



STAFF REPORT

Meeting Type: Board of Directors
Title: FY 2026 Insurance Renewal
From: Bret Uppendahl, Finance Director
Through: Shaun Horne for Ben Horenstein, General Manager
Meeting Date: June 17, 2025

TYPE OF ITEM: X Action Information

RECOMMENDATION: Approve Renewal of Annual Insurance Policies for All Risk Property, Excess Liability, Automobile Physical Damage, Excess Workers Compensation, Pollution, Cyber, Drone and Crime and Fidelity for Fiscal Year (FY) 2025/26

SUMMARY: The FY 2025/26 Insurance Renewal estimates were reviewed by the Finance Committee on May 22, 2025. Since that time, insurance premium quotes have been finalized and the total annual cost is lower than originally anticipated. The annual overall cost of all insurance policies is estimated not to exceed \$1,874,765, an increase of \$54,593 or 3% from FY 2024/25. All policies experienced an increase in premium from last year with the exception of Property and Drone insurance. The largest premium amounts are for Property and Liability insurance; property decreased by 5.5% and Liability increased by 8%, and account for 95% of the overall increase in premium costs.

DISCUSSION: The District's existing insurance policies are due for renewal on July 1, 2025. The recommended coverage was developed with staff utilizing the expertise of the District's insurance broker, Alliant Insurance Services Inc. (Alliant). Alliant obtained quotes from underwriters and negotiated the premium and coverage on behalf of the District. For the brokerage services provided by Alliant, the District will pay an annual fee of \$70,000. The District's contract with Alliant requires that they fully disclose and rebate to the District any commissions they may earn from purchased policies.

Excess Liability

The proposed FY 2025/26 premium for a \$10 million policy limit with SIR amount of \$500,000 from Great American Insurance Company, the current incumbent carrier, is \$713,311, an increase of \$53,465. The 2nd layer of \$5 million in Excess Liability limit is from the current incumbent, Starstone Specialty Insurance Company, with a proposed premium of \$174,271, an increase of \$13,248. The 3rd layer of \$10 million in Excess Liability limit is from the current incumbent, Gemini Insurance, with a proposed premium of \$155,692, an increase of \$11,836. In total, Liability insurance premiums are \$1,158,080, an increase of 8.3%.

The premium costs for liability insurance continue to increase as the market continues to experience increased claims, and some of carriers are no longer doing businesses in California. The recommended insurance policies include Terrorism Risk Insurance Act (TRIA) coverage, which covers foreign and domestic terrorist acts, and coverage for liabilities related to dam failure, inverse condemnation, employment practices, automobile accidents, public officials and law enforcement.

Excess Workers' Compensation

This policy provides Workers' Compensation insurance up to \$1 million for the employer's liability and coverage per State of California statutory limits. The proposed coverage is from the current incumbent, Arch Insurance Company and the quoted premium is \$114,806, an increase of \$9,731 or 9% from the previous year. This policy has a self-insured retention (SIR) of \$750,000 for workers compensation claims for all employees except claims related to District rangers and the vanpool program. The SIR for claims for District rangers and the vanpool program is \$1.5 million.

All Risk Property

The types of losses covered under this policy are for physical loss or damage to real and personal property from fire, theft, vandalism, and equipment breakdowns. The policy provides coverage for replacement cost for insured events. Due to the nature of the District facilities, this type of insurance is limited in the number of underwriters who will offer coverage.

The premium for FY 2025/26 is \$623,048, which is a decrease of \$36,540 or 5.5% from the prior year. The policy provides All Risk limit of \$200 million, boiler and machinery limit of \$100 million and a flood limit of \$10 million. The policy does not provide earthquake coverage, and has limits on flood losses based on flood zones. The proposed premium is from the current incumbent, Alliant Property Insurance Program (APIP) a licensed California carrier.

Automobile Physical Damage

This coverage is for physical damage to automobiles and equipment owned and or used for District operations. The policy will provide replacement cost of a like kind and quality automobile or equipment with a total coverage limit of \$11.5 million with a deductible amount of \$25,000. The FY 2025/26 premium is \$36,109 from Hanover Insurance, an increase of \$2,143 or 6% from the policy cost last year.

Aviation Insurance Policy

The policy is to cover the District's six drone operations. The coverage is up to \$1 million with a 10% deductible. The FY 2025/26 premium is \$3,187, a decrease of \$77 or 2% from the prior year.

Cyber and Privacy Liability

The coverage for the FY 2025/26 is from the current incumbent, Cowbell Underwriting Managers with a premium of \$29,016, an increase of \$445 or 2% from last year. The policy covers losses due to privacy or security breaches, privacy regulatory claims related to customer and employee confidential information, cyber threats and or extortion, digital asset restoration, and business income loss. The policy would pay claims and recovery costs after the self-retention amount of \$50,000 per claim.

Pollution Policy

The current incumbent, Indian Harbor Insurance Company, premium is \$21,023, an increase of \$127 or 1% from last year. The policy will have a deductible amount of \$25,000 and \$1 million coverage.

Crime Policy

The current incumbent, National Union Fire Insurance Company, premium is \$4,302, an increase of \$215 or 5% from last year. The policy's \$3 million coverage includes employee theft, forgery or alterations, theft of money and securities, computer fraud, funds transfer fraud and money order and counterfeit money and has a deductible amount of \$2,500.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: The FY 2025/26 cost for the annual insurance premium is \$1,874,765 and is included in the adopted budget.

ATTACHMENT(S):

1. Premium Summary FY 2025/26
2. Insurance Proposal for FY 2025/26

DEPARTMENT OR DIVISION	DIVISION MANAGER	APPROVED
Finance	 Bret Uppendahl Finance Director	 Shaun Horne for Ben Horenstein General Manager