



# STAFF REPORT

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**Meeting Type:** Board of Directors  
**Title:** Fiscal Year 2026/27 Insurance Renewal  
**From:** Bret Uppendahl, Finance Director  
**Through:** Ben Horenstein, General Manager  
**Meeting Date:** June 16, 2026

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**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) 2026/27

**SUMMARY:** The FY 2026/27 Insurance Renewal estimates were reviewed by the Finance Committee on May 28, 2026. The annual overall cost of all insurance policies is \$1,891,882, with a total increase of 0.2% compared to FY 2025/26. All policies experienced a decrease in premium from last year with the exception of liability insurance. The largest premium amounts are for property and liability insurance; which together account for approximately 90 percent of the District's annual premium. Property insurance decreased by 16% and liability increased by 12%.

**DISCUSSION:** The District's existing insurance policies are due for renewal on July 1, 2026. The recommended coverage was developed with staff utilizing the expertise of the District's insurance broker, Arthur J Gallagher Risk Management Services, Inc. (Gallagher). Gallagher obtained quotes from underwriters and negotiated the premium and coverage on behalf of the District. For the brokerage services provided by Gallagher, the District will pay an annual fee of \$55,000. The District's contract with Gallagher includes an opt-out of contingent and supplemental compensation.

### ***Excess Liability***

The proposed FY 2026/27 liability coverage retains a \$25 million coverage limit with an SIR of \$500,000 but is structured with four layers, compared to three in FY 2025/26. The premium for a \$5 million policy limit with SIR amount of \$500,000 from Great American E&S Insurance Company is \$531,068. The 2<sup>nd</sup> layer of \$5 million in Excess Liability limit is from Accredited Specialty Insurance Company, with a premium of \$265,534. The 3<sup>rd</sup> layer of \$5 million in Excess Liability limit is from Starstone Specialty Insurance Company, with a proposed premium of \$186,137. The 4<sup>th</sup> layer of \$10 million in Excess Liability limit is from Gemini Insurance Company, with a proposed premium of \$195,526. In total, Liability insurance premiums are \$1,178,265, an increase of 122,300 or 12%.

### ***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 \$101,970, a decrease of \$12,836 or 11% from the previous year.

### ***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 the replacement cost for insured events.

The premium for FY 2026/27 is \$526,218, which is a decrease of \$96,830 or 16% from the prior year. The deductible was reduced from \$1 million to \$500,000 per occurrence (\$1 million for flood losses). The policy provides All Risk limit of \$200 million, equipment breakdown limit of \$50 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 coverage is from SwissRe Corporate Solutions.

### ***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 \$10 million with a deductible amount of \$25,000. The FY 2026/27 premium is \$29,264 from Hanover Insurance, a decrease of \$6,845 or 19% from the policy cost last year.

### ***Aviation Insurance Policy***

The policy is to cover the District's drone operations. The coverage is up to \$1 million with a 10% deductible. The FY 2026/27 premium is \$3,108, a decrease of \$79 or 2% from the prior year. The carrier is Global Aerospace, Inc.

### ***Cyber and Privacy Liability***

The coverage for the FY 2026/27 is from Great American Fidelity Insurance Company with a premium of \$22,699, a decrease of \$6,317 or 22% 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 up to \$1 million after the self-retention amount of \$50,000 per claim.

### ***Pollution Policy***

The 2026/27 premium is \$14,777, a decrease of \$6,599 or 31% from last year. The policy is with Illinois Union Insurance Company and will have a \$1 million coverage limit with a deductible amount of \$25,000.

### ***Crime Policy***

The 2026/27 premium is \$3,200, a decrease of \$1,102 or 26% from last year. The policy's \$1 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 \$15,000.

**Terrorism Policy**

The District is adding a new policy that includes property coverage of \$100 million and liability coverage of \$5 million for terrorism and sabotage with a \$0 deductible. The 2026/27 premium is \$12,382 for coverage with Talbot.

**ENVIRONMENTAL REVIEW:** Not applicable.

**FISCAL IMPACT:** The FY 2026/27 cost for the annual insurance premium is \$1,891,882 and is included in the adopted budget.

**ATTACHMENT(S):**

- 1. Premium Summary FY 2026/27
- 2. Insurance Proposal for FY 2026/27

DEPARTMENT OR DIVISION	DIVISION MANAGER	APPROVED
Finance		
	<b>Bret Uppendahl</b> Finance Director	<b>Ben Horenstein</b> General Manager