



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Maria Öberg

**SUBJECT:** Approval of Citywide  
Insurance Renewals

**DATE:** September 2, 2025

Approved

Date:

9/8/2025

**COUNCIL DISTRICT:** Citywide

## **RECOMMENDATION**

Adopt a resolution authorizing the Director of Finance or her designee to:

- (a) Select and purchase City of San José property, liability, and executive risk insurance policies for the period of October 1, 2025, to October 1, 2026, at a total cost not-to-exceed \$4,275,826 as well as an 18% contingency for additional property or assets scheduled, subject to the appropriation of funds, with the following insurance carriers:
- (1) Factory Mutual Insurance Company for Property Insurance, including Boiler and Machinery and Terrorism Risk Insurance Act Coverage;
  - (2) Beazley Excess and Surplus Lines Insurance, Inc. for Terrorism Insurance;
  - (3) The Princeton Excess and Surplus Lines Insurance Company, Ironshore Specialty Insurance Company, and Arch Specialty Insurance Company for \$15 million in Excess Flood Insurance on a 50/50 quota share basis;
  - (4) Gemini Insurance Company for Auto Liability Insurance for the vehicle fleets at the San José Mineta International Airport and San José–Santa Clara Regional Wastewater Facility;
  - (5) Hanover Insurance Company for Auto Physical Damage for the San José Mineta International Airport shuttle buses;
  - (6) Arch Insurance Company for Accidental Death, Accidental Dismemberment, and Paralysis Policy for the Police Air Support Unit; and
  - (7) Lexington Insurance Company for Secondary Employment Law Enforcement Professional Liability;
  - (8) Great American Insurance Company for Government Fidelity/Crime Coverage.

- (b) Select and purchase Additional Liability Insurance for the period October 22, 2025, to October 22, 2026, at a cost ranging from \$500,000 to \$1,100,000, subject to the appropriation of funds.

## **SUMMARY AND OUTCOME**

The current North American commercial insurance market is presenting a unique and promising landscape for insurance buyers. While not without its challenges, the current environment offers opportunities for well-prepared buyers to secure favorable terms, broaden coverage options, and re-engage in strategic risk transfer decisions that may have been constrained in recent years.<sup>1</sup>

Despite the City of San José's (City) exposure to natural catastrophe events (i.e., flood) and loss history, the City took advantage of the softening insurance marketplace conditions and renewed its insurance programs with relatively nominal changes in the renewal pricing and terms for its property and casualty insurance programs. The Attachment - Best Value Insurance Proposals reflects the best value coverage and insurance carriers presented for Fiscal Year (FY) 2025-2026.

Approval of this recommendation will ensure the City maintains appropriate insurance coverage to provide financial protection from certain types of catastrophic or financial loss.

## **BACKGROUND**

Each year, the City purchases insurance to protect the City against a catastrophic event or specified perils. The City is self-insured for workers' compensation, general liability, and auto liability with limited exceptions described in this memorandum. The decision on whether or not to purchase insurance is based on many factors, including, but not limited to, when the frequency of events cannot be predicted, when the severity of potential loss could seriously hamper operations, and when the cost of the insurance policy is not prohibitive.

To secure policies, the Finance Department (Department) reviews the City's insurance coverage and needs with the City's insurance broker, Alliant Insurance Services (Alliant). The review includes analyzing the City's risk exposures, trends in the insurance markets, insurance product line availability, and the City's historical philosophy to insuring for losses. Alliant presents the City's risk portfolio to insurance carriers to obtain the best value insurance coverage, solicits competitive quotations from major insurance companies for all recommended insurance product lines where applicable, and presents the results to the Department for consideration.

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<sup>1</sup> [Willis Towers Watson Insurance Marketplace Realities 2025 Spring Update](#)

Department staff compares and evaluates the quotes based on scope of coverage, cost, the insurer's financial strength and reputation for claims payment, and the insurer's availability of resources to provide services such as property appraisals, safety training, and loss prevention engineering services. Based on the information and analysis, the Department determines the appropriate insurance coverage and recommends the most advantageous insurance policies to the City Council.

## **ANALYSIS**

The Department completed the annual insurance renewal process for FY 2025-2026 with Alliant and recommends the insurance coverage described below.

