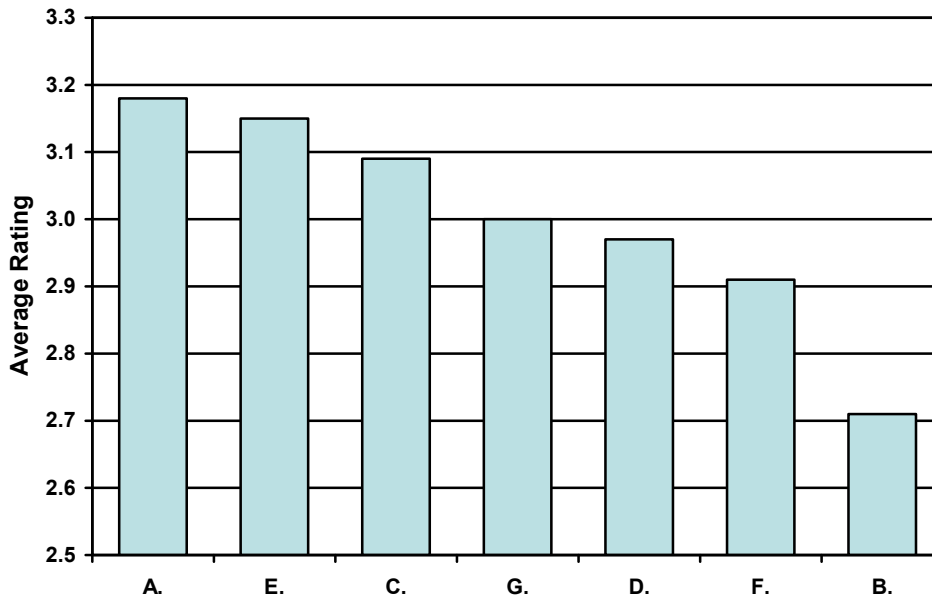


A. Limits too low.
B. Coverage has not been tested in court.
C. Definition of a terrorist event unclear or open to interpretation.
D. Premium cost.
E. Cost would be shifted to airlines who don't want to pay for this.
F. Not a significant risk for the airport to buy this coverage.
G. Prefer to spend available dollars on loss prevention at the airport, and don't see insurance as an effective risk management tool, regardless of the coverage offered.
H. Don't see a weakness with the coverage at all.

### 3.4 War Risk Coverage

Overall, responding airports think war risk coverage is suited to protect airports for direct property damage to airport assets, liability from individuals (i.e., non-airport employees) injured in a terrorist attack while at the airport, and liability to an airline involved in a terrorist attack that results in injury and damages while on airport property, as shown on Figure 5. They also think that the war risk coverage provides fair protection to an airport authority elected or appointed board/commission from injured parties who claim negligence on behalf of those persons. However, they do not think war risk coverage is suited to protect airports where the injuries and damages occurred outside airport property or liability for pollution claims.

Figure 5: Perception of War Risk Coverage



A. Direct property damage to airport assets.
B. Liability for pollution claims resulting from a terrorist attack stemming from damage to an airport's fuel tanks or the fuel associated with an aircraft.
C. Liability to the airport from individuals (non-employees) who were injured in a terrorist attack while at the airport.
D. Liability to the airport from individuals injured from a terrorist attack but where the injuries and damages occurred away from airport property (for example, airplane leaves airport but goes down in another state resulting in passenger injury as well as injury from others).
E. Liability to an airline that was involved in a terrorist attack that result in injury and damages while on airport property.
F. Liability to an airline that was involved in a terrorist attack that result in injury and damages after leaving the airport.
G. Liability to an airport authority elected or appointed board/commission from injured parties who claim negligence on behalf of these persons.

*Table 4: Perception of the War Risk Coverage*

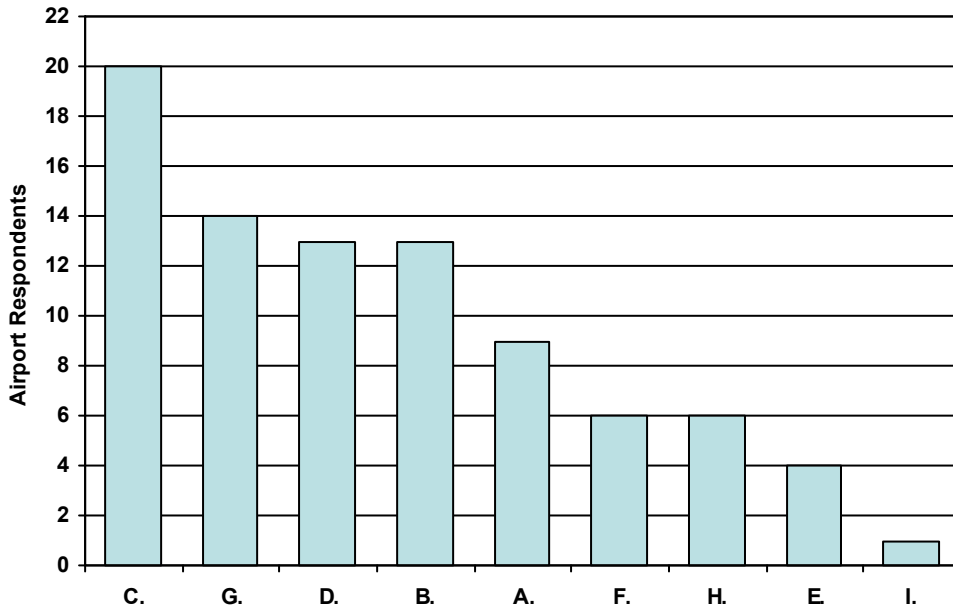
	A.	E.	C.	G.	D.	F.	B.
1 (Very Poor)	9%	3%	3%	6%	3%	3%	15%
2 (Poor)	12%	15%	15%	21%	24%	24%	21%
3 (Fair)	38%	48%	53%	47%	50%	55%	44%
4 (Good)	35%	30%	29%	21%	21%	15%	21%
5 (Very Good)	6%	3%	0%	6%	3%	3%	0%
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%
<b>Average Rating</b>	3.18	3.15	3.09	3.00	2.97	2.91	2.71

Four large-hub airports commented that the war risk coverage have cancellation clauses unlike TRIPRA, which cannot be cancelled. Respondents commented that following 9/11, the war risk coverage was expensive and with low limits. Its coverage was just slightly better than TRIPRA but not significant, which was also reflected in the higher average rating for perception of the war risk coverage than that of the TRIPRA coverage.

