



AGENDA REPORT

PROPOSED ACTION: Resolution: Approve and Authorize the Port of Oakland Risk Manager to Execute All Necessary Documents and to Approve Reasonable Substitutions of Insurers to Renew Port of Oakland Insurance Policies Arranged and Paid Through Prime Insurance Brokers Described Herein, Subject to Minor Adjustments Upon Placement, for a Total Amount Not to Exceed \$7,200,000 and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act. **(Finance & Admin)**

Submitted By: Julie Lam, Chief Financial Officer; Kristi McKenney, Executive Director

Parties Involved: See List Below

Amount: Not to Exceed \$7,200,000 (operating expense)

EXECUTIVE SUMMARY: Port of Oakland (Port) Staff is planning for the renewal of various annual property and liability insurance policies that expire between May 20, 2026, and July 1, 2026, more specifically listed in the attached Summary of Expiring Insurance and Proposed Insurance Renewals (Exhibit 1). The cost to renew the Port’s property and liability insurance is expected to be approximately \$6,779,000 but not to exceed \$7,200,000. The insurance coverage is materially the same as last year, except for a reduction in the limit for all risk ship-to-shore crane insurance to \$60,000,000 from \$100,000,000, due to the continuing program to reduce the number of Port owned cranes. The total cost for renewal policies listed in Exhibit 1 is expected to be approximately \$727,000 less than the amount paid last year. The premiums are projected to decrease by approximately 10% compared to last year, with the potential for further reductions.

Parties Involved

Corporate Name/Principal	Location
Alliant Insurance Services (Prime Broker)	San Francisco, CA and Seattle, WA
Alliant Underwriting Services	Thousand Oaks, CA
Marsh Risk & Insurance Services (Prime Broker)	San Francisco, CA
BMS Group Ltd.	London, United Kingdom
RT Specialty	San Francisco, CA
AIG - National Union Fire Insurance Company of Pittsburgh, PA	(New York, NY – Admin) Harrisburg, PA
Starr Indemnity & Liability Co. (Starr)	Atlanta, GA
XL Insurance – Greenwich Insurance Co. (AXA XL)	(Stamford, CT – Admin) Wilmington, DE