### **A. Insurance Coverage Recommended**

#### **1. All Risk Property, Including Boiler and Machinery Insurance**

All Risk property insurance provides coverage for City-owned and leased real and personal property, including buildings, contents, business interruption, boiler and machinery, electronic data processing equipment, fine arts, loss of rents, expediting costs, off-premises services interruption, unnamed locations, transit, animals, accounts receivable, valuable papers, data, rebuild with green upgrades, and other coverage as detailed in the policy forms subject to sub-limits as defined in the policy. The City's schedule of insured locations includes one property (the Billy DeFrank Community Center) currently owned by the Successor Agency to the Redevelopment Agency (SARA).

After an estimated \$140 billion in global insured natural catastrophe losses in 2024, the third highest on record, the first quarter of 2025 exceeded \$50 billion, marking one of the highest losses ever for any first quarter. In January 2025, the Palisades and Eaton wildfires in Los Angeles burned more than 16,000 structures and over 57,000 acres. The damages from these wildfires are estimated at \$53.8 billion, with insured losses expected to surpass \$30 billion.<sup>2</sup>

Despite these events, the property insurance market in the United States transitioned to a more competitive environment in 2024 and this trend is persisting into 2025, with an oversupply of capacity driving rate relief and favorable renewal conditions for many insurance buyers.<sup>3</sup> Valuation accuracy remains a market talking point, but pressure for significant change to insurable values has subsided. With competition heating up and rates improving in favor of

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<sup>2</sup> [USI Insurance 2025 Commercial Property & Casualty Market Outlook Mid-Year Addendum](#)

<sup>3</sup> [Willis Towers Watson Insurance Marketplace Realities 2025 Spring Update](#)

buyers, insurers are diverting their attention away from value adequacy if a sound, repeatable methodology has been implemented.<sup>4</sup>

To address the valuation of assets issue, the City conducted six property appraisals to update the replacement cost values of ~17.2% of the City's insurable values for buildings and contents. All six property appraisals focused on valuation of locations within the City's thirty largest insured locations as measured by insurable values, including San José City Hall, the San José Police Department Main Campus,<sup>5</sup> and Sharks Ice at San José. Additionally, staff applied a 2% inflation factor to existing buildings not subject to a property appraisal based on the Factory Mutual Insurance Company (FM) USA and Canada Cost Trends Pacific Coast - Updated January 2025. Overall, the City's insurable values increased by 7.29% relative to the insurable values reported for the expiring policy.

Incumbent property insurer FM has provided a proposal for the renewal term. The property insurance limit quoted by FM is \$1.0 billion each occurrence with a \$500,000 minimum deductible per occurrence. The FM proposal for flood coverage includes annual aggregate limits of \$10 million with a \$500,000 per location deductible, with certain exceptions.<sup>6</sup> Coverage terms and conditions are consistent with the current program.

The FM proposal contemplates a flat insurance rate superimposed on the 7.29% increase in insurable values, offset by a one-time Membership Credit in the amount of \$339,209 and a one-time Resilience Credit in the amount of \$169,604. In May 2025, FM announced approximately \$1.0 billion in Membership Credits to eligible policyholders who renewed their property insurance policies between June 30, 2025, and June 29, 2026. The Membership Credit provided to eligible policyholders is based on their expiring premium and tenure with FM and applied as an offset against premium at a renewal or anniversary date.<sup>7</sup> The Membership Credit is in addition to the \$400 million Resilience Credit announced by FM in October 2024, which will be applied as a 5% premium offset against eligible FM policies with renewals or anniversaries between January 1, 2025, and December 31, 2025.<sup>8</sup>

FM also provided the City with options to increase the minimum deductible from \$500,000 to either \$1,000,000 or \$2,000,000 for a premium credit of:

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<sup>4</sup> [Willis Towers Watson Insurance Marketplace Realities 2025 Spring Update](#)

<sup>5</sup> The San José Police Department Main Campus refers to the location at 201 West Mission Street that includes an Administration Building, a Communications Center, and associated facilities.

<sup>6</sup> The Airport and McEnery Convention Center are subject to a \$10 million per location flood deductible and the Regional Wastewater Facility is subject to a \$5 million per location flood deductible.

<sup>7</sup> [FM Announces Enhanced US\\$1 Billion Membership Credit for Client-Owners; Global's Client Owners](#)

<sup>8</sup> [FM Announces US\\$400 Million 'Resilience Credit' to Support Client Investment in Climate Resilience](#)

- \$145,000 for increasing the minimum deductible from \$500,000 to \$1,000,000; and
- \$279,000 for increasing the minimum deductible from \$500,000 to \$2,000,000.