### 3.5 War Risk Coverage - Weaknesses, Problems or Deterrents

Respondents were asked to identify all the issues that they see as a weakness, a problem, or a deterrent when deciding to purchase the war risk endorsement. 57% (20 airports) of the respondents see the issue of coverage not being tested in court as a problem for war risk coverage, as shown in Figure 6. On the other hand, a total of 14 airports do not think the risk is significant for the airport to buy the coverage; however, only two of them are large hubs.

Figure 6: War Risk Coverage – Weaknesses, Problems or Deterrents

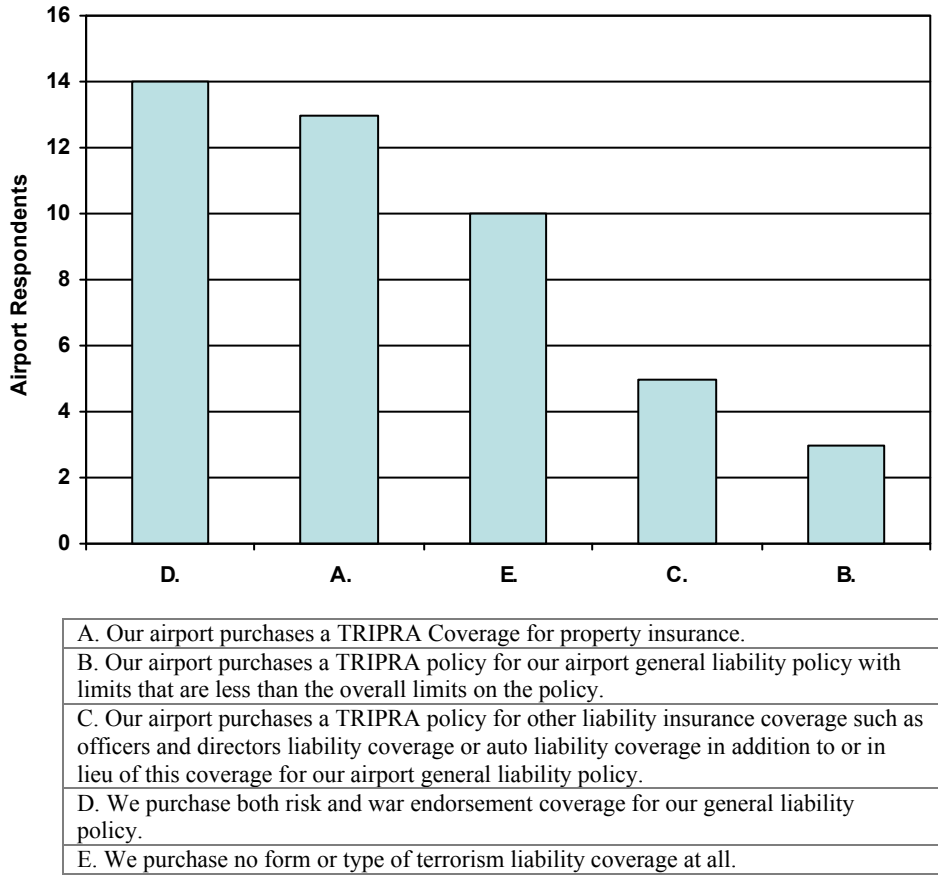


A. Limits too low
B. Limited number of carriers offering the coverage.
C. Coverage has not been tested in court.
D. Definition of a terrorist event unclear or open to interpretation.
E. Cost would be shifted to airlines who don't want to pay for this.
F. Premium cost without regard to what the airlines think.
G. Not a significant risk for the airport to buy this coverage.
H. Prefer to spend available dollars on loss prevention at the airport, and don't see insurance as an effective risk management tool, regardless of the coverage offered.
I. Don't see a weakness with the coverage at all.

### 3.6 TRIPRA and War Risk Endorsement Coverage

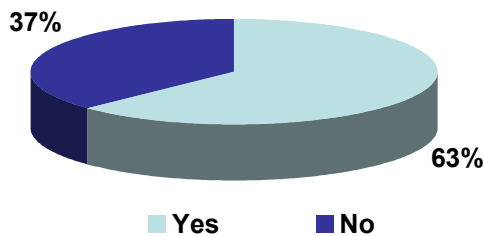
Respondents were asked to answer the type of coverage the airport is currently carrying. Of the 33 responding airports, 14 (42%) purchased both risk and war endorsement coverage for the general liability policy as shown on Figure 7, and four airports only purchased a TRIPRA coverage for property insurance. The remaining 10 airports (30%) including three large hubs and three medium hubs do not currently have any form or type of terrorism liability coverage. Of all the airports that purchased a TRIPRA policy, only three have a general liability policy with limits that are less than the overall limits in the policy. Only five airports purchased a TRIPRA policy for other liability insurance coverage.

Figure 7: TRIPRA Coverage and War Risk Endorsement



Of the 35 respondents, 22 airports (63%) purchased a war risk endorsement for the general liability policy including 11 large hubs and 6 medium hubs, while the remaining 13 airports (37%) did not, as shown in Figure 8.

