



# INTRODUCTION TO CARIE

ACI-NA LEGAL AFFAIRS CONFERENCE

MAY 2, 2018



# Who Are We?

## Seven Canadian Tier 1 Airport Authorities

- ✓ Vancouver (YVR) - 24.1 mil
  - ✓ Edmonton (YEG) – 7.8 mil
  - ✓ Calgary (YYC) – 16.2 mil
  - ✓ Winnipeg (YWG) - 4.3 mil
  - ✓ Ottawa (YOW) – 4.8 mil
  - ✓ Montreal (YUL) – 18.1 mil
  - ✓ Halifax (YHZ) – 4.0 mil
- \*(end 2017)

Well capitalized and financially strong <sub>2</sub>



# CARIE's Structure

- CARIE board representatives from each Tier 1 airport – mainly the CFO's and General Counsels

Two Committees:

- Audit
- Risk Finance



# Communication Process

- Group Meets 3-4 Times Per Year to Review:
  - Current Operations/Issues
  - Insurance Obligations
  - Specific Coverage Levels
  - Claims Experience and Administration
  - Best Practices to Mitigate Risk Exposure
  - Emerging Trends in Risk Management and Loss Control

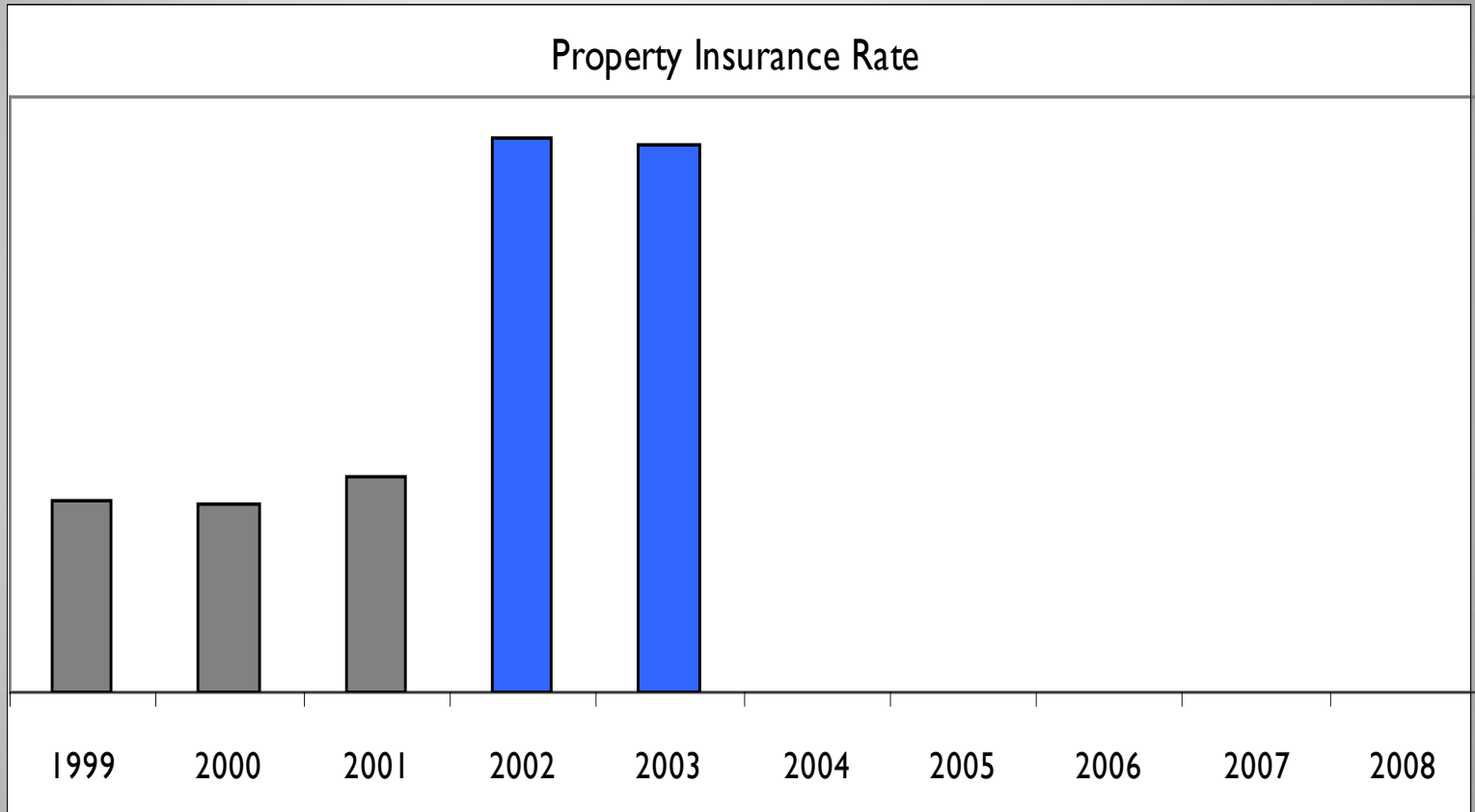


# What Brings Us Together?

- ❖ Insurable Operations are very similar
- ❖ Common Insurance requirements
  - Government of Canada Ground Lease
- ❖ Group Synergy
- ❖ Transfer of Knowledge & Experience
- ❖ Common Comfort in the Group's Risk Management Standards and Quality Controls



# The Impetus



- Hard market post 9/11
- No relief in 2003



# Our Response

- Explored several alternative risk financing options
- Reciprocal – best fit
- Over two years of due diligence before CARIE formed
  - Ground Lease with Transport Canada amended
  - Approvals of each member's Board of Directors
  - Subscriber's Agreement and Rules
  - Regulatory Approvals – Provincial Superintendents
  - Fronting in the Province of Quebec (Montreal)



# The Reciprocal

- Formed in 2006 to underwrite Property risk
- Also licensed to underwrite Boiler & Machinery risk and Liability risk
- Retained \$2 Million per Occurrence (\$4 Million Aggregate)
  - Fit risk tolerance of the group
  - Took working layer, removed claims history from the equation





# What's at Risk?

- Over \$19 Billion in replacement cost values
  - Terminal buildings
  - Contents
  - Runways, taxiways, roadways, bridges
  - Mobile equipment, spares, inventory
  - Business Interruption, Extra Expense, Contingent BI and EE
- \$1 Billion per occurrence limit required for each airport



Two entities:

1. CARIE – just spoke about
2. CARMaG - Canadian Airports Risk Managers Group

Liability and Other  
Lines of Insurance



# Other Lines

- Airport Contractors Liability
- Service Providers Liability
- Misc E&O
- Architects & Engineers Professional Liability
- Directors & Officers Liability
- Fiduciary Liability
- Terrorism
- Boiler & Machinery
- Commercial General Liability
- Garage Auto Liability
- Environmental Liability
- Business Travel Liability



## CARMaG

Airport  
Operators  
Liability  
Insurance

**Coverage:**  
**\$1.5 Billion**

## CARIE

All Risks  
Property  
Insurance

**Coverage:**  
**\$1.15 Billion**



# Program Improvements - Terrorism

Policy	Before	Now
Airport Operators Liability	\$50 Million + Government Indemnity	\$1.5 Billion
Property Insurance	\$50 Million	\$250 Million
Construction Contractors and Service Providers Liability	\$50 Million	\$250 Million



Thank you