Staff recommends against increasing the minimum deductible because the premium offset is insufficient to justify the increased risk to the City.

Insurance Carrier: Factory Mutual Insurance Company

<b>Policy Period</b>	<b>2025-2026</b>	<b>2024-2025</b>
Annual Premium (Net) <sup>9</sup>	\$3,510,125	\$3,209,717
Membership Credit <sup>10</sup>	(\$339,209)	(\$415,242)
Resilience Credit	(\$169,604)	\$0
Other Credit <sup>11</sup>	\$0	(\$6,000)
Broker Fees <sup>12</sup>	\$66,999	\$62,178
<b>Total Annual Costs</b>	<b>\$3,068,311</b>	<b>\$2,850,653</b>

The City will continue conducting property appraisals to update the replacement cost valuations of the City's property portfolio and will target five of its 30 largest insured locations by Total Insured Values in FY 2025-2026, including the Tech Museum and City Hall Employee Garage buildings. In addition to the insurance products procured last year, the City utilized risk engineering services to evaluate eight City-owned properties over the last 12 months. Risk engineering services help identify common risks resulting in damage or destruction of property, such as fire, flood, or other operational risks, and are geared to finding solutions aimed to reduce property loss or disruption of use.

## **2. Terrorism Risk Insurance Act of 2002 (TRIA) and Terrorism Insurance**

TRIA coverage provides an insurance mechanism, shared by private insurance carriers and the federal government, for losses arising from acts of terrorism as certified by the United States Secretary of the Treasury, in consultation with the Secretary of Homeland Security and Attorney General, and defined by the TRIA. It does not cover liability losses. TRIA has been extended and is set to expire on December 31, 2027. Coverage is currently provided through a federal program for 85% of total aggregate loss up to \$100 billion in aggregate losses, with total

<sup>9</sup> Net refers to gross premiums less broker commissions as broker compensation is provided through a fee agreement between the City and Alliant.

<sup>10</sup> The 2024-2025 Membership Credit on the FM Global proposal is based on 12.5% of the eligible in-force premium.

<sup>11</sup> The City received a one-time credit of \$6,000 in Fiscal Year 2024-2025 for removing the Fairmont Hotel Garage (now Signia by Hilton) from the property schedule as Signia by Hilton is insuring the real property including the garage. The one-time credit was allocated to the Parking Fund (Fund 533).

<sup>12</sup> Broker fees include fees allocated for TRIA, Stand-alone Terrorism and Excess Flood coverages.

losses being no less than \$5 million. FM has provided a quote for TRIA coverage for an incremental premium of \$206,002, a \$17,630 or 9.36% increase over the expiring premium. FM participates in a pooled reinsurance program for TRIA and the rate increase reflects the increase in the cost of reinsurance superimposed on the increase in insurable values.

Insurance Carrier: Factory Mutual Insurance Company

<b>Policy Period</b>	<b>2025-2026</b>	<b>2024-2025</b>
Annual Premium (Net)	\$206,002	\$188,372

The City began purchasing stand-alone terrorism insurance in 2019. Stand-alone terrorism insurance provides a broader definition of terrorism than TRIA and includes third-party liability coverage. Staff recommends continuation of a combined property and liability terrorism policy. Incumbent insurer Beazley Excess and Surplus Lines Insurance, Inc., provided a renewal quote for \$10 million in aggregate limits for premium and fees of \$30,639, a \$1,589 or 5.47% increase over the expiring premium and fees. The proposal reflects a 4% decrease in the insurance rate superimposed on the increase in total insurable values.

Insurance Carrier: Beazley Excess and Surplus Lines Insurance, Inc.

<b>Policy Period</b>	<b>2025-2026</b>	<b>2024-2025</b>
Annual Premium (Net)	\$29,695	\$28,155
Surplus Lines Tax and Fees	\$944	\$895
<b>Total Annual Costs</b>	<b>\$30,639</b>	<b>\$29,050</b>

### **3. Excess Flood**

To mitigate the impact of reduction to the base flood coverage from \$25 million to \$10 million from the 2019 renewal,<sup>13</sup> the City obtained an excess policy that provides \$15 million in limits excess of the primary property policy on a 50/50 quota share basis, where the City and excess insurers share the financing of losses on a 50/50 basis. Insurers - The Princeton Excess and Surplus Lines Insurance Company, Ironshore Specialty Insurance Company, and Arch Specialty Insurance Company have provided renewal quotes for Excess Flood coverage with premiums and fees decreasing by \$4,126 or 1.22% relative to the expiring program. The renewal proposal reflects a 10% decrease in the insurance rate superimposed on the increase in total insurable values.