Figure 8: War Risk Endorsement



Of the 21 responses on the amount of limits of war risk endorsement, 14 airports (67%) have their war risk endorsements capped at \$50 million, three airports with limits between \$50 million and \$100 million, and four with limits greater than \$100 million as shown in Figure 9, all of which are large hubs. Of the three airports with limits greater than \$100 million, two are considered a high risk city of terrorism and one a moderate risk city.<sup>2</sup> The response by hub size can be found in Figure 10.

Figure 9: Limits of War Risk Endorsement

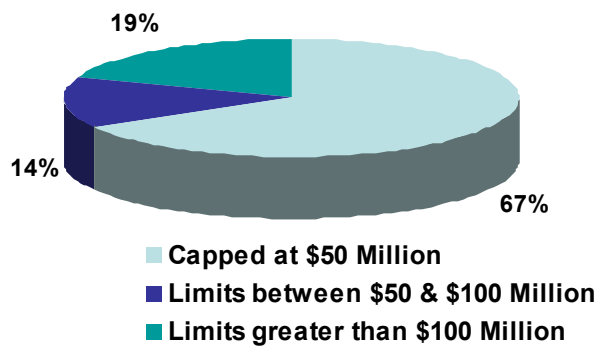
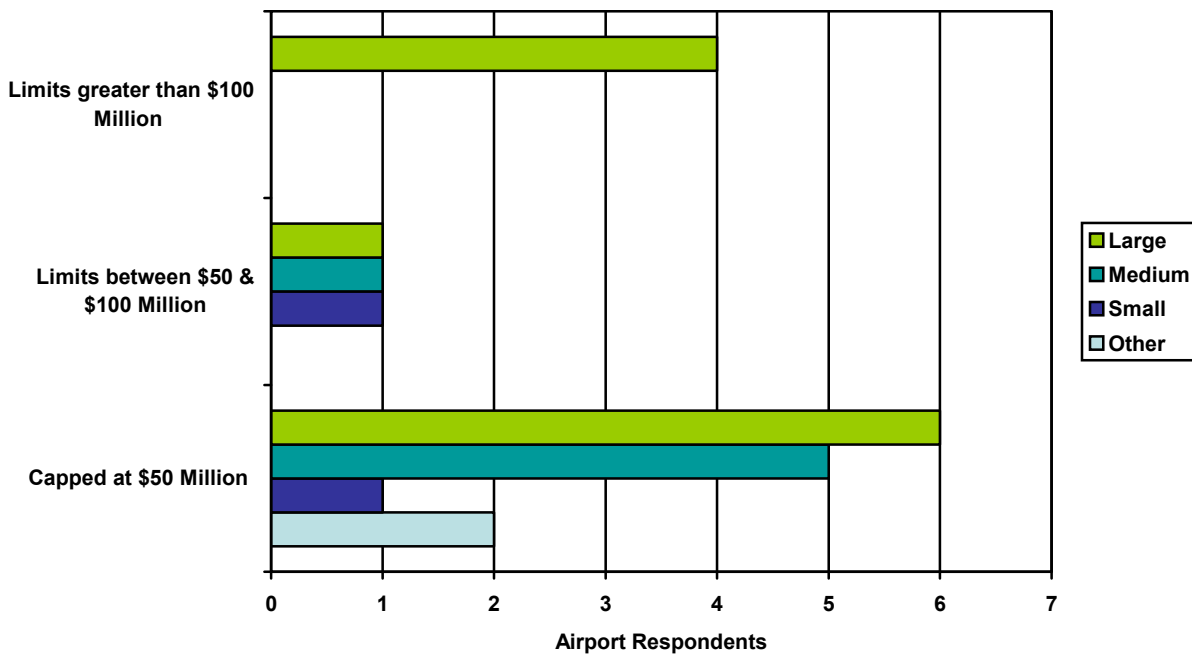


Figure 10: Limits of War Risk Endorsement by Hub Size

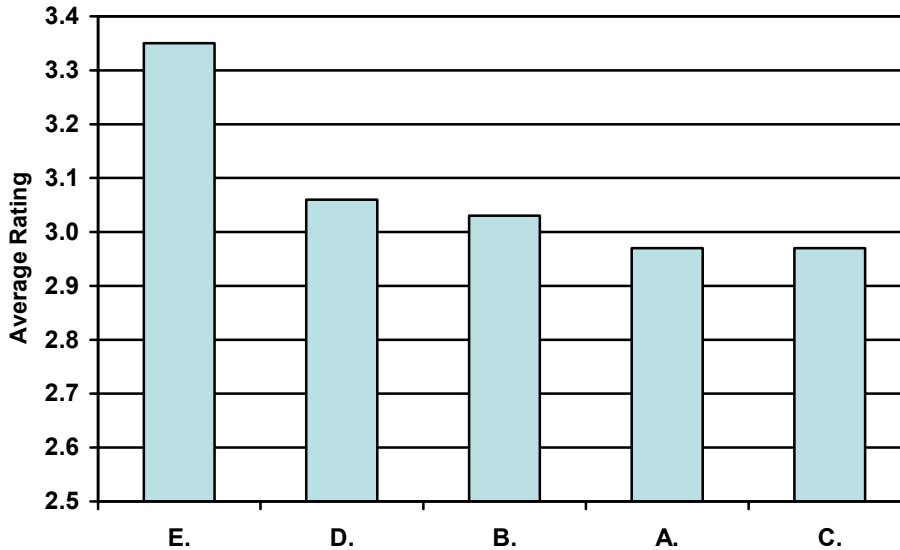


<sup>2</sup> GAO <http://www.gao.gov/new.items/d08919r.pdf>

### 3.7 Airport Indemnity Agreements

Airports are more confident that they will be able to use the indemnity agreement when an event occurs in a maintenance hangar under an airline’s control, or while moving between the runway and gate, or while an aircraft is approaching to land as shown in Table 5. They are less confident for events that occurs after an aircraft has left the airport or at the gate.