Corporate Name/Principal	Location
<p>California Association of Port Authorities (CAPA) Umbrella Excess includes: (1) Ascot Insurance U.S.; (2) Aspen American Insurance Co.; (3) AXA XL Syndicate Limited; (4) Chubb Underwriting Agencies Limited; (5) Endurance Risk Solutions Assurance Co.; (6) Hamilton Global Specialty; (7) Liberty Mutual Ins. Co.; (8) Lloyd's of London (Various Syndicates); (9) Markel Insurance Co.; (10) MS Amlin Underwriting Limited; (11) Munich Re Specialty Group; (12) Navigators Ins. Co. (Hartford); (13) Navium Marine Limited/Fidelis Underwriting limited; (14) Starr Indemnity & Liability Co.; and (15) Validus Specialty Underwriting (Stratford/AIG). CAPA program may also include: (1) Alchemy Underwriting Ltd.; (2) Berkley Public Entity; (3) Beazley Insurance Co.; (4) Canopus Insurance; (5) Convex Group; (6) Great American Insurance Co.; (7) Indigo Insurance Ltd.; (8) Intact Insurance Specialty Solutions; (9) IQUW Group; (10) Lancashire Insurance Company Limited; (11) New York Marine and General Insurance Company; (12) StarStone Specialty Insurance Company; (13) United States Fire Insurance Company (Crum & Forster); and (15) Zurich Insurance Group</p>	<p>(1) (San Francisco, CA – Admin) Chicago, IL; (2) (San Francisco, CA – Admin) New York, NY; (3) London, United Kingdom; (4) London, United Kingdom; (5) (San Francisco, CA – Admin) New York, NY; (6) Hamilton, Bermuda; (7) (Chicago, IL - Admin) Boston, MA; (8) London, United Kingdom; (9) (San Francisco, CA – Admin) Glen Allen, VA; (10) London, United Kingdom; (11) London, United Kingdom; (12) (Rye Brook, NY – Admin) New York, NY; (13) London, United Kingdom; (14) (New York, NY – Admin) Dallas, TX; and (15) New York, NY. CAPA program insurer locations may also include: (1) London, United Kingdom; (2) New York, NY; (3) San Francisco, CA; (4) New York, NY; (5) London, United Kingdom; (6) San Francisco, CA; (7) London, United Kingdom; (8) San Francisco, CA; (9) London, United Kingdom; (10) London, United Kingdom; (11) New York, NY; (12) Seattle, WA; (13) (San Francisco, CA – Admin) New York, NY; and (15) San Francisco, CA</p>
<p>Crane Property Program includes: (1) AGCS Marine Insurance Co. (Allianz Ins. Co.); (2) Arch Specialty Ins. Co.; (3) Aspen Specialty Insurance Co.; (4) Axis Surplus Insurance Company; (5) Crum & Forster Specialty Insurance Company; (6) Endurance American Specialty Insurance Company (Sompo); (7) Fast Track (Marsh insurance facility including various Lloyd's of London syndicates); (8) Ironshore Specialty Insurance Company; (9) Lloyd's of London (various syndicates including Markel 3000,</p>	<p>(1) San Francisco, CA; (2) (New York, NY – Admin) Omaha, NE; (3) Pasadena, CA; (4) (Los Angeles, CA – Admin) Hamilton, Bermuda; (5) Morristown, NJ; (6) Los Angeles, CA; (7) London, United Kingdom; (8) Boston, MA; (9) London, United Kingdom;</p>

Corporate Name/Principal	Location
<p>QBE QPS 5555, Travelers 5000 Syndicate and Others); (10) MSIG Specialty Insurance USA, Inc.; (11) MPS Property Facility; (12) National Fire & Marine Insurance Company (Berkshire); (13) Old Republic Inland Marine; and (14) Starr Surplus Lines Ins. Co.</p> <p>Crane Property Program may also include: (1) Chubb Underwriting Agencies Limited; and (2) Lexington Insurance Co.</p>	<p>(10) New York, NY; (11) London, United Kingdom; (12) Omaha, NE; (13) Chicago, IL; and (14) Los Angeles, CA Crane Property Program insurer locations may also include: (1) London, United Kingdom; and (2) (Chicago, IL – Admin) Wilmington, DE</p>
<p>Hartford Steam Boiler Inspection and Insurance Company (Munich Re)</p>	<p>Hartford, CT</p>
<p>XL Insurance – Indian Harbor Insurance Company (AXA XL)</p>	<p>Stamford, CT</p>
<p>XL Insurance – XL Specialty Co. (AXA XL)</p>	<p>(Stamford, CT – Admin) Wilmington, DE</p>
<p>Hartford Steam Boiler Inspection and Insurance Company (Munich Re)</p>	<p>Chicago, IL</p>
<p>Ironshore Ins. Co. (Liberty)</p>	<p>New York, NY</p>
<p>ACE Ins. Co. – Illinois Union Insurance Co. (Chubb) and ACE American Insurance Co. (Chubb)</p>	<p>Hamilton, Bermuda</p>
<p>RSUI Indemnity Co.</p>	<p>(Philadelphia, PA – Admin) Chicago, IL</p>
<p>Aspen Specialty Insurance Co.</p>	<p>(New York, NY – Admin) Omaha, NE</p>
<p>Arch Specialty Ins. Co.</p>	<p>(New York, NY – Admin) Omaha, NE</p>
<p>AIG – National Union Fire Insurance Company of Pittsburgh, PA</p>	<p>Boston, MA</p>
<p>Great American Insurance Co.</p>	<p>(New York, NY – Admin) Harrisburg, PA</p>
<p>Federal Insurance Co. (Chubb)</p>	<p>Cincinnati, OH</p>
<p>Alliant Property Insurance Program (APIP) includes: (1) AEGIS Managing Agency Ltd.; (2) Amherst Specialty Insurance Company; (3) Arcadian Risk Capital, Ltd.; (4) Ark Syndicate Management Limited; (5) Associated Industries Insurance Company Inc.; (6) Atrium Underwriters Ltd.; (7) AXA XL Reinsurance Ltd.; (8) AXIS Surplus Insurance Company; (9) Beazley Excess and Surplus Insurance, Inc.; (10) Canopus Managing Agents Limited (CNP); (11) Chubb Bermuda Insurance Ltd.; (12) Cincinnati Global Underwriting Ltd.; (13) CNA Insurance Company Limited;</p>	<p>(1) London, United Kingdom; (2) Addison, TX; (3) Hamilton, Bermuda; (4) London, United Kingdom; (5) Boca Raton, FL; (6) London, United Kingdom; (7) Hamilton, Bermuda; (8) Alpharetta, GA; (9) West Hartford, CT; (10) London, United Kingdom; (11) Hamilton, Bermuda; (12) London, United Kingdom; (13) London, United Kingdom;</p>

