

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Becky Obmann, Interim Director of Human Resources and Risk Management

DATE: May 26, 2026

SUBJECT: Approve Annual Renewal of City Insurance Policies

PREPARED BY: Nicole Flores, Risk Manager

RECOMMENDATIONS: That the City Council approve the following insurance policies and renewal premiums:

1. Excess Liability (\$10M Limit) insurance with Alliant National Municipal Liability (ANML) Program, in the Not-to-Exceed amount of \$1,336,160, for the period of July 1, 2026 to July 1, 2027; and
2. Excess Liability (\$5M xs \$10M Limit) insurance with Starstone Specialty Insurance Company, in the Not-to-Exceed amount of \$369,850, for the period of July 1, 2026 to July 1, 2027; and
3. Excess Liability (\$5M xs \$15M Limit) insurance with Arch Specialty Insurance Company, in the Not-to-Exceed amount of \$246,807, for the period of July 1, 2026 to July 1, 2027; and
4. Excess Liability (\$5M xs 20M Limit) insurance with Acceptance Casualty Insurance Company, in the Not-to-Exceed amount of \$160,424 for the period of July 1, 2026 to July 1, 2027; and
5. Excess Workers' Compensation insurance with Safety National Casualty Insurance, in the amount of \$182,816, for the period of July 1, 2026 to July 1, 2027; and
6. Property & Equipment Breakdown, Auto Physical Damage, and Difference in Conditions (Earthquake and Flood) insurance with Alliant Property Insurance Program, in the amount of \$596,518, for the period of July 1, 2026 to July 1, 2027; and
7. Cyber Liability insurance with APIP Core, Boost & BBR, in the amount of \$26,997, for the period of July 1, 2026 to July 1, 2027; and
8. Crime insurance with Alliant Crime Insurance Program (ACIP), in the Not-to-Exceed amount of \$2,964, for the period of July 1, 2026 to July 1, 2027; and

9. Pollution/Environmental Legal Liability insurance with Indian Harbor Insurance Company, in the amount of \$12,292, for the period of July 1, 2026 to July 1, 2027; and
10. Volunteer Accident insurance with Volunteer Insurance Program (VIP), in the amount of \$561, for the period of July 1, 2026 to July 1, 2027; and
11. Deadly Weapons insurance with Alliant Deadly Weapons Response Program (ADWRP), in the Not-to-Exceed amount of \$6,445, for the period of July 1, 2026 to July 1, 2027; and
12. Unmanned Aircraft (Drone) Coverage with California Aircraft Municipal Program (CAMP), in the Not-to-Exceed amount of \$1,225, for the period of July 1, 2026 to July 1, 2027.
13. Fiduciary Liability Coverage with Alliant Fiduciary Liability Insurance Program, in the amount of \$6,554, for the period of July 1, 2026 to July 1, 2027.

BACKGROUND: In preparation for the July 1, 2026 expiration of the City’s insurance policies, staff requested that the City’s insurance broker, Alliant Insurance Services (AIS) market the City’s insurance program, including Excess Liability, Excess Workers' Compensation, Property & Equipment Breakdown, Difference in Conditions (Earth Movement and Flood), Automobile Physical Damage, Cyber Liability, Crime, Environmental Liability, Volunteer Accident, Fiduciary Liability, and Deadly Weapons coverage. In response, AIS obtained proposals from various insurance carriers for insurance premiums which represents an approximate Not-to-Exceed increase of 29% over the City’s FY 2025-26 insurance premiums. To ensure the insurance companies have sufficient financial capacity to provide the necessary policy limits to insure the City’s risks, AIS utilized the services of A.M. Best Rating system to assess their financial strength and creditworthiness. The insurance premiums are listed below by category and in order of responsiveness:

**Excess Liability Insurance (\$10M Limit)
Alliant National Municipal Liability (ANML) Program**

Carrier		Premium
Great American E&S Insurance Company	A+ (Superior), FSC: XV (Greater than \$2B)	\$1,336,160
StarStone Specialty Insurance company	A- (Excellent), FSC: XII (\$1B to \$1.25B)	

The Not-to-Exceed premium amount of \$1,336,160 for Excess Liability Insurance coverage and represents a \$308,345 increase over the previous policy. The increase in premiums is primarily due to recent liability related claim activity and the current market conditions as a whole. The preferred proposal submitted provides coverage of \$10 million per occurrence with a self-insured retention of \$500,000. This increase in premium represents a conservative estimate and our brokers are working on lowering this number before the 7/1/26 renewal and also considering higher retention options. The noted premium number requires another \$500,000 corridor deductible within the \$10M limit.

Excess Liability Insurance (\$5M xs \$10M Limit)

Carrier		Premium
StarStone Specialty Insurance company	A- (Excellent), FSC: XII (\$1B to \$1.25B)	\$369,850

The Not-to-Exceed premium amount of \$369,850 for Excess Liability Insurance coverage and represents a \$85,350 increase over the previous policy. This increase in premium represents a conservative estimate and our brokers are working on lowering this number before the 7/1/26 renewal.

Excess Liability Insurance (\$5M xs \$15M Limit)

Carrier		Premium
Arch Specialty Insurance Company	A+ (Superior), FSC: XV (Greater than \$2B)	\$246,807

The Not-to-Exceed premium amount of \$246,807 for Excess Liability Insurance coverage and represents a \$56,956 increase over the previous policy. This increase in premium represents a conservative estimate and our brokers are working on lowering this number before the 7/1/26 renewal.

