

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 4/22/2026

Staff Report No. 26-159

TO: AC Transit Board of Directors
FROM: Aimee L. Steele, General Counsel/Chief Legal Officer
SUBJECT: 2026-2027 District Transit Operations Insurance Program

ACTION ITEM

AGENDA PLANNING REQUEST:

RECOMMENDED ACTION(S):

Consider authorizing the General Manager to bind the District's 2026-2027 Transit Operations Insurance Program.

Staff Contact:
Aimee L. Steele, General Counsel/Chief Legal Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency
Initiative - Financial Efficiency and Revenue Maximization

Authorizing the General Manager to bind the 2026-2027 Transit Operations Insurance program, as proposed by staff, will allow the District to continue its risk retention and risk transfer programs at optimum levels for the 2026-2027 policy period.

BUDGETARY/FISCAL IMPACT:

The total budgetary impact of binding the proposed insurance coverages, as recommended by staff, will not exceed \$16,612,346.

BACKGROUND/RATIONALE:

The District's current insurance program includes the following coverages: Excess Liability (Commercial General and Automobile); Excess Workers' Compensation; Commercial Crime; Cyber-Liability; Fiduciary Liability; Business Travel Accident; Commercial Property; and Deadly Weapons Response. All coverage, except for Commercial Property and Deadly Weapons Response, will expire at 12:01 a.m., April 26, 2026.

Below are the recommended insurance renewals for the 2026-2027 Transit Operations Insurance Program:

AC Transit's Transit Operation Insurance Program

Insurance Coverage	PY25-26 Expiring Premium	PY26-27 Renewal Premium	Dollar Change	% Change
Excess Liability Insurance	\$14,618,592	\$15,817,916	\$1,199,324	8.2%
Excess Workers' Compensation	\$502,715	\$533,192	\$30,477	6.1%
Commercial Crime	\$17,376	\$17,897	\$521	3.0%
Cyber-Liability	\$164,134	\$164,134	\$0	0.0%
Fiduciary Liability	\$32,590	\$33,937	\$1,347	4.1%
Terrorism Liability	\$46,431	\$46,431	0	0.0%

Excess Automobile and General Liability: Excess Automobile and General Liability: Liability Insurance provides broad protection for automobile liability, premises liability, employee benefits liability, and wrongful acts liability. Excess liability insurance capacity remains available; however, markets are highly selective, particularly for public entities with significant auto exposure. Carriers are applying tighter underwriting discipline, deploying smaller limits, and requiring higher attachment points and retentions, making program design more complex but still achievable.

In close collaboration with the District's insurance broker, Alliant Insurance Services, staff successfully preserved the existing self-insured retentions and limited the overall premium increase to 8.2 percent, despite highly challenging market conditions. This outcome was achieved by directly engaging with underwriters to effectively position the District as a well-managed public transit agency and an attractive risk to the insurance marketplace, expanding the panel of participating insurers, and by building a multi-layered excess liability program structure. Staff will continue to monitor market conditions and pursue structures that optimize market capacity, risk transfer and retention, and the long-term financial stability for the District.

The expiring 2025-26 premium was \$14,618,592. The 2026-27 premium will not exceed \$15,817,916 or an approximate 8% premium increase over the expiring policy premium. The coverage specifications are provided as Attachment 1.

Excess Workers' Compensation: The expiring 2025-26 premium was \$474,502. The 2026-27 premium will not exceed \$533,192 or an approximate 6.1% premium increase over the expiring policy premium. The premium increase is due to a 6.1% increase in payroll expense over the 2025-26 renewal period. The coverage specifications are provided in Attachment 2.

Commercial Crime: Commercial crime insurance covers money, securities, or other tangible property belonging to the District or for which the District becomes legally liable, for covered events such as employee theft, funds transfer fraud, etc. The expiring 2025-26 premium was \$17,376; the 2026-27 proposed premium is \$17,897, representing a 3% increase over the expiring premium. The coverage specifications are provided in Attachment 3.

Cyber-Liability/Data Breach: This insurance provides coverage for the District's liability for a data breach in which its customers' personal information or credit card information is exposed or stolen as the result of a hacker or other criminal gaining access to the District's network. The policy also provides coverage for a variety of expenses resulting from data breaches, ransomware, and other cyberattacks including, but not limited to cyber extortion, mandated notification, costs to defend claims, fines and penalties, credit

monitoring, and business interruption. The expiring 2025-26 premium was \$164,134; the 2026-27 proposed premium remains flat at \$164,134. The coverage specifications are provided in Attachment 4.

Fiduciary Liability: This coverage protects board officials, trustees, and professional administrator(s) of the District's 457(b) and Pension Plans, as well as the plans themselves, for Errors and Omissions (E&O) in the administration of these employee benefits programs. The policy under consideration also provides for a waiver of recourse provision which protects the board members' personal assets from potential subrogation after liability claims are paid under this coverage. The expiring 2025-26 premium was \$32,590; the proposed 2026-27 premium will not exceed \$33,937 and represents a 4.1% increase over the expiring premium. The coverage specifications are provided in Attachment 5.

Stand-Alone Terrorism Liability: This policy provides coverage for third-party liability claims resulting from acts of terrorism, including both certified and non-certified events, on District property and/or fixed-route buses. At this renewal, the carrier is offering a two-year policy option that maintains the expiring coverage limit, sets a \$10,000 deductible in lieu of the prior term's \$2,000,000 self-insured retention, and provides a 2-Year Term Cost of \$92,862 with annual renewal installments of \$46,431. The expiring premium was \$46,431; the 2026-27 proposed Year-1 premium is also \$46,431, representing a flat renewal relative to the expiring premium. The coverage specifications are provided in Attachment 6.

ADVANTAGES/DISADVANTAGES:

Advantage(s): The recommended program, renews the 2026-2027 Transit Operations Insurance Program coverage lines at levels that provide coverage consistent with prior policy terms and the District's risk-bearing capacity. Authorizing the General Manager to bind the proposed Transit Operations Insurance Program will allow the District to continue to maintain its risk retention and transfer strategy for the 2026-2027 policy period.

Disadvantage(s): Renewing the District's insurance program will result in an overall premium increase of \$1,230,508, or 8%, over the expiring program.

ALTERNATIVES ANALYSIS:

During the program renewal process, staff explored the potential cost savings of increasing the District's current self-insured retentions to \$3,000,000 for both the automobile and general liability lines of coverage, respectively. The analysis revealed that an increase in these retentions would likely only yield an estimated saving of \$350,000 - exclusively at Layer 1 of the excess liability insurance tower, but at the cost of the District retaining an additional \$1,000,000 per occurrence for each automobile liability loss and an additional \$2,000,000 per occurrence for each general liability loss. Given the *de minimis* cost-savings associated with this option, the additional retained risk that would need to be budgeted for, and the projected financial outlook for the upcoming fiscal years, staff does not recommend this course of action.

PRIOR RELEVANT BOARD ACTION/POLICIES:

SR 25-325 - Consider Authorizing the Renewal of the 2025-2026 Property Insurance Program
SR 25-238 - Consider Authorizing the Renewal of the 2025-2026 Transit Insurance Program

ATTACHMENTS:

1. 26-27 Excess Automobile & General Liability Coverage Renewal Proposal
2. 26-27 Excess Workers Compensation Coverage Renewal Proposal
3. 26-27 Commercial Crime Coverage Renewal Proposal
4. 26-27 Cybersecurity & Liability Coverage Renewal Proposal
5. 26-27 Fiduciary Liability Coverage Renewal Proposal
6. 26-27 Terrorism Liability Proposal

Prepared by:

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Approved/Reviewed by:

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