Corporate Name/Principal	Location
(14) Convex Insurance UK Limited; (15) Endurance Worldwide Insurance Ltd.; (16) Evanston Insurance Co.; (17) Fidelis Underwriting Limited; (18) Fortegra Specialty Insurance Company; (19) Harleysville Insurance Company of New York; (20) Houston Casualty Company; (21) Indian Harbor Insurance Company; (22) Inigo Limited; (23) Ki Digital Services Limited; (24) Landmark American Insurance Co. (RSUI); (25) Lexington Insurance Co.; (26) Liberty Surplus Insurance Corporation; (27) Lloyd's of London (various syndicates); (28) Munich Reinsurance Company of Canada; (29) National Fire and Marine Insurance Co.; (30) PartnerRe Ireland Insurance Ltd.; (31) The Princeton Excess and Surplus Lines Insurance Company (Munich Re); (32) QBE Underwriting Limited; (33) RiskSmith Insurance Services; (34) StarStone Specialty Insurance Co.; (35) State National Insurance Company, Inc. (Markel); (36) Swiss Re Corporate Solutions Capacity Insurance Corporation; (37) Talbot Underwriting Ltd. (AIG); (38) Tokio Marine Kiln; (39) United Specialty Insurance Company; and (40) Westfield Specialty Insurance.	(14) London, United Kingdom; (15) London, United Kingdom; (16) Deerfield, IL; (17) London, United Kingdom; (18) Jacksonville, FL; (19) Lynbrook, NY; (20) Houston, TX; (21) Stamford, CT; (22) London, United Kingdom; (23) London, United Kingdom; (24) Atlanta, GA; (25) (Boston, MA – Admin) Wilmington, DE; (26) Boston, MA; (27) London, United Kingdom; (28) (San Francisco, CA – Admin) Toronto, Ontario, Canada; (29) Omaha, NE; (30) Dublin, Ireland; (31) Princeton, NJ; (32) London, United Kingdom; (33) London, United Kingdom; (34) London, United Kingdom; (35) Bedford, Texas; (36) Kansas City, MO; (37) London, United Kingdom; (38) London, United Kingdom; (39) (Bedford, TX – Admin) Dover, DE; and (40) Westfield Center, OH.
Beazley Insurance (Lloyd's of London)	(Los Angeles, CA – Admin) London, United Kingdom
Associated Industries Insurance Co. Inc.	(Warren, NJ – Admin) Indianapolis, IN
Liberty Surplus Insurance Corp.	New York, NY
Munich Re Syndicate Limited (Lloyd's of London)	Alpharetta, GA
Westchester Surplus Lines Insurance Company (Chubb)	New York, NY
AGCS Marine Ins. Co. (Allianz Ins. Co.)	Chicago, IL