Figure 11: Perception of the Indemnity Agreement



A. Event that occurs after an aircraft has left the airport.
B. Event that occurs while an aircraft is approaching to land.
C. Event that occurs at the gate.
D. Event that occurs while moving between the runway and gate.
E. Event that occurs in a maintenance hangar that is under control of the airline.

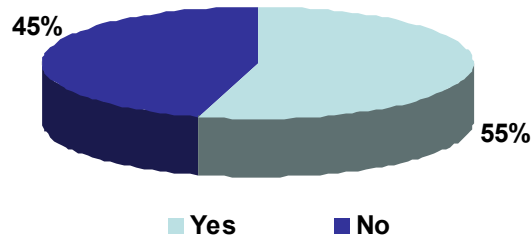
Table 5: Airport Indemnity Agreements

	E.	D.	B.	A.	C.
1 (Least Concerned)	6%	6%	12%	9%	6%
2 (Less Concerned)	15%	29%	24%	18%	26%
3 (Neutral)	29%	32%	32%	50%	32%
4 (More Concerned)	38%	26%	15%	15%	36%
5 (Most Concerned)	12%	9%	18%	9%	0%
<b>Total</b>	100%	100%	100%	100%	100%
<b>Average Rating</b>	3.35	3.06	3.03	2.97	2.97

### 3.8 Workers Compensation Exposure

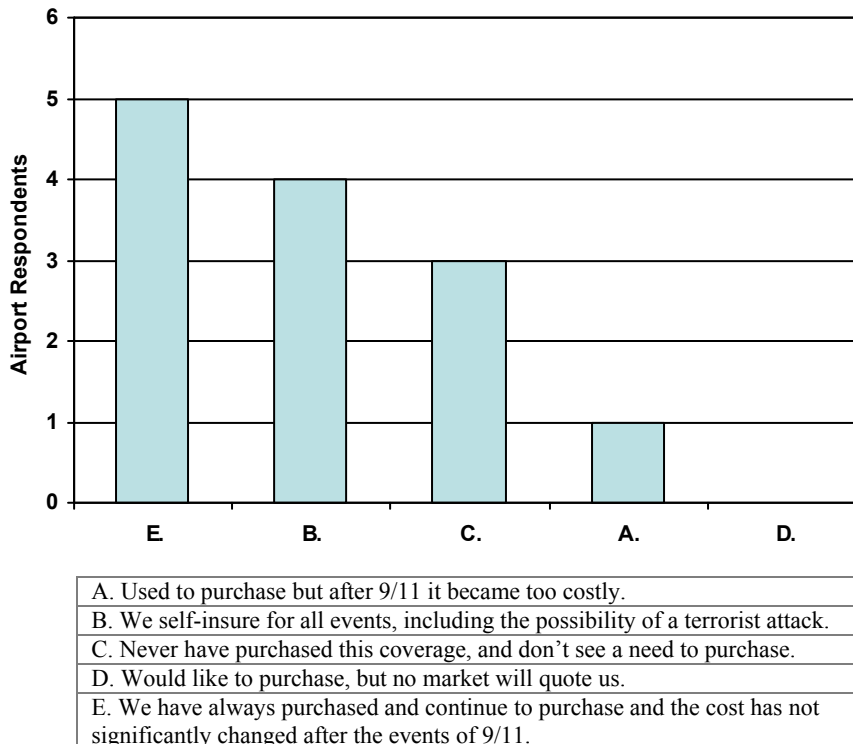
Of the 22 airports that self-insure for workers compensation, 12 airports (55%) purchased excess workers compensation, and 10 airports (45%) did not, as shown in Figure 12.

Figure 12: Workers Compensation Exposure



Of the 11 airports that self-insured and did not purchase excess workers compensation coverage, five airports (45%) have always purchased and will continue to purchase excess workers compensation coverage and the cost has not significantly changed after the events of 9/11, while four airports (36%) self-insure for all events, including the possibility of a terrorist attack, as shown in Figure 13. Only one airport states that it used to purchase excess workers compensation coverage, but after 9/11, it became too costly.

Figure 13: Excess Workers Compensation Coverage





### 3.9 Statutory Limits

Of the 20 responses, 19 airports (95%) get statutory limits and only one airport purchase this coverage due to terrorism exposure.

### 3.10 Injury or Damage Claims

Only two airports (Boston and Washington Dulles) reported having been subject to a claim or otherwise involved in litigation involving an allegation of injury or damage due to a terrorist type event in the last 20 years. Boston airport confirmed that the event was covered in whole or in part by an insurance policy.

### 3.11 Port of NY and NJ

This question refers to the statement below, in which all airports were asked if their perception has changed and to explain their answers:

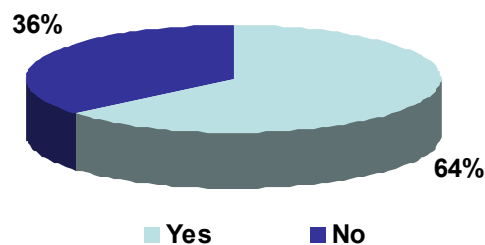
*The Port of NY and NJ was found to have liability for the 1993 WTC bombings on the basis that such an event was possible and the Port's failure to implement specific recommendations that would have reduced the threat of attack. As an airport authority, are you concerned about the precedent that this establishes for similar allegations of liability should a terrorist event occur on airport property and does this change your perception relative to the purchasing insurance for this exposure?*

Of the 34 responding airports, 24 (71%) are concerned, while 10 (29%) were not concerned. A few airports commented on the importance of security issues with a frequent assessment and recommendation system in place.