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<sup>13</sup> [Approval of Citywide Insurance Renewals City Council Memorandum 9-17-19](#)

Insurance Carriers: The Princeton Excess and Surplus Lines Insurance Company, Ironshore Specialty Insurance Company, and Arch Specialty Insurance Company

<b>Policy Period</b>	<b>2025-2026</b>	<b>2024-2025</b>
Annual Premium (Net)	\$323,559	\$327,558
Surplus Lines Tax	\$10,289	\$10,416
<b>Total Annual Premiums</b>	<b>\$333,848</b>	<b>\$337,974</b>

**4. Automobile Liability for Airport Fleet and Shuttle Bus Fleet Physical Damage**

Automobile liability insurance provides coverage for bodily injury, property damage, and personal injury for claims arising out of Airport vehicle operations. Airport Shuttle Bus Physical Damage insurance provides comprehensive physical damage (i.e., fire, theft, vandalism, malicious mischief) coverage for the owned and leased Airport shuttle buses, including the nine high-value zero emissions shuttle buses purchased from Proterra in 2019.<sup>14</sup>

The City purchases automobile liability and automobile physical damage insurance as a stand-alone insurance product line and there is a limited commercial insurance marketplace for stand-alone auto liability as most insurers provide automobile liability in conjunction with commercial general liability or workers' compensation. Commercial auto continues to see consistent rate increases as insurers look to offset escalating claims severity from distracted driving, rising repair costs, and adverse litigation outcomes.<sup>15</sup> Rating agency A.M. Best & Co. has a negative outlook for the commercial automobile product line and estimated that the commercial automobile liability product line turned in a combined ratio of 108.5 in calendar year 2024.<sup>16</sup>

The City has received competitive quotes from the incumbent auto liability and auto physical damage insurers Gemini Insurance Company and Hanover Insurance Company with terms and conditions consistent with the expiring programs. Based on the renewal quotes, the Airport's total annual costs will increase by \$4,722 or 1.67% relative to the expiring programs.

<sup>14</sup> One of the 10 zero emissions buses purchased in 2019 was retired in 2024.

<sup>15</sup> [Hub International 2025 Outlook Mid-Year Rate Report](#)

<sup>16</sup> [AM Best: US P/C Industry Improves Despite 2024 Underwriting Loss](#)

Insurance Carrier: Gemini Insurance Company (Auto Liability)

<b>Policy Period</b>	<b>2025-2026</b>	<b>2024-2025</b>
Annual Premium (Net)	\$208,299	\$206,066
Surplus Lines Tax	\$7,049	\$6,553
<b>Total Annual Premiums</b>	<b>\$215,348</b>	<b>\$212,619</b>
Broker Fees	\$3,783	\$3,576
<b>Total Annual Costs</b>	<b>\$219,131</b>	<b>\$216,195</b>

Insurance Carrier: Hanover Insurance Company (Auto Physical Damage)

<b>Policy Period</b>	<b>2025-2026</b>	<b>2024-2025</b>
Annual Premium (Net)	\$55,333	\$53,623
TRIA Coverage	\$1,790	\$1,743
<b>Total Annual Premiums</b>	<b>\$57,123</b>	<b>\$55,366</b>
Broker Fees	\$985	\$1,131
<b>Total Annual Costs</b>	<b>\$58,108</b>	<b>\$56,497</b>

<b>Total Annual Costs for Airport Auto Liability and Auto Physical Damage</b>	<b>\$277,239</b>	<b>\$272,692</b>
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## 5. Automobile Liability for Regional Wastewater Facility Fleet

Automobile liability provides coverage for bodily injury, property damage, and personal injury for claims arising out of San José–Santa Clara Regional Wastewater Facility (Regional Wastewater Facility) vehicle fleet. The City has received a competitive quote from the incumbent auto liability insurer Gemini Insurance Company with terms and conditions consistent with the expiring programs. Based on the renewal quote, Regional Wastewater Facility total premiums and taxes will increase by \$2,379 or 1.28% over the expiring program.