BACKGROUND & ANALYSIS

The Port purchases commercial insurance policies to cover catastrophic and other losses that cannot prudently be assumed by the Port. In addition, under the terms of the Master Trust Indentures for the Senior Lien Bonds and Intermediate Lien Bonds, the Board is required to procure and maintain commercial insurance with respect to Port facilities and operations, in such amounts and against such risks as are, in the judgment of the Board, prudent and reasonable and subject to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions. The insurance policies purchased by the Port cover airport liability, excess liability, foreign liability, public officials' errors and omissions including employment practices liability, fiduciary liability, fidelity (crime), excess workers compensation, automobile liability, damage to airport buses and firetrucks, damage to property including business interruption, boiler and machinery, cyber, damage to electronic data processing equipment, damage to cranes including earthquake, boiler and machinery, war and terrorism, and earthquake damage to the Port's Administration Building at 530 Water Street.

Most of the Port's insurance policies are for a term of one year with a renewal date of May 20, June 1, or July 1. Some of the insurance policies purchased by the Port are under group programs with the California Association of Port Authorities (CAPA) and the Alliant Property Insurance Program (APIP). These group programs will continue to negotiate with insurers leading up to expiration, which may result in substitutions of insurance carriers to obtain the most favorable terms.

Increased competition in the insurance marketplace continues this year for many lines of coverage, yielding similar ongoing opportunities for improvement beyond the group programs. Accordingly, Port Staff requests that the Board delegate authority to the Port Risk Manager to approve reasonable substitutions of insurance carriers. Port Staff will report any variation from the insurers listed for all programs in the Agenda Report for the following year's renewal.

See Exhibit 1 for the list of proposed policies including insurance carriers, coverage, expiration dates, and estimated renewal premiums compared to the expiring insurance, all of which are subject to relatively minor adjustments upon final placement.

In seeking Board approval for insurance in the April 24, 2025 meeting, the Agenda Report identified the possibility that some of the Alliant Property Insurance Program (APIP) insurance companies could change prior to the July 1, 2025 renewal. APIP included the following additional insurance companies for 2025 Policy Year:

Corporate Name/Principal	Location
(1) AEGIS Managing Agency Ltd.; (2) Amherst Specialty Insurance Company; (3) Arcadian Risk Capital, Ltd.; (4) Ark Syndicate Management Limited; (5) Atrium Underwriters Ltd.; (6) Beazley Excess and Surplus Insurance, Inc.; (7) Canopius Managing Agents Limited (CNP);	(1) London, United Kingdom; (2) Addison, TX; (3) Hamilton, Bermuda; (4) London, United Kingdom; (5) London, United Kingdom; (6) West Hartford, CT; (7) London, United Kingdom;

Corporate Name/Principal	Location
(8) Cincinnati Global Underwriting Ltd.; (9) CNA Insurance Company Limited; (10) Fortegra Specialty Insurance Company; (11) Inigo Limited; (12) Ki Digital Services Limited; (13) The Princeton Excess and Surplus Lines Insurance Company (Munich Re); (14) QBE Underwriting Limited; (15) RiskSmith Insurance Services; (16) State National Insurance Company, Inc. (Markel); (17) Swiss Re Corporate Solutions Capacity Insurance Corporation; (18) Talbot Underwriting Ltd. (AIG); (19) Tokio Marine Kiln; and (20) Westfield Specialty Insurance	(8) London, United Kingdom; (9) London, United Kingdom; (10) Jacksonville, FL; (11) London, United Kingdom; (12) London, United Kingdom; (13) Princeton, NJ; (14) London, United Kingdom; (15) London, United Kingdom; (16) Bedford, Texas; (17) Kansas City, MO; (18) London, United Kingdom; (19) London, United Kingdom; and (20) Westfield Center, OH

Port Property Insurance and Crane Program

The Port's property insurance premium grew significantly over a few years due to rising property values and more frequent natural disasters. Each year, Port Staff explores options to reduce this cost while still maintaining reasonable protection for Port-owned structures.