### 3.12 Liability Caps

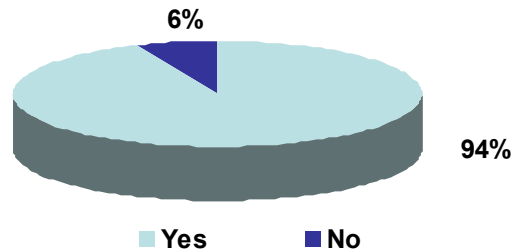
Of the 33 respondents, 21 airports (64%) were aware that the airlines have a liability cap of \$100 million in the event that they are victims of a terrorism act prior to this survey as shown in Figure 14, with the highest awareness level, 80% (12 out of 15) amongst the large hubs.

Figure 14: Liability Cap



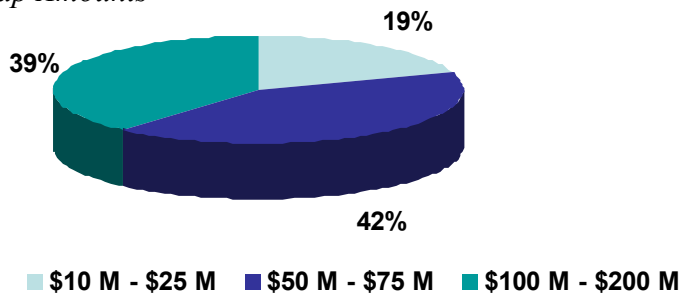
When asked if they would support lobbying efforts to Congress that would broaden the existing liability protection to include airports, an overwhelming majority - 29 of the 31 (93.5%) responding airports - answered “yes”.

Figure 15: Lobbying efforts to Congress



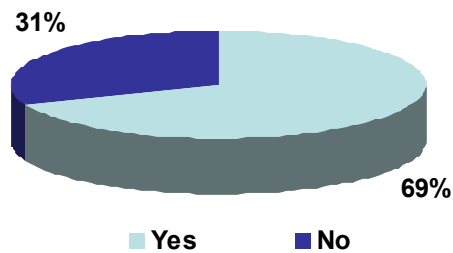
Of the 31 responses, 13 airports (42%) feel that a \$50 - \$75 million liability cap for a terrorist event would be a benefit to airports as shown in Figure 15, while 12 airports (39%) suggest setting the cap above \$100 million.

Figure 16: Liability Cap Amounts



Of the 29 responding airports, 20 airports (69%) believe that a liability cap will lower the cost of general liability terrorism coverage as offered by the insurance companies, while 9 airports (31%) did not believe this would be the case, as shown in Figure 17.

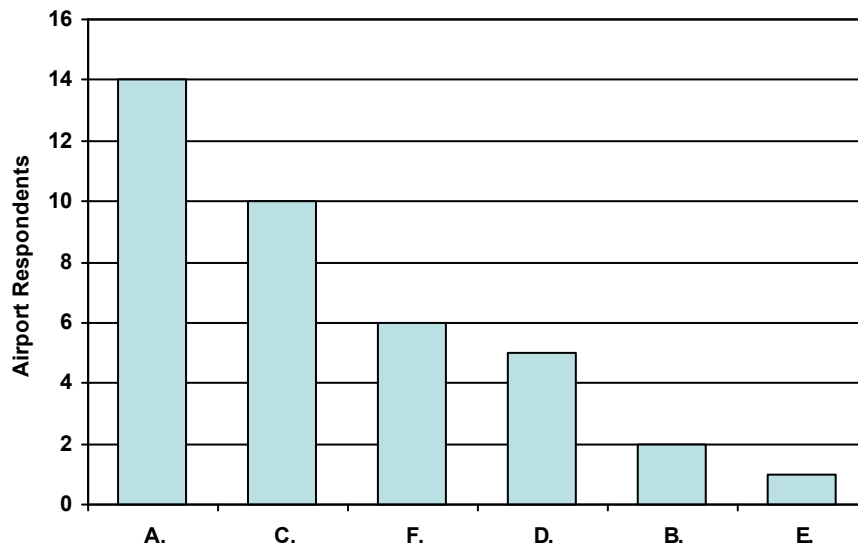
Figure 17: General Liability Terrorism Coverage



Of the 27 responses, 4 airports (15%) anticipated that there would be other savings if a liability cap for terrorism events was in place.

Respondents were also asked how their insurance purchasing decision process would be affected if airports were included in the liability cap for a terrorist event that currently applies to airlines. A total of 14 airports (44%) of the 32 responding airports stated that they would now justify buying either TRIPRA, war risk, or both, up to the cap amount since that would reduce the total risk of terrorism liability to a negligible amount. In addition, two airports would now feel comfortable retaining the risk (self-insuring) up to the cap amount and would not purchase any type of terrorism coverage. However, 10 airports (31%) do not feel confident that a cap would give airports the immunity and would continue to buy the coverage they are buying now. In addition, 5 airports states that they do not currently buy terrorism coverage and a cap would not change their insurance purchasing decision for terrorism liability insurance. One airport does not think either insurance or a cap is the best risk management strategy for this exposure. Six airports are indifferent to having a cap available to airports.

Figure 18: Insurance Purchasing Decision



A. We would now justify buying either TRIPRA, war risk, or both, up to the cap amount since that would reduce the total risk of terrorism liability to a negligible amount
B. We would now feel comfortable retaining the risk (self-insuring) up to the cap amount and would not purchase any type of terrorism coverage. If we currently are purchasing the coverage we would drop it.
C. We currently buy terrorism coverage, and don't feel confident that a cap would give us immunity, thus we would continue to buy the coverage we are buying now.
D. We currently do not buy terrorism coverage, and a cap would not change out insurance purchasing decisions for terrorism liability insurance.
E. Regardless of if a cap exists or not, and regardless on whether insurance is available or not, and regardless of whether we buy any form of the currently available coverage, we still feel we have a significant liability exposure from terrorism. We feel that neither insurance nor a cap is the best risk management strategy for this exposure.
F. We feel that terrorism is not a significant exposure to our airport, we don't buy any coverage for this, and we are indifferent to having a cap available to us.