Insurance Carrier: Gemini Insurance Company

<b>Policy Period</b>	<b>2025-2026</b>	<b>2024-2025</b>
Annual Premium (Net)	\$181,701	\$179,754
Surplus Lines Tax	\$6,148	\$5,716
<b>Total Annual Premiums and Taxes</b>	<b>\$187,849</b>	<b>\$185,470</b>
Broker Fees	\$3,300	\$3,122
<b>Total Annual Costs</b>	<b>\$191,149</b>	<b>\$188,592</b>



**6. Life/Accidental Death and Dismemberment Policy for Police Air Support Unit**

The Life/Accidental Death and Dismemberment program provides an accidental death, accidental dismemberment, and paralysis benefit of \$250,000 per person for accident or injury of any member of the Police Air Support Unit as defined in Section 5.6.8 of the San José Police Officers' Association Memorandum of Agreement<sup>17</sup> subject to an aggregate limit of \$1,250,000 per accident. The City added this insurance product line to its portfolio in 2016.

In 2022, the City placed the Life/Accidental Death and Dismemberment policy with Arch Insurance Company with a three-year rate guarantee that expires on October 1, 2025. Alliant received a renewal quote from Arch Insurance Company providing pricing and terms and conditions, including a three-year rate guarantee, consistent with the expiring program at a premium of \$6,843 per year, a 4.39% decrease relative to the expiring policy.

Insurance Carrier: Arch Insurance Company

<b>Policy Period</b>	<b>2025-2026</b>	<b>2024-2025</b>
Annual Premium (Net) <sup>18</sup>	\$6,843	\$7,157
Broker Fees	\$127	\$136
<b>Total Annual Costs</b>	<b>\$6,970</b>	<b>\$7,293</b>

**7. Secondary Employment Law Enforcement Professional Liability**

The Secondary Employment Law Enforcement Professional Liability program provides coverage for an actual or alleged error or omission, negligent act, or breach of duty that results in bodily injury, property damage, or personal injury by City police officers who have been approved to participate in the Secondary Employment program (Participating Officers) while conducting law enforcement activities on behalf of approved third-party secondary employers. The incumbent carrier is Lexington Insurance Company, an insurance operating subsidiary of the American International Group, better known as AIG.

The Law Enforcement Liability insurance product line continues to be a primary focus in underwriting public sector facing significant challenges stemming from heightened media scrutiny, civil unrest, and evolving federal court rulings.<sup>19</sup>

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<sup>17</sup> [Memorandum of Agreement between the City of San José and San José Police Officers' Association \(July 1, 2022 – June 30, 2025\)](#)

<sup>18</sup> The recommended policy contains a rate guarantee through September 30, 2025, with an annual installment premium, and the policy is subject to termination based on annual appropriation of funds and the City having the ongoing obligation to procure coverage per Section 5.6.8 of the San José Police Officers' Association Memorandum of Agreement.

<sup>19</sup> [Alliant Insurance Services 2025 Insurance Marketplace Insights and Observations Mid-Year Report](#)

Alliant secured a renewal quote from Lexington Insurance Company that reflects a 10% or \$12,211 increase in annual premiums and taxes relative to the expiring program. Coverage terms and conditions are consistent with the expiring policy. Despite the cost increase relative to the expiring program, Alliant believes the renewal program presents a good result for the City as Alliant has been seeing 10% to 20% rate increases for California municipality clients.

The projected number of Participating Officers increased by 7.43% from 579 to 622 officers. The City's renewal rate is \$219.37 per Participating Officer,<sup>20</sup> who contribute \$200 per year to obtain coverage.<sup>21</sup>

Insurance Carrier: Lexington Insurance Company

<b>Policy Period</b>	<b>2025-2026</b>	<b>2024-2025</b>
Annual Premium (Net)	\$130,139	\$118,304
Surplus Lines Tax	\$4,138	\$3,762
<b>Total Annual Premiums</b>	<b>\$134,277</b>	<b>\$122,066</b>
Broker Fees	\$2,168	\$2,261
<b>Total Annual Costs</b>	<b>\$136,445</b>	<b>\$124,327</b>

Estimated Officer Contribution: \$124,400  
Estimated City Contribution: \$12,049

## **8. Government Crime Insurance**

Government Crime insurance provides coverage to the City for financial losses arising from employee theft, forgery or alteration, robbery or safe burglary, computer fraud, funds transfer fraud, or money orders and counterfeit money fraud. Section 905 (Official Bonds) of the City Charter provides that all officers and employees having custody or control of public funds are required to be bonded. The City Council authorized the purchase of Government Crime Insurance as meeting the Official Bonds requirement via Resolution No. 80683 adopted by the City Council on September 20, 2022,<sup>22</sup> as a Government Crime policy affords equal or greater scope of coverage than a bond and has the added benefit of not having to continually remove and add employees as would be required by a bond.

