



# **Approval to Pay Premium and Surplus Lines Fees for the Annual Renewal of the Rail Operating Liability Insurance Policy**

Budget and Finance Committee  
October 4, 2022

Terry Yamada  
Insurance Risk Manager



# Recommendation

Approval of a resolution authorizing the President & Chief Executive Officer or her designee to pay up to \$4,634,579 in premium and \$239,096 in Surplus Lines, FET, and Direct Procurement taxes and fees for a total not to exceed of \$4,873,675 for the annual renewal of the rail operating liability policy for the period beginning November 1, 2022.

# Current Insurance Market

- Insurance market continues to be firm
- Market capacity improving – as new carriers and increased capital entering the insurance market
- Still sub-limits lowered, and policy terms tightened by underwriters
- Weather events and other losses are driving market challenges:
  - PROPERTY – Tornados, Wildfires, Flooding, Hail Storms
  - LIABILITY – “Nuclear” Verdicts, e.g. Auto verdicts +300% increase 7 years
- Rail Liability market showing signs of stability and price moderation

# Annual Insurance Renewal Strategy

- For Rail Liability insurance, we have continued to adhere to the cost sharing opportunities as suggested by the North Central Texas Council of Governments (NCTCOG)
  - We value our partnership with DCTA & Trinity Metro for TRE, and
  - Growing our partnership with TEXRail & Grapevine Vintage Railroad
- As for last year's renewal, we instructed our worldwide insurance brokers to approach all international markets, including London and Bermuda, to deliver the optimum insurance program for our requirements

# Rail Liability Insurance

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- Limit \$323 Million – Required by agreements providing Positive Train Control (PTC) Insureds:
  - DART for Light Rail and Commuter Rail operations
  - Trinity Railway Express (TRE)
  - Denton County Transit Authority (DCTA) up to \$140 million
  - TEXRail
  - Grapevine Vintage Railroad (GVRR)

# 2020 – 2022 Comparison

	2021	2022	2023	Increase
<b>Total Base Premiums</b>	\$4,523,923	\$4,620,546	\$4,634,579	\$14,033

- 2020 limits were \$300 Million
- 2021 limits increased to \$323 Million in accordance with the Fixing America’s Surface Transportation (FAST) Act
- 2021 Added DCTA to the program
- 2022 Added TEXRail and GVRR to the program
- 2023 Essentially “Flat” renewal premiums

# 2022 Program Cost and Premium Allocation

	DART	TM for TRE	TEXRail	DCTA	GVRR	Total
<b>Total Premium</b>	\$1,235,915	\$1,235,915	\$1,375,915	\$666,471	\$120,363	<b>\$4,634,579</b>

**NOTE:** Additional \$100,000 charged to TEXRail for TEXRail and GVRR for \$1M SIR

\$ 4,634,579 Premium  
\$ 239,096 Surplus Lines Taxes and Fees  
**\$ 4,873,675 Total Cost**

# 2022 Program Structure

Limit	Insurance Carriers	Premium
\$323M	Chubb	\$131,719
\$308M	AXA, XL, Argo, Liberty & Others	\$644,895
\$240M	Munich Re, Convex	\$232,352
\$217.5M	AXA, XL, Canopius & Others	\$819,396
\$140M	Hamilton, Aspen, Argo RE, Hiscox, Canopius, AXA XL, Starr	\$1,348,468
\$50M	Apollo Liability Consortium, AEGIS, Ascot	\$461,015
\$25M	Lex-London	\$281,000
\$15M	Queen's Island Insurance Ltd (Gemini)	\$715,734
\$3M	Self-Insured Retention	\$0
Total Premium		\$4,634,579

Not including Surplus Lines taxes and fees.  
All carriers have a Best Rating of A- or higher.





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*let's go.*



[DART.org](http://DART.org)