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George C. Ford

George Ford has spent decades covering business news across Eastern Iowa. Ford is a native of Lexington, Ky., but has [...]

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Updated: 26 July 2013 | 12:47 pm in [B380](#)

Cedar Rapids Airport Commission boosts liability insurance coverage

Approves annual premium of \$43,718 for policy

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The Cedar Rapids Airport Commission has elected to raise the level of liability insurance coverage for The Eastern Iowa Airport from \$100 million to \$150 million.

By a unanimous vote Monday, the commission approved an annual premium of \$43,718 for a policy from Federal Insurance Co. of Warren N.J. The premium is about \$8,000 more than the \$35,316 quote for a policy providing \$100 million of liability insurance coverage.

Donald Swanson, director of finance and administration, said the airport increased its liability coverage from \$75 million to \$100 million within the last few years. Swanson said airports comparable in size to The Eastern Iowa Airport have typically carried coverage of \$75 million to \$100 million.

Commissioner Pat Baird, formerly president and CEO of Transamerica (AEGON USA) in Cedar Rapids, asked Swanson for the customary level of liability insurance coverage per passenger.

"The industry standard is \$3 million per passenger," Swanson replied, adding that 50-passenger regional jets are typical of the aircraft operated by airlines serving the airport.

Baird said the commission needed to decide "how much can we afford to lose" if the airport would be held 100 percent liable for an accident.

"I would hate to see us pass up the opportunity to spend about \$8,000 to purchase \$50 million of additional coverage," Baird said.

Commissioner Marcia Rogers, who attended her first commission meeting Monday after being appointed by Cedar Rapids Mayor Ron Corbett, said she would "feel a lot better" with \$150 million of insurance coverage. Rogers' sentiment was echoed by Commission Chairwoman Carroll Reasoner and Commissioners Tom Hobson and Josh Schamberger.

The airport's liability insurance policy excludes coverage for acts of terrorism. Airports comparable in size and location to The Eastern Iowa Airport typically have not purchased terrorism insurance policies.

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Policies offered under the federal Terrorism Risk Insurance Act program carry an annual premium equal to that charged for conventional liability insurance coverage. The TRIA program has a cap of \$100 billion on liability for insured losses in any single calendar year.

The airport seeks new bids annually for its liability insurance policy as well as directors and officers liability insurance coverage. Swanson said this year's premiums were slightly higher than those paid last year due to a higher claims nationwide.

The Eastern Iowa Airport, while owned by the city of Cedar Rapids, does not receive city or county property tax revenue. It derives its annual income from user fees, federal and state grants, state vertical infrastructure grants, concession revenue and farm income.



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