For the second year in a row, the City obtained a renewal quote from incumbent carrier Great American Insurance Company at a premium consistent with the

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<sup>20</sup> Participating Officers include Sworn Officers and Reserve Officers.

<sup>21</sup> As part of the City's negotiations with the Police Officers' Association, the Police Officers' Association accepted City Proposal #20, which increases the Participating Officer contribution rate from \$110 per year to \$200 per year.

<sup>22</sup> [City Council Meeting Minutes for September 20, 2022](#)

expiring program. Coverage terms and conditions are consistent with the expiring policy.

Insurance Carrier: Great American Insurance Company

<b>Policy Period</b>	<b>2025-2026</b>	<b>2024-2025</b>
Annual Premium (Net)	\$24,778	\$24,778
Broker Fees	\$441	\$470
<b>Total Annual Costs</b>	<b>\$25,219</b>	<b>\$25,248</b>

## **B. Insurance Coverage Not Recommended**

The insurance coverage listed below was reviewed by staff with the assistance of Alliant. The market conditions remain consistent with last year's renewal decisions. Staff does not recommend purchasing additional coverage now. The recommendation is based on multiple factors, including but not limited to the products being cost prohibitive, the scope of coverage being too narrow considering the City's risk exposure, or the coverage being unavailable, limits too low, or excessive in cost due to the nature of the risk. Staff, in consultation with Alliant, will continue to review the market on an annual basis and make the appropriate recommendations to the City Council should circumstances change.

### **1. Earthquake**

Earthquake coverage is provided through a separate insurance product line. Coverage is limited to direct damages caused by earth movement, which is excluded on the All Risk property coverage policy. Coverage for damage from sprinkler leakage caused by an earthquake, and damage resulting from fire following an earthquake is covered by the All Risk property policy. In previous years, staff has inquired into the total cost of earthquake insurance for the entire property schedule and found coverage to be cost prohibitive.

Alliant confirmed rates have not improved for FY 2025-2026 and estimated that a \$100 million earthquake limit would cost approximately \$8.0 million and be subject to a minimum deductible of 5% of the values at risk.

## **EVALUATION AND FOLLOW-UP**

The memorandum will not require any follow-up from staff.

## **COST SUMMARY/IMPLICATIONS**

The estimated funding to pay for various insurance premiums in FY 2025-2026 was included in the FY 2025-2026 Adopted Operating Budget approved by the City Council on June 10, 2025, and adopted on June 17, 2025. Accordingly, the Administration will recommend future minor budget adjustments to the General Fund Police Officers' Professional Liability Insurance appropriation in the amounts of \$500 as part of the 2024-2025 Annual Report scheduled for City Council review and approval on October 21, 2025. The recommended actions also include authorization for an additional 18% contingency to schedule additional property or assets as required, subject to the appropriation of funds.

## **BUDGET REFERENCE**

The table below details the funds and appropriations recommended to fund the insurance premiums identified. In addition, costs associated with insuring the remaining SARA asset are estimated to be \$743 in FY 2025-2026. The anticipated payment of these costs associated with asset management for the SARA property is reflected on line 85 of the Recognized Obligation Payment Schedule as an enforceable obligation to maintain and protect the assets of the SARA allowed under the dissolution law.

<b>Fund #</b>	<b>Appn. #</b>	<b>Appn. Name</b>	<b>Total Appn.</b>	<b>Recommended Amount for Premium and Broker Fees <sup>a</sup></b>	<b>2025-2026 Proposed Operating Budget Page <sup>b</sup></b>	<b>Last Budget Action (Date, Ord. No.)</b>
001	2001	Insurance Premiums	\$2,620,000	\$2,453,463	819	06/17/2025 31230
523	0802	Airport Department Non-Personal/Equipment	\$59,102,392	\$1,232,026	848	06/17/2025 31230
513	0762	Environmental Services Department Non-Personal/Equipment	\$66,273,357	\$698,176	941	06/17/2025 31230
536	3405	Insurance Expenses	\$505,000	\$427,490	877	06/17/2025 31230
001	2864	Police Officers' Professional Liability Insurance	\$136,445	\$136,445	819	06/17/2025 31230
533	0512	Department of Transportation Non-Personal/Equipment	\$7,659,653	\$129,334	893	06/17/2025 31230
346	0109	Asset Management Services	\$1,500,000	\$40,864	906	06/17/2025 31230
515	0762	Environmental Services Department Non-Personal/Equipment	\$55,913,308	\$22,167	956	06/17/2025 31230
423	0762	Environmental Services Department Non-Personal/Equipment	\$4,161,091	\$9,933	904	06/17/2025 31230

