Insurance Program Overview

City of Tacoma | Finance Department

Government Performance & Finance Committee
October 21, 2025

1

OVERVIEW

Purpose of the presentation: To provide an overview of the City's insurance program and the status of the Property & Casualty insurance market

- This is an informational briefing, no action is required

2

2

BACKGROUND

- Each year, the City purchases several insurance policies, including but not limited to Commercial Property, Excess Liability, Cybersecurity, Excess Workers' Compensation, Aviation Liability (for City-owned drones), Ocean Marine (for TFD-owned boats), and more
- Team effort involving all City Departments
- Insurance broker staff market the policies, conduct cost-benefit analyses, and negotiate terms with insurers

3

3

BACKGROUND

- The cost of Property and Casualty coverage for the City has increased significantly over the past seven years
- Hard insurance market (limited capacity + stricter underwriting guidelines = higher premiums)
- While there is no clear indication that the market has turned the corner, rate increases appear to be slowing down

4

4

COMMERCIAL PROPERTY INSURANCE

Covers damage to the City's real (land & buildings) and personal (vehicles, furniture, computers, etc.) property

- 2025-2026 premium for General Government: >$2.6M
- Coverage Limits: $500M with a $150K self-insured retention
- Except -
  - Flood losses: $50M sublimit
  - Earthquake losses: $10M sublimit and a 5% or $250K minimum deductible, whichever is higher

5

5

COMMERCIAL PROPERTY INSURANCE

Challenges impacting Property insurance costs

- Climate change
  - In 2024, there were 27 individual weather and climate-related disasters in the U.S. with at least $1 billion in damages and a total cost of ~$183 billion
- Economic uncertainty
  - Inflation
  - Unemployment
- Claim frequency and severity

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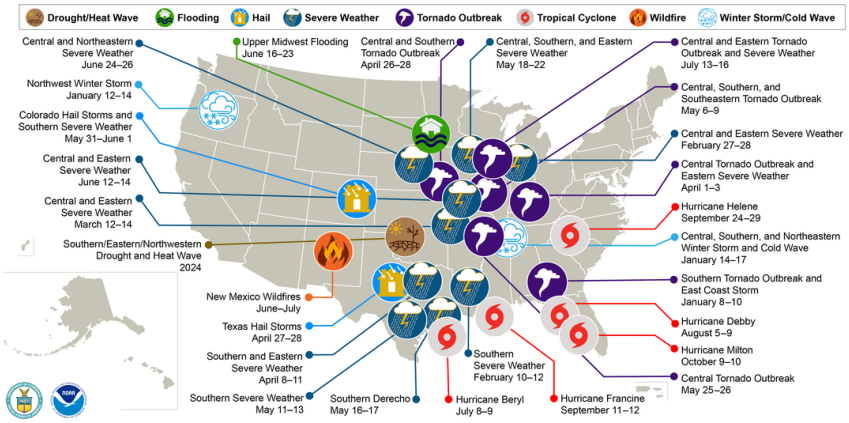
COMMERCIAL PROPERTY INSURANCE

U.S. 2024 Billion-Dollar Weather and Climate Disasters



*This map denotes the approximate location for each of the **27 separate billion-dollar weather and climate disasters that impacted the United States in 2024.***

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LIABILITY INSURANCE

Covers injury to others or damage to their property caused by negligent acts or omissions

- 2025-2026 premium for General Government: >$5.1M
- Coverage Limits: $20M in excess of $5M self-insured retention

8

8

LIABILITY INSURANCE

Challenges impacting Liability insurance costs

- Reduced insurer capacity
- Venue/Jurisdiction
  - No caps on damages in WA
  - Long time for filing claims against municipalities
  - Expansion of municipal liability
  - Joint and Several Liability (aka deep pocket rule)
- Social Inflation (large jury verdicts)
- Third-Party Litigation Funding

9

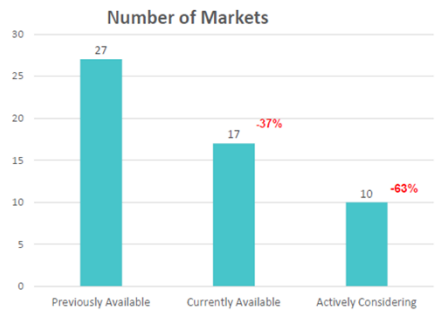
9

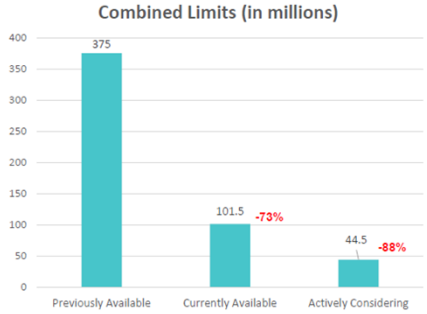
LIABILITY INSURANCE

Source: AmWINS Wholesale Ins. Brokerage

US Domestic Insurer Capacity

Historical vs. Current Public Entity Liability Market Participation *(*approximate 10 year to present)*