## 4 APPENDIX

### 4.1 Respondents Passenger Traffic Statistics

<b>Organization</b>	<b>Airport Code</b>	<b>Hub Size</b>	<b>Enplanements</b>
Massachusetts Port Authority	BOS	Large	13,783,214
Kenton County Airport Board	CVG	Large	7,728,101
Dallas/Fort Worth International Airport	DFW	Large	28,482,395
Wayne County Airport Authority	DTW	Large	17,495,157
Metropolitan Washington Airports Authority	IAD	Large	11,789,757
Clark County Nevada Department of Aviation	LAS	Large	22,525,168
Greater Orlando Aviation Authority	MCO	Large	17,614,745
Metropolitan Airports Commission	MSP	Large	16,962,859
City of Phoenix	PHX	Large	20,796,146
San Diego County Regional Airport Authority	SAN	Large	9,138,088
Port of Seattle – Sea-Tac Airport	SEA	Large	15,419,102
San Francisco International Airport	SFO	Large	17,272,624
Salt Lake City Department of Airports	SLC	Large	10,560,869
Hillsborough County Aviation Authority	TPA	Large	9,306,354
Ronald Reagan Washington National Airport	DCA	Large	9,038,174
Jacksonville Aviation Authority	JAX	Medium	3,137,986
Port of Oakland	OAK	Medium	7,144,107
Allegheny County Airport Authority	PIT	Medium	4,876,049
Reno-Tahoe Airport Authority	RNO	Medium	2,450,440
Southwest Florida International Airport	RSW	Medium	3,986,905
Louisville Regional Airport Authority	SDF	Medium	1,913,044
County of Sacramento	SMF	Medium	5,382,459
Lambert-St. Louis International Airport	STL	Medium	7,124,020
Tucson Airport Authority	TUS	Medium	2,178,909
Kent County Department of Aeronautics	GRR	Small	992,591
GSP International Airport	GSP	Small	774,532
Metropolitan Airport Authority	MLI	Small	481,593
Norfolk Airport Authority	ORF	Small	1,867,327
Sanford Airport Authority	SFB	Small	985,661
Sarasota Bradenton International Airport	SRQ	Small	782,459
Tulsa Airport Authority	TUL	Small	1,621,054
City of Naples Airport Authority	APF	Other	13,887
Asheville Regional Airport Authority	AVL	Other	292,201
Fort Wayne-Allen County Airport Authority	FWA	Other	289,208
Pease Development Authority	PSM	Other	58,070
	<b>Total Enplanements</b>		<b>274,265,255</b>

## 4.2 FAA Definition of Airport Categories

FAA defines airports by categories of airport activities, including commercial service, primary, cargo service, reliever, and general aviation airports.

**Commercial Service Airports** are publicly-owned airports that have at least 2,500 passenger boardings each calendar year and receive scheduled passenger service. Passenger boardings refer to revenue passenger boardings on an aircraft in service in air commerce whether or not in scheduled service. The definition also includes passengers who continue on an aircraft in international flight that stops at an airport in any of the 50 States for a non-traffic purpose, such as refueling or aircraft maintenance rather than passenger activity. Passenger boardings at airports that receive scheduled passenger service are also referred to as Enplanements.

**Non-primary Commercial Service Airports** are Commercial Service Airports that have at least 2,500 and no more than 10,000 passenger boardings each year.

**Primary Airports** are Commercial Service Airports that have more than 10,000 passenger boardings each year. Hub categories for Primary Airports are defined as a percentage of total passenger boardings within the United States in the most current calendar year ending before the start of the current fiscal year. For example, calendar year 2001 data are used for fiscal year 2003 since the fiscal year began 9 months after the end of that calendar year. The table below depicts the formulae used for the definition of airport categories based on statutory provisions cited within the table, including Hub Type described in 49 USC 47102.

### Definition of Airport Categories

Airport Classifications		Hub Type: Percentage of Annual Passenger Boardings	Common Name
<b>Commercial Service:</b> Publicly owned airports that have <u>at least 2,500</u> passenger boardings each calendar year and receive scheduled passenger service §47102(7)	<b>Primary:</b> Have <u>more than 10,000</u> passenger boardings each year §47102(11)	<b>Large Hub:</b> 1% or more	<b>Large Hub</b>
		<b>Medium Hub:</b> At least 0.25%, but less than 1%	<b>Medium Hub</b>
		<b>Small Hub:</b> At least 0.05%, but less than 0.25%	<b>Small Hub</b>
		<b>Non hub:</b> More than 10,000, but less than 0.05%*	<b>Nonhub Primary</b>
	<b>Nonprimary</b>	<b>Non hub:</b> At least 2,500 and no more than than 10,000*	<b>Nonprimary Commercial Service</b>
<b>Nonprimary (Except Commercial Service)</b>		Not Applicable	<b>Reliever §47102(18)</b>

Source: [http://www.faa.gov/airports\\_airtraffic/airports/planning\\_capacity/passenger\\_allcargo\\_stats/categories/](http://www.faa.gov/airports_airtraffic/airports/planning_capacity/passenger_allcargo_stats/categories/)

### 4.3 About This Report

ACI-NA thanks its member airports for their contribution and input to this report. Without their participation, ACI-NA could not have been able to develop this report and the important information on the airport operating agreements' insurance.

