Excess Liability Insurance Program

Finance, Budget, and Audit Committee

July 16, 2026

File ID #2025-1089

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Excess Liability Insurance Program

Recommendation:

AUTHORIZE the Chief Executive Officer to negotiate and purchase Public Entity excess liability policies with up to $300 million in limits at a not-to-exceed premium of $31 million for the 12-month period effective August 1, 2026, to August 1, 2027.

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Excess Liability Insurance Program

Background:

- Metro established a program of excess liability insurance to protect against insured losses. Each year, staff meets with Metro's insurance broker, Marsh USA, LLC, to prepare for the upcoming marketing process and obtain the most competitive coverage and premium available.
- Marsh provides a not-to-exceed number that serves two functions. First, the number provides an amount that staff may recommend to the Board to obtain approval for binding of the new program, which mitigates a potential gap in insurance coverage. Second, the number allows Marsh ample time to continue to negotiate with underwriters to ensure that Metro obtains the most competitive pricing available.

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Excess Liability Insurance Program

Discussion:

- In March, April, and May 2026, Marsh contacted multiple domestic and international insurance providers to present Metro's property risks and supplemental data. Marsh provided an overview of the Metro transit system during discussions with the underwriters, including its extensive security infrastructure, the most recent safety and security initiatives, fire protection, loss control, and minimal risk of flood exposures.
- The Chief Risk, Corporate Safety, and Asset Management Officer participated in meetings arranged by Marsh with all major underwriters on Metro's program. These encounters with the various markets afforded an opportunity to respond directly to additional questions they had concerning operations, safety, risk management, and claims.

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Proposed Coverage:

- Marsh recommends maintaining a bifurcated program with an $8 million self-insured retention (SIR) for rail-related risks and up to $20 million for bus and other non-rail risks. Ongoing negotiations aim to secure authority to bind Public Entity excess liability coverage with minimum limits of $300 million and a not-to-exceed SIR of $20 million.

- Liability insurance program quotations are currently being received from carriers with acceptable A.M. Best ratings. Final pricing is pending, and the quotes, including contingencies for unanticipated adjustments, serve to support the not-to-exceed cost before policy binding.

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Thank you.

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