Fund #	Appn. #	Appn. Name	Total Appn.	Recommended Amount for Premium and Broker Fees <sup>a</sup>	2025-2026 Proposed Operating Budget Page <sup>b</sup>	Last Budget Action (Date, Ord. No.)
501	0782	Energy Department Non-Personal/Equipment	\$24,969,299	\$243	937	06/17/2025 31230

<sup>a</sup> The amount for premium is subject to change up until the beginning date of the new insurance policy. SARA is billed separately for its share of broker fees and premium costs.

<sup>b</sup> The 2025-2026 Adopted Operating Budget was approved on June 10, 2025, and adopted on June 17, 2025 by the City Council.

## **COORDINATION**

This memorandum has been coordinated with the Airport Department, City Attorney's Office, City Manager's Budget Office, City Manager's Office of Economic Development and Cultural Affairs, Energy Department, Environmental Services Department, Housing Department, Police Department, and Transportation Department.

## **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the September 23, 2025 City Council meeting.

## **COMMISSION RECOMMENDATION AND INPUT**

The insurance renewals for the San José-Santa Clara Regional Wastewater Facility are scheduled to be heard at the September 11, 2025, Treatment Plant Advisory Committee meeting. A supplemental memorandum with the Treatment Plant Advisory Committee's recommendation will be included in the September 23, 2025, City Council meeting agenda.

## **CEQA**

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

**PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/  
Maria Öberg  
Director, Finance Department

For questions, please contact Albie Udom, Deputy Director of Finance, Finance Department, at [albie.udom@sanjoseca.gov](mailto:albie.udom@sanjoseca.gov) or (408) 535-7059.

**ATTACHMENT**

Best Value Insurance Proposals

## Best Value Insurance Proposals

## 1. ALL RISK PROPERTY AND BOILER &amp; MACHINERY INSURANCE

	CURRENT PROGRAM	RENEWAL PROGRAM
	10/01/2023-10/01/2024	10/01/2025-10/01/2026
Carrier	Factory Mutual Insurance Company (FM)	Factory Mutual Insurance Company (FM)
Total Insurable Values	\$6,591,123,970	\$6,993,661,984
Limit of Liability	\$1,000,000,000 Property Damage and \$300,000,000 Business Interruption subject to a \$500,000 Deductible per Occurrence	\$1,000,000,000 Property Damage and \$300,000,000 Business Interruption subject to a \$500,000 Deductible per Occurrence
Boiler & Machinery	Included	Included
Earthquake	Excluded. Relatively low limits available 5% deductible, high premium-not recommended.	Excluded. Relatively low limits available 5% deductible, high premium-not recommended.
Flood	\$10,000,000 for all locations. Deductible is \$500,000 per location for all locations except the Airport, Convention Center, and Regional Wastewater Facility are given a flat \$10,000,000 (Airport and Convention Center) and \$5,000,000 (Regional Wastewater Facility) per location flood deductible.	\$10,000,000 for all locations. Deductible is \$500,000 per location for all locations except the Airport, Convention Center, and Regional Wastewater Facility are given a flat \$10,000,000 (Airport and Convention Center) and \$5,000,000 (Regional Wastewater Facility) per location flood deductible.
Other Sub-limits	Other sub-limits as outlined in the insurance policy on file in Risk Management	Other sub-limits as outlined in the insurance policy on file in Risk Management
Terrorism and Non-Certified Act of Terrorism	Included for additional premium	Included for additional premium
Engineering Services	Included in coverage	Included in coverage
Multiyear	Not Available	Not Available