This report was developed by the Insurance and Risk Management Committee leadership: Jeff Hollingsworth (Seattle) and Bill Hoyt (Minneapolis-St. Paul). ACI-NA staff contributors to this report include Liying Gu, Aneil Patel, Joe Weidlich, and Miranda Horan.

If you have any questions or comments regarding the results of this survey, please contact Liying Gu, Senior Director, Economics Affairs and Research, at [lgu@aci-na.org](mailto:lgu@aci-na.org) or at (202) 293-8500.

## 4.4 Survey Questionnaire

### General Information

This survey concerns issues surrounding the extent of liability airports have as a result of terrorist acts. It is designed to collect responses from airports based on three key areas:

- 1) Airport views on exposure to their airport for liability stemming from a terrorist act;
- 2) Airport views on pursuing a federal cap on terrorism liability;
- 3) Airport views on whether or not a liability cap would change their general liability insurance buying tendencies.

The results will be used to determine if a lobbying effort to Congress to extend terrorism liability to airports is warranted. Please answer all questions to the best of your ability. Start by providing us with information about your organization. Thank you for your response!

#### 1. Your Organization:

#### 2. Airport 3 Letter Code:

#### \* 3. Respondent Information (\* denotes required information)

First Name\*:

Last Name\*:

Position/Title\*:

Email Address\*:

Phone Number:

### Opinions on Airport Liability Coverage

4. Please rate the following concerns regarding a possible terrorist event involving your airport.

	1 (Least Concerned)	2 (Less Concerned)	3 (Neutral)	4 (More Concerned)	5 (Most Concerned)
4A. Direct property damage to airport assets.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4B. Liability for pollution claims due to a terrorist attack that involves an airport's fuel tanks or hydrant systems and/or the fuel associated with an aircraft.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4C. Workers compensation claims from the airport authorities own employees injured in an event occurring on airport property.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4D. Liability to the airport from individuals who were injured in a terrorist attack while at the airport.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4E. Liability to the airport from individuals injured from a terrorist attack but where the injuries and damages occurred away from airport property (for example, airplane leaves airport but goes down in another state resulting in passenger injury as well as injury from others).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4F. Liability to an airline that was involved in a terrorist attack that results in injury and damages while on airport property.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4G. Liability to an airline that was involved in a terrorist attack that results in injury and damages after leaving the airport.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4H. Liability to an airport authority elected or appointed board/commission from injured parties who claim negligence on behalf of these persons.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments:

5. Please rate your perception of how the Terrorism Risk and Insurance Program Re-authorization Act (TRI PRA, formerly TRIA) is suited to protect airports for the following exposures.

	1 (Very Poor)	2 (Poor)	3 (Fair)	4 (Good)	5 (Very Good)
5A. Direct property damage to airport assets.	jn	jn	jn	jn	jn
5B. Liability for pollution claims resulting from a terrorist attack stemming from damage to an airport's fuel tanks or the fuel associated with an aircraft.	jn	jn	jn	jn	jn
5C. Liability to the airport from individuals (non-employees) who were injured in a terrorist attack while at the airport.	jn	jn	jn	jn	jn
5D. Liability to the airport from individuals injured from a terrorist attack but where the injuries and damages occurred away from airport property (for example, airplane leaves airport but goes down in another state resulting in passenger injury as well as injury from others).	jn	jn	jn	jn	jn
5E. Liability to an airline that was involved in a terrorist attack that results in injury and damages while on airport property.	jn	jn	jn	jn	jn
5F. Liability to an airline that was involved in a terrorist attack that results in injury and damages after leaving the airport.	jn	jn	jn	jn	jn
5G. Liability to an airport authority elected or appointed board/commission from injured parties who claim negligence on behalf of these persons.	jn	jn	jn	jn	jn

Comments:

6. Whether or not you purchase TRI PRA for terrorism liability protection for your airport, what do you see as a weakness, a problem, or a deterrent when deciding to purchase this coverage? Check all that apply.

- Limits too low.
- Coverage has not been tested in court.
- Definition of a terrorist event unclear or open to interpretation.
- Premium cost.
- Cost would be shifted to airlines who don't want to pay for this.
- Not a significant risk for the airport to buy this coverage.
- Prefer to spend available dollars on loss prevention at the airport, and don't see insurance as an effective risk management tool, regardless of the coverage offered.
- Don't see a weakness with the coverage at all.

Other (please specify)



7. Please rate your perception of how available war risk coverage is suited to protect airports for the following exposures.

	1 (Very Poor)	2 (Poor)	3 (Fair)	4 (Good)	5 (Very Good)
7A. Direct property damage to airport assets.	jn	jn	jn	jn	jn
7B. Liability for pollution claims resulting from a terrorist attack stemming from damage to an airports fuel tanks or the fuel associated with an aircraft.	jn	jn	jn	jn	jn
7C. Liability to the airport from individuals (non-employees of the airport) who were injured in a terrorist attack while at the airport.	jn	jn	jn	jn	jn
7D. Liability to the airport from individuals injured from a terrorist attack but where the injuries and damages occurred away from airport property (for example, airplane leaves airport but goes down in another state resulting in passenger injury as well as injury from others).	jn	jn	jn	jn	jn
7E. Liability to an airline that was involved in a terrorist attack that results in injury and damages while on airport property.	jn	jn	jn	jn	jn
7F. Liability to an airline that was involved in a terrorist attack that results in injury and damages after leaving the airport.	jn	jn	jn	jn	jn
7G. Liability to an airport authority elected or appointed board/commission from injured parties who claim negligence on behalf of these persons.	jn	jn	jn	jn	jn

Comments:

## Weaknesses, Problems and Deterrents when Purchasing Coverage

8. Whether or not you purchase a war risk endorsement for terrorism liability protection for your airport, what do you see as a weakness, a problem, or a deterrent when deciding to purchase this coverage? Check all that apply.

