ACI-NA DBE/Small/Minority Business Survey Summary

September 2008

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

Risk and Insurance Committee
DBE/Minority/Small Business Survey
Background

• The Insurance and Risk Management Committee developed a survey with focus on three areas for DBE/Minority/Small Business:

  – Insurance as a barrier to contracting with an airport for work;

  – Bonding issues as a barrier when contracting with an airport;

  – What airports are doing to engage and hire these firms for risk management and insurance services;
Survey Goal

The survey goal was to learn if these three areas are issues for DBE/Minority/Small Business, and if so, where do we start to go about addressing the issues.
Survey Formation

- The survey was launched on April 3, 2008

- Sent to all of the member airports participating in the Insurance and Risk Management Committee.
  - 28 members responded to the survey
  - 12 from large hub airports,
  - 9 from medium hub airports,
  - 4 small hub airports,
  - 3 non hub primary airports,
Survey Formation

The survey included questions regarding:

– Insurance policy limits required of contracting firms;
  • General liability
  • Automobile liability
  • Workers’ compensation (WC) liability
– Bonding constraints
– Hiring practices for airport internal risk management and insurance services
## Sample Size

<table>
<thead>
<tr>
<th>Hub Size</th>
<th>Number of Responses</th>
<th>Industry Total</th>
<th>Percent of Industry Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large</td>
<td>12</td>
<td>30</td>
<td>40.0%</td>
</tr>
<tr>
<td>Medium</td>
<td>9</td>
<td>37</td>
<td>24.3%</td>
</tr>
<tr>
<td>Small</td>
<td>4</td>
<td>71</td>
<td>5.6%</td>
</tr>
<tr>
<td>Non</td>
<td>3</td>
<td>241</td>
<td>1.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28</strong></td>
<td><strong>379</strong></td>
<td><strong>7.2%</strong></td>
</tr>
</tbody>
</table>
Insurance Coverage Most Difficult to Comply With

- Commercial General Liability: 38%
- Auto Insurance: 19%
- Bonding: 15%
- Professional Liability: 8%
- Excess Liability: 4%
- Other: 4%
- Unknown: 12%
Second Most Difficult Insurance Coverage to Comply With
Are Limits of Required Insurance Frequently Identified as a Barrier to Bidding or Getting Work?

50% Yes 50% No
Are Bonding Requirements a Hurdle for Small Businesses To Getting or Bidding on Work?

- Yes: 54%
- No: 46%

Risk and Insurance Committee
DBE/Minority/Small Business Survey
Has Your Airport Addressed Any Identified Bonding Requirements from Small Business?

- Yes: 23%
- No: 77%
Is Your Risk Management Department Working To Engage Small Business?

For the Airports Risk and Insurance Program

- 75% Yes
- 25% No

Risk and Insurance Committee
DBE/Minority/Small Business Survey
Has Your Risk Management Department Discussed Opportunities for Small Businesses?

- Yes: 42%
- No: 58%

Number of interviews held in the last three years:
- 15
- 10
- 9
- 8
- 3
- 3
- 3
- 2

workshop environment w/ several attendees
Does Your Airport Have General Contracting Goals to Account for Small Business Participation?

- Yes: 76%
- No: 24%
Has Your Main Insurance Provider or Broker Sought a Partnership with a Qualified Small Business?

- Yes: 78%
- No: 22%
Number of Current Active and Direct Contracts Your Organization has with Qualified Small Businesses

- 47% 19% 14% 5% 5% 10% 5%

The Estimated Total Value of Such Contracts

<table>
<thead>
<tr>
<th>Number of contracts</th>
<th>Estimate the total value of such contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>$6,000</td>
</tr>
<tr>
<td>1</td>
<td>$20,000</td>
</tr>
<tr>
<td>1</td>
<td>$80,000</td>
</tr>
<tr>
<td>2</td>
<td>$100,000 to 150,000</td>
</tr>
<tr>
<td>3</td>
<td>$190,000</td>
</tr>
<tr>
<td>2</td>
<td>$450,000</td>
</tr>
<tr>
<td>5</td>
<td>$500,000</td>
</tr>
<tr>
<td>1</td>
<td>$900,000</td>
</tr>
<tr>
<td>1</td>
<td>$2,500,000</td>
</tr>
</tbody>
</table>
Conclusions

• Survey had only 24% response from medium hubs – there is more to learn
• Survey does not lead to conclusion as to whether insurance or bonding prevented firms from getting actual work
• Insurance and bonding could in general be a barrier for all firms;
Conclusions

• Limits seem to be more an issue than the type of coverage specified;
• Most airports have not explored creative programs for bonding; See San Diego
• Most airports have not tried to engage firms to work on its own internal risk and insurance programs
Where Do We Go?

• Risk Management departments should establish contact with its airport small business representative;

• Contracting officers should work with Risk Management to determine if bonding and insurance is a barrier in general for small firms;
Where Do We Go?

• Risk Management should participate in outreach or job fairs to answer questions in general about insurance/indemnity provisions in contacts;
• Process of assigning insurance requirements for contracts should be looked at every two years.
Where Do We Go?

• Airports should consider carving out pieces of its insurance program and associated services to allow smaller brokerage and service providers a chance to bid on this work.

• Look at creative programs that others are doing such as in San Diego.
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?