This year, Port Staff evaluated alternate limit options for all risk crane insurance. The number of cranes in the program decreased over the last several years from 23 to 19, following the dismantle and removal of four cranes. The value of eight of the remaining cranes has also diminished, as the cranes were taken out of service and their spreaders were removed.

Marsh, one of the Port's two prime brokers, procured firm quotes from insurers for the original \$100,000,000 limit for \$1,682,784 in premium, and provided an estimate of only \$1,471,732 in premium for a \$60,000,000 limit, based on indications from most but not all of the participating insurers. The overall premium in this report is based on this lower premium, representing a 25% reduction compared to the prior year.

Market Conditions and Renewal Strategy

While a decrease is already expected this year, Port Staff recommend continuing to work with brokers to pursue best and final pricing right up to the renewal dates of these policies. Doing so may improve the premium of a few key policies from the quotes reflected in Exhibit 1, by continuing to work with underwriters to appropriately price risks and leverage market competition.

Through its brokers, the Port obtained multiple competitive insurance quotes (typically 3 quotes per each type of insurance). The overall premiums quoted are approximately \$6,779,000. This is \$727,000 (or 10%) less than last year.

This reduction is primarily driven by lower property insurance rates, driving an 8% reduction in the APIP program, and the reduction in all-risk crane insurance.

The quoted premiums and terms subject to change based on global and local events impacting the insurance market up until the insurance policies renew (May-July 2026).

While no changes are currently expected, Board authorization is requested in an amount not to exceed \$7,200,000.

The following sections provide additional details in key areas:

Earthquake Coverage

Property insurance policies in California do not cover earthquake damage, unless specific coverage is purchased. The proposed plan includes the following earthquake coverage:

- about 1/4 of the total value of the 19 insured Port-owned cranes including crane rail and business interruption or 1/3 of the value of the Port-owned active cranes;
- about 1/12 of the building and contents value and loss of rents at the Port's administration building at 530 Water Street; and
- about 1/2 of the total value of electronic data processing equipment.

Port Insurance Brokers

As described below, the Port uses two prime brokers, small/local brokers/service providers, and participates in two group insurance programs: CAPA Umbrella Excess and the APIP.

Alliant Insurance Services, Inc., Seattle: CAPA Umbrella Excess

Alliant manages the umbrella program for the following CAPA participants: Humboldt Bay & Harbor District, Port of Long Beach, Port of Oakland, Oxnard Harbor District-Port of Hueneme, Port of Redwood City, Port of Stockton, Port of San Diego, and Port of West Sacramento. Participation in this group policy results in a lower premium compared to each port purchasing coverage separately. The insurance includes blended liability coverage for bodily injury and property damage arising out of shore-side and marine risks including ship collision.

Alliant Insurance Services, Inc., San Francisco: APIP

Alliant is the exclusive broker for the largest public agency property insurance program in the United States. This group program was created by Alliant in the 1980s in California and currently has participation across the country. Among the thousands of participants are the City and County of San Francisco (including San Francisco International Airport), the Port of Los Angeles, Los Angeles World Airports, the Port of San Diego, the Port of Seattle, and Minneapolis-Saint Paul International Airport. This group program provides the Port a broad scope of property insurance at competitive rates. APIP also provides the Port's cyber liability coverage and mobile equipment coverage.

Marsh Risk and Insurance Services, San Francisco: All Other Insurance Policies

Marsh is the prime broker for all insurance policies listed in Exhibit 1, except for CAPA Umbrella Excess and APIP coverage described above.

a. Participation by Small and Local Businesses

20% of the commission received by Marsh (or approximately \$84,407) is returned to the Port and allocated for insurance and risk management related services that can be provided by Port certified small and/or local firms.