Excess Liability Insurance (\$5M xs \$20M Limit)

Carrier		Premium
Acceptance Casualty Insurance Company	A- (Excellent), FSC: XI (\$750M to \$1B)	\$160,424

The Not-to-Exceed premium amount of \$160,424 for Excess Liability Insurance coverage and represents a \$37,021 increase over the previous policy. This increase in premium represents a conservative estimate and our brokers are working on lowering this number before the 7/1/26 renewal.

Excess Workers' Compensation Insurance

Carrier		Premium
Safety National Casualty Corporation	A++ (Superior), FSC: XV (Greater than \$2B)	\$182,816

The City self-insures for the first \$500,000 of each occurrence, with the insurance policy covering costs in excess of \$500,000. The Excess Insurance premium amount of \$182,816 represents a \$17,214 increase over the previous policy.

Property and Equipment Breakdown, Auto Physical Damage, and Difference in Conditions (Earthquake and Flood) Insurance

Carrier		Premium
Alliant Property Insurance Program	Various (All rated A- (Excellent) or better)	\$596,518

The premium amount of \$596,518 represents a \$6,535 decrease over the previous policies. These three coverages (Property, Auto Physical Damage, and Difference in Conditions) are being bundled together in the Alliant Property Insurance Program. This change provides roughly \$40,000 in premium savings over the incumbent renewal structure and increases the Property insurance limit to \$250M up from \$100M.

Cyber Liability Insurance
Alliant Property Insurance Program (APIP) Core, Boost and BBR

Carrier		Premium
Syndicate 623/2623 at Lloyd's	A (Excellent), FSC: XV (Greater than \$2B)	\$26,997

The premium amount of \$26,997 represents a \$1,962 decrease over the previous policy. The proposal submitted by APIP maintains the same coverage levels for the City as those provided in the previous fiscal year.

Crime Insurance
Alliant Crime Insurance Program (ACIP)

Carrier		Premium
National Union Fire Insurance Company of Pittsburgh, PA. (AIG)	A (Excellent), FSC: XV (Greater than \$2B)	\$2,964

The Not-to-Exceed premium amount of \$2,964 represents a \$300 increase over the previous policy. The preferred proposal submitted by National Union Fire Insurance Company of Pittsburgh, PA (AIG) provides coverage of \$1,000,000 with a \$10,000 deductible. In addition, the Crime insurance policy includes coverage for City Officials including, but not limited to, the City Manager, City Clerk, Finance Director, and City Treasurer, as well as Volunteer Workers.

Pollution/Environmental Legal Liability Insurance

Carrier		Premium
Indian Harbor Insurance Company	A+ (Superior), FSC: XV (Greater than \$2B)	\$12,292

The premium amount of \$12,292 represents a \$1 increase over the previous policy. The preferred proposal submitted by Indian Harbor Insurance Company provides a coverage limit of \$1,000,000 with \$2,000,000 aggregate and a \$25,000 SIR.

Volunteer Accident Insurance
Volunteer Insurance Program (VIP)

Carrier		Premium
National Union Fire Insurance Company of Pittsburgh, PA. (AIG)	A (Excellent), FSC: XV (Greater than \$2B)	\$561

The premium amount of \$561 represents a \$99 decrease over the previous policy. The preferred proposal submitted by National Union Fire Insurance Company of Pittsburgh, PA provides \$50,000 coverage with \$1,000,000 aggregate of Accidental Death and Dismemberment (AD&D) at no deductible and \$100,000 of Accidental Medical Expense at no deductible.

**Deadly Weapons Coverage
Alliant Deadly Weapons Response Program (ADWRP)**

Carrier		Premium
Underwriters at Lloyd's of London	A (Excellent), FSC: XV (Greater than \$2B)	\$6,445

The Not-to-Exceed premium amount of \$6,445 represents a \$791 increase over the previous policy. The preferred proposal submitted by Underwriter's at Lloyd's of London provides \$500,000 coverage with a \$10,000 deductible.

**Unmanned Aircraft Coverage
California Aircraft Municipal Program (CAMP)**

Carrier		Premium
Starr Indemnity & Liability Company	A (Excellent), FSC: XV (Greater than \$2B)	\$1,225

The Not-to-Exceed premium amount of \$1,225 represents no increase over the previous policy. The preferred proposal submitted by Underwriters at Lloyd's of London provides \$2,000,000 in liability coverage.

**Fiduciary Liability Coverage
Fiduciary Liability Insurance Program**

Carrier		Premium
Hudson Insurance Company	A+ (Superior), FSC: XV (Greater than \$2B)	\$6,554

The premium amount of \$6,554 represents a flat renewal over the previous policy. The preferred proposal submitted by Underwriters at Lloyd's of London provides \$2,000,000 in liability coverage.

FISCAL IMPACT: An increase in funds for the Insurance Internal Service Fund (account 300.199.999.5204) in the amount of \$240,000.00 is needed to fully fund the insurance premiums for the Fiscal Year 2026-27, which will be reflected in the Final Annual Operating Budget presented to Council at their June 9, 2026 meeting.

ATTACHMENTS: None