## 2. AUTOMOBILE LIABILITY FOR THE AIRPORT FLEET & AIRPORT SHUTTLE BUS FLEET PHYSICAL DAMAGE

	<b>CURRENT PROGRAM 10/01/2024-10/01/2025</b>	<b>RENEWAL PROGRAM 10/01/2025-10/01/2026</b>
Carriers	Gemini Insurance Company (Auto Liability) Hanover Insurance Company (Physical Damage)	Gemini Insurance Company (Auto Liability) Hanover Insurance Company (Physical Damage)
Coverage and Deductibles	Auto Liability-Fleet Only \$1,000,000 Combined Single Limit (Any Auto) Retention \$250,000 each Accident  Physical Damage-Buses Only Per Schedule Subject to \$10,000 Comp/\$10,000 Coll. except New Flyer Buses \$5,000 Com/\$5,000 Coll.	Auto Liability-Fleet Only \$1,000,000 Combined Single Limit (Any Auto) Retention \$250,000 each Accident  Physical Damage-Buses Only Per Schedule Subject to \$10,000 Comp/\$10,000 Coll. except New Flyer Buses \$5,000 Com/\$5,000 Coll.
Exposure	Number of Vehicles: 82	Number of Vehicles: 81

## 3. AUTOMOBILE LIABILITY-REGIONAL WASTEWATER FACILITY FLEET

	<b>CURRENT PROGRAM 10/01/2024-10/01/2025</b>	<b>RENEWAL PROGRAM 10/01/2025-10/01/2026</b>
Carrier	Gemini Insurance Company (Auto Liability)	Gemini Insurance Company (Auto Liability)
Coverage and Deductibles	Auto Liability-Fleet Only \$1,000,000 Combined Single Limit (Any Auto) Retention \$250,000 each Accident	Auto Liability-Fleet Only \$1,000,000 Combined Single Limit (Any Auto) Retention \$250,000 each Accident
Exposure	Number of Units: 58	Number of Units: 55

## 4. LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT

	<b>CURRENT PROGRAM 10/01/2024-10/01/2025</b>	<b>RENEWAL PROGRAM 10/01/2025-10/01/2026</b>
Carrier	Arch Insurance Company	Arch Insurance Company
Limits of Insurance and Deductibles	Blanket Accident & Health Policy (Accident Only; Injury Only) Principal Sum (loss of Life): \$250,000; subject to an aggregate limit of \$1,250,000 per accident	Blanket Accident & Health Policy (Accident Only; Injury Only) Principal Sum (loss of Life): \$250,000; subject to an aggregate limit of \$1,250,000 per accident



## 5. SECONDARY EMPLOYMENT LAW ENFORCEMENT PROFESSIONAL LIABILITY

	<b>CURRENT PROGRAM 10/01/2024-10/01/2025</b>	<b>RENEWAL PROGRAM 10/01/2025-10/01/2026</b>
Carrier	Lexington Insurance Company (AIG)	Lexington Insurance Company (AIG)
Limits of Insurance and Deductibles	\$2,000,000 Each Occurrence \$2,000,000 Annual Aggregate \$100,000 Annual Aggregate Line of Duty Death Coverage Subject to a \$100,000 Deductible including Loss Adjustment Expense <sup>23</sup>	\$2,000,000 Each Occurrence \$2,000,000 Annual Aggregate \$100,000 Annual Aggregate Line of Duty Death Coverage Subject to a \$100,000 Deductible including Loss Adjustment Expense <sup>24</sup>
Average Rate per Officer	\$214.73 (579 Participating Officers estimated at policy inception)	\$219.37 (622 Participating Officers estimated at policy inception)

## 6. GOVERNMENT CRIME

	<b>CURRENT PROGRAM 10/01/2024-10/01/2025</b>	<b>RENEWAL PROGRAM 10/01/2025-10/01/2026</b>
Carrier	Great American Insurance Company	Great American Insurance Company
Limits of Insurance and Deductibles	Employee Theft, Forgery, or Alteration and Inside the Premises-Theft of Money and Securities-\$5,000,000 per occurrence subject to a \$250,000 deductible per occurrence.	Employee Theft, Forgery, or Alteration and Inside the Premises-Theft of Money and Securities-\$5,000,000 per occurrence subject to a \$250,000 deductible per occurrence.
Sub-limits of Insurance	Computer Fraud, Funds Transfer Fraud, and Money Orders and Counterfeit Money- \$1,000,000 per occurrence subject to a \$250,000 deductible per occurrence.  Government Deception Fraud-\$250,000 per occurrence subject to a \$250,000 deductible per occurrence.	Computer Fraud, Funds Transfer Fraud, and Money Orders and Counterfeit Money- \$1,000,000 per occurrence subject to a \$250,000 deductible per occurrence.  Government Deception Fraud-\$250,000 per occurrence subject to a \$250,000 deductible per occurrence.

<sup>23</sup> Loss Adjustment Expense includes costs for investigation and defense of claims.

<sup>24</sup> Loss Adjustment Expense includes costs for investigation and defense of claims.