

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

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

DATE: June 10, 2025

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 amount of \$1,027,815, for the period of July 1, 2025 to July 1, 2026; and
2. Excess Liability (\$5M xs \$10M Limit) insurance with Starstone Specialty Insurance Company, in the amount of \$284,500, for the period of July 1, 2025 to July 1, 2026; and
3. Excess Liability (\$5M xs \$15M Limit) insurance with Arch Specialty Insurance Company, in the amount of \$189,851.20, for the period of July 1, 2025 to July 1, 2026; and
4. Excess Liability (\$5M xs 20M Limit) insurance with Acceptance Casualty Insurance Company, in the amount of \$123,403.28 for the period of July 1, 2025 to July 1, 2026; and
5. Excess Workers' Compensation insurance with Safety National Casualty Insurance, in the amount of \$165,602, for the period of July 1, 2025 to July 1, 2026; and
6. Property & Equipment Breakdown insurance with Hanover Insurance Company, in the amount of \$217,630, for the period of July 1, 2025 to July 1, 2026; and
7. Difference in Conditions (Earth Movement and Flood) insurance with Steadfast Insurance Company, QBE Specialty Insurance Company, General Security Indemnity Company of Arizona, and Hiscox Syndicate #33 in the amount of \$353,705.19, for the period of July 1, 2025 to July 1, 2026; and
8. Auto Physical Damage insurance with Hanover Insurance Company, in the amount of \$31,718, for the period of July 1, 2025 to July 1, 2026; and
9. Cyber Liability insurance with APIP Core, Boost & BBR, in the amount of \$28,958.84, for the period of July 1, 2025 to July 1, 2026; and

10. Crime insurance with Alliant Crime Insurance Program (ACIP), in the amount of \$2,664.20, for the period of July 1, 2025 to July 1, 2026; and
11. Pollution/Environmental Legal Liability insurance with Indian Harbor Insurance Company, in the amount of \$12,291.40, for the period of July 1, 2025 to July 1, 2026; and
12. Volunteer Accident insurance with Volunteer Insurance Program (VIP), in the amount of \$660, for the period of July 1, 2025 to July 1, 2026; and
13. Deadly Weapons insurance with Alliant Deadly Weapons Response Program (ADWRP), in the amount of \$5,653.20, for the period of July 1, 2025 to July 1, 2026; and
14. Unmanned Aircraft (Drone) Coverage with California Aircraft Municipal Program (CAMP), in the amount of \$1,224.26, for the period of July 1, 2025 to July 1, 2026.

BACKGROUND: In preparation for the July 1, 2025 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, Terrorism, and Deadly Weapons coverage. In response, AIS obtained proposals from various insurance carriers for insurance premiums which represents an approximate increase of 10% over the City's FY 2024-25 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)	\$1,027,815
StarStone Specialty Insurance company	A- (Excellent), FSC: XII (\$1B to \$1.25B)	

The premium amount of \$1,027,815 for Excess Liability Insurance coverage and represents a \$108,719.27 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.

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

Carrier		Premium
StarStone Specialty Insurance company	A- (Excellent), FSC: XII (\$1B to \$1.25B)	\$284,500

The premium amount of \$284,500 for Excess Liability Insurance coverage and represents a \$37,500 increase over the previous policy.

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

Carrier		Premium
Arch Specialty Insurance Company	A+ (Superior), FSC: XV (Greater than \$2B)	\$189,851.20

The premium amount of \$189,851.20 for Excess Liability Insurance coverage is an increase in premium to add an additional \$5 million in limits to the \$15 million already purchased.

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

Carrier		Premium
Acceptance Casualty Insurance Company	A- (Excellent), FSC: XI (\$750M to \$1B)	\$123,403.28

The premium amount of \$123,403.28 for Excess Liability Insurance coverage is an increase in premium to add an additional \$5 million in limits to the \$20 million already purchased.

Excess Workers' Compensation Insurance

Carrier		Premium
Safety National Casualty Corporation	A++ (Superior), FSC: XV (Greater than \$2B)	\$165,602

As a cost saving measure, in 2014 the City incorporated a \$500,000 *Self-Insured Retention* into the City's Workers' Compensation insurance program. Therefore, rather than the City's insurance carrier covering the costs of employee related work injuries from the first dollar of loss, 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 \$165,602 represents a \$14,756 increase over the previous policy.

Property and Equipment Breakdown Insurance

Carrier		Premium
Hanover Insurance Company	A (Excellent), FSC: XV (Greater than \$2B)	\$217,630

The premium amount of \$217,630 represents a \$51,823.05 increase over the previous policy. The proposal submitted by Hanover Insurance Company provides coverage of \$100 Million with a \$25,000 deductible.

Auto Physical Damage & Contractor's Equipment

Carrier		Premium
Hanover Insurance Company	A (Excellent), FSC: XV (Greater than \$2B)	\$31,718

The premium amount of \$31,718 represents a \$3,539 increase over the previous policy. The preferred proposal submitted by Hanover Insurance Company provides coverage of \$9,909,405 total insured value Auto Physical Damage and \$1,163,024 for Contractors Equipment with a \$10,000 deductible for each.

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)	\$28,958.84

The premium amount of \$28,958.84 represents a \$4,037.24 increase over the previous policy. The proposal submitted by APIP provides increased coverage for the City over prior years.

Difference in Conditions: Earth Movement and Flood

Carrier		Premium
<u>Primary \$10M Limit</u> Steadfast Insurance Company <u>\$25M xs of \$10M Limit</u> General Security Indemnity Company of Arizona – 5% Hiscox Syndicate #33 – 20% Mercer Insurance Company – 35% QBE Specialty Insurance Company – 40	<u>Primary \$10M Limit</u> A+ (Superior), FSC: XV (Greater than \$2B) <u>\$25M xs of \$10M Limit</u> A (Excellent), FSC: XV (Greater than \$2B) A (Excellent), FSC: XV (Greater than \$2B) A- (Excellent), FSC: X (\$500M to \$750M) A (Excellent), FSC: XV (Greater than \$2B)	\$353,705.19

The premium amount of \$353,705.19 represents a (\$11,751.15) decrease over the previous policy. The premium amount includes the primary and excess policies indicated above. The preferred proposal submitted by Steadfast Insurance Company includes \$10,000,000 in coverage with an earth movement deductible of 5% applied per unit, flood deductible \$100,000. Several carriers combine to place the excess \$25M over Steadfast.

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)	\$2,664.20

The premium amount of \$2,664.20 represents a \$242.20 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)	\$12,291.40

The premium amount of \$12,291.40 represents a \$508.24 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)	\$660

The premium amount of \$660 represents a flat renewal with no increase 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)	\$5,653.20

The premium amount of \$5,653.20 represents a \$97.99 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)	\$1,224.26

The premium amount of \$1,224.26 represents flat renewal with no increase over the previous policy. The preferred proposal submitted by Underwriters at Lloyd's of London provides \$2,000,000 in liability coverage.

FISCAL IMPACT: No Fiscal impact as insurance premiums have been proposed at or below budget amounts for the Fiscal Year 2025-26.

ATTACHMENTS: None