- Limits too low.
- Limited number of carriers offering the coverage.
- Coverage has not been tested in court.
- Definition of a terrorist event unclear or open to interpretation.
- Cost would be shifted to airlines who don't want to pay for this.
- Premium cost without regard to what the airlines think.
- Not a significant risk for the airport to buy this coverage.
- Prefer to spend available dollars on loss prevention at the airport, and don't see insurance as an effective risk management tool, regardless of the coverage offered.
- Don't see a weakness with the coverage at all.

Other (please specify)

9. Please check all that apply:

- Our airport purchases a TRIPRA Coverage for property insurance.
- Our airport purchases a TRIPRA policy for our airport general liability policy with limits that are less than the overall limits on the policy.
- Our airport purchases a TRIPRA policy for other liability insurance coverage such as officers and directors liability coverage or auto liability coverage in addition to or in lieu of this coverage for our airport general liability policy.
- We purchase both risk and war endorsement coverage for our general liability policy.
- We purchase no form or type of terrorism liability coverage at all.

10. Does your airport purchase a war risk endorsement to your general liability policy for your airport?

- Yes
- No

War Risk Endorsement - Limits

11. What is the limit of your war risk endorsement? Please choose one only.

- The limits on this are capped at \$50 Million.
- The limits are between \$50 Million and \$100 Million.
- Our limits are greater than \$100 Million.

Airport Indemnity Agreements

12. What is the airport's perception of being able to use its indemnity agreement with the airlines to shift liability for liability claims from third parties that stem from terrorist events?

	1 (Least Confident)	2 (Less Confident)	3 (Neutral)	4 (More Confident)	5 (Most Confident)
12A. Event that occurs after an aircraft has left the airport.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12B. Event that occurs while an aircraft is approaching to land.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12C. Event that occurs at the gate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12E. Event that occurs while moving between the runway and gate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12F. Event that occurs in a maintenance hangar that is under control of the airline.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Workers Compensation Exposure

The following relate to the workers compensation exposure that an airport has due to a catastrophic event involving its employees at the airport.

13. If self-insured for workers compensation, is excess workers compensation coverage purchased?

- Yes
- No

## Statutory Limits

14. Do you get statutory Limits?

Yes

No

15. Is this coverage purchased due to terrorism exposure?

Yes

No

## Excess Worker's Compensation Coverage

16. If self-insured and you don't purchase excess workers compensation coverage, please check all that apply below:

Used to purchase but after 9/11 it became too costly.

We self-insure for all events, including the possibility of a terrorist attack.

Never have purchased this coverage, and don't see a need to purchase.

Would like to purchase, but no market will quote us.

We have always purchased and continue to purchase and the cost has not significantly changed after the events of 9/11.

## Injury or Damage Claims

17. In the last 20 years, has your airport ever been subject to a claim or otherwise involved in litigation involving an allegation of injury or damage due to a terrorist type event?

Yes

No

18. If Yes, was this covered in whole or in part by any insurance policy?

Yes

No

Did not answer

19. Please explain the circumstances and outcome surrounding the claim or lawsuit.

20. The Port of NY and NJ was found to have liability for the 1993 WTC bombings on the basis that such an event was possible and the Port's failure to implement specific recommendations that would have reduced the threat of attack. As an airport authority, are you concerned about the precedent that this establishes for similar allegations of liability should a terrorist event occur on airport property and does this change your perception relative to the purchasing insurance for this exposure?

Yes

No

Please explain your answer.

## Liability Caps

21. Prior to this survey, were you aware that airlines under Federal Register 49 U.S.C. 44302 and 44303(b), air carriers and aircraft manufacturers, and aircraft engine manufacturers currently have a liability cap of \$100 million in the event that they are victims of a terrorist act?

Yes

No

22. Would your airport support lobbying efforts to Congress that would broaden the existing liability protection to include airports? The act as it applies to airlines does not limit claims to property damage or bodily injury – it simply refers to "claims".

Yes

No

23. If you feel a liability cap for a terrorist event would be a benefit to airports, at what amount would you feel such a cap should be set? Please choose one only.

\$10 Million

\$25 Million

\$50 Million

\$75 Million

\$100 Million

\$200 Million

Other - List in millions

24. If airports were included in the liability cap for a terrorist event that currently applies to airlines, would this affect your insurance purchasing decision process? Check all that apply as they relate to general liability for property damage and bodily injury arising out of a terrorist event.

- We would now justify buying either TRIPRA, war risk, or both, up to the cap amount since that would reduce the total risk of terrorism liability to a negligible amount.
- We would now feel comfortable retaining the risk (self-insuring) up to the cap amount and would not purchase any type of terrorism coverage. If we currently are purchasing the coverage we would drop it.
- We currently buy terrorism coverage, and don't feel confident that a cap would give us immunity, thus we would continue to buy the coverage we are buying now.
- We currently do not buy terrorism coverage, and a cap would not change our insurance purchasing decision for terrorism liability insurance.
- Regardless of if a cap exists or not, and regardless on whether insurance is available or not, and regardless of whether we buy any form of the currently available coverage, we still feel we have a significant liability exposure from terrorism. We feel that neither insurance nor a cap is the best risk management strategy for this exposure.
- We feel that terrorism is not a significant exposure to our airport, we don't buy any coverage for this, and we are indifferent to having a cap available to us.

25. Do you think a liability cap will lower the cost of general liability terrorism coverage as offered by the insurance companies whether TRIPRA, war risk coverage, or other coverage options. Yes or No, Explain.

Yes

No

Please Explain.

26. Are there any other savings that your airport would anticipate as a result of a liability cap for terrorism events?

Yes

No

Please Explain.