Per Occurrence Limits only. Not reflective of restriction in Aggregates

Alliant Insurance Services

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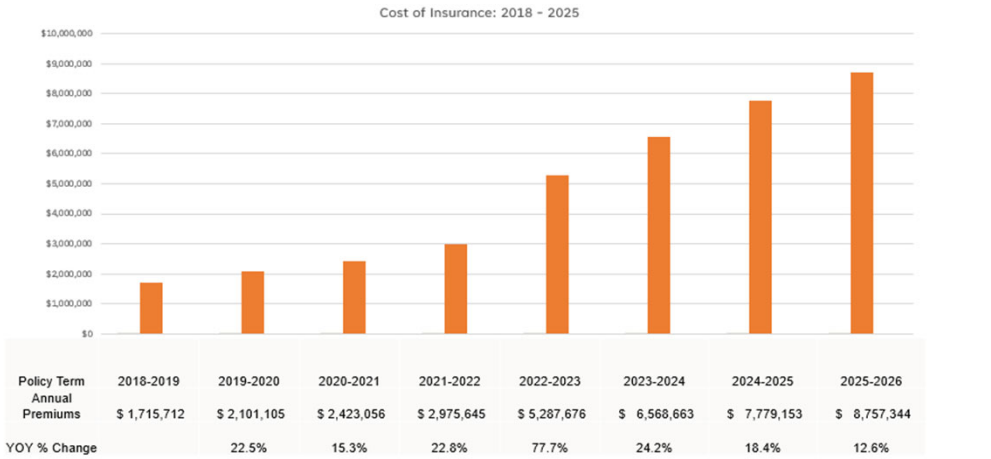
10

INSURANCE COSTS FOR GG



Policy Term	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Annual Premiums	$ 1,715,712	$ 2,101,105	$ 2,423,056	$ 2,975,645	$ 5,287,676	$ 6,568,663	$ 7,779,153	$ 8,757,344
YOY % Change		22.5%	15.3%	22.8%	77.7%	24.2%	18.4%	12.6%

11

11

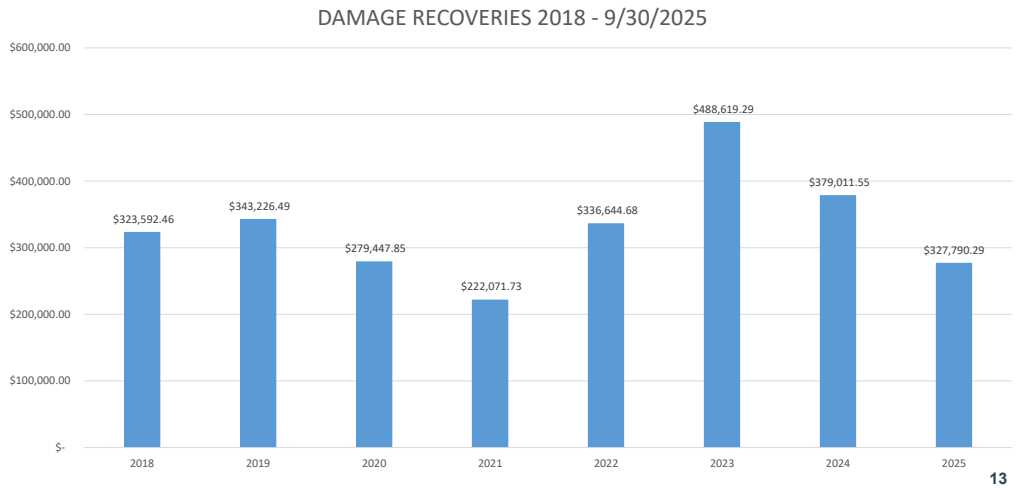
INSURANCE COSTS FOR GG

- Total premiums for the most recent policy term are five times more expensive than 2018
- Average annual increase for the period 2019 - 2025 is 26.7%
- Premiums for Property and Excess Liability (CGL/LEL) coverage for 2025-26 exceed $7.8M
- Premium for 2025-26 Excess Liability (CGL/LEL) coverage increased 36.7% YOY
- Assuming an annual 15.0% rate increase, the City can expect to pay over $10M in 2026 for Property and Casualty coverage and over $11.5M in 2027
- For our most recent Property renewal, we received a proposal for a combined Property program (GG/TPU) that would have provided $700K in net savings

12

12

DAMAGE RECOVERIES FOR GG



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13

DAMAGE RECOVERIES FOR GG

- 2025 data as of 9/30/2025
- Total recoveries for 2018-2025 period exceed $2.7M
- Annual average for 2018-2025 period is $337.5K

14

14

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15