The Port contracts directly with Port certified small and/or local firms based on the Port's highest insurance-related needs, and in compliance with the Port's Purchasing Ordinance.

For Policy Year 2026, anticipated needs include: (i) health and safety services and supplies; (ii) support services such as tracking insurance certificates received by tenants, vendors, and contractors to ensure compliance with the Port's insurance requirements, and assisting the Port with maintaining claims and insurance documentation; (iii) defense, litigation, and resolution of claims, actions, disputes, and employment matters; (iv) services and supplies in support of the Port's Wellness Program; (v) training for contractors and Port Staff; and (vi) cyber security products and services. Any funds remaining from the prior year's returns will also be applied to these areas.

The following table is a summary of these sub-broker amounts over the past three years:

	Policy Year 2024	Policy Year 2025	Policy Year 2026
Local Broker Commission	\$105,793	\$102,449	\$84,407
% of Marsh Gross Commission	20%	20%	20%

b. Insurance Broker Compensation

Marsh and Alliant are compensated solely by commissions paid by the insurance companies. Commissions vary based on the insurance policy and insurance market conditions and typically ranges from 10% to 23% of the premium cost. The estimated insurance brokers' commissions/fees can be found in Exhibit 1. Policy Year 2025 commissions/fees are also provided for comparison.

For Policy Year 2026, it is estimated that Marsh will receive approximately \$422,034 in commissions from the insurance companies, approximately 14% of the premium placed through Marsh, including taxes/fees, for renewal of the insurance policies they place. Of this amount, small and/or local firms will receive approximately \$84,407, 20% of Marsh's commission. Alliant will receive approximately \$368,393 in commissions, 11% of the premium cost including taxes/fees, for the APIP program¹. Alliant will also receive an \$8,000 fee, about 2% of the premium cost, for the CAPA program.

¹ Alliant Underwriting Services, a subsidiary of Alliant, provides certain other services to the insurance carriers and receives compensation for those services from the insurance carriers.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

Categorically exempt under the following CEQA Guidelines Section:

Choose an item.

"Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).

Other/Notes:

BUDGET

Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR

Operating

Non-Operating

Capital

Analysis: The insurance premiums are budgeted under the Port's Operating Budget, excluding amounts reimbursed by tenants to pay for a portion of the insurance associated with properties and cranes. Although insurance premiums are subject to change based on global and local events impacting the insurance market up until the insurance policies renew (May-July 2026), it is anticipated that the insurance premiums will cost approximately \$6,779,000, a decrease of approximately \$727,000 or 10% compared to Policy Year 2025 (FY 2026) premium costs. Approximately \$887,000 is expected to be reimbursed by Port tenants for a net cost to the Port of approximately \$5,892,000.

STAFFING

No Anticipated Staffing Impact.

Anticipated Change to Budgeted Headcount.

Reason:

Other Anticipated Staffing Impact (e.g., Temp Help).

Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port's Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

No (No Covered Agreement) – proposed action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage requirements.

Additional Notes:

SUSTAINABLE OPPORTUNITIES:

GENERAL PLAN (City Charter § 727):

<p><u>Applies?</u> Yes.</p> <p><u>Reason:</u> The proposed action will offer coverage for damages and other needs essential to sustaining Port operations.</p>	<p><u>Conformity Determination:</u></p> <p>Not Required – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.</p>
<p><u>STRATEGIC PLAN.</u> The proposed action would help the Port achieve the following goal(s) in the Port’s Strategic Plan:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Capture Our Market and Grow the Economic Base <input checked="" type="checkbox"/> Modernize and Upgrade Infrastructure <input type="checkbox"/> Transition to Zero-Emissions and Build Climate Resilience <input checked="" type="checkbox"/> Maximize Land Use Value and Revenues <input type="checkbox"/> Workforce Training and Jobs Development <input type="checkbox"/> Create Opportunities for Local Businesses and Community Economic Development 	