



## AUDIT COMMITTEE

Report to the  
Board of Harbor Commissioners

### “FOR INFORMATION ONLY”

**DATE: MAY 21, 2026**

**TO: AUDIT COMMITTEE OF THE BOARD OF HARBOR COMMISSIONERS**

**SUBJECT: INSURANCE LIMITS FOR MARINE TERMINAL CONTRACTS**

In consideration of adopting an increase in minimum required limits of coverage for marine terminal contractors, Risk Management is addressing the following insurance-related questions posed by Commissioner Williams:

**Q: What are the current required insurance limits of terminal operators?**

**A:** The POLA has maintained low coverage limit requirements since the 1990s/early 2000s for container terminals, and the liability limits for all 7 container terminals range from \$1M-\$5M for General, Auto and Ocean Marine Liability. Fire Legal Liability limits range from \$100K - \$250K. Property Insurance requirements range from 90%-100% replacement value of Tenant improvements over \$100K-\$250K.

The review of marine terminal limits was triggered during the course of an insurance assessment for a permit amendment. This resulted in a deeper review into the current insurance requirements for marine terminals and seek feedback from the POLA's insurance broker, Alliant.

Due to the size of terminal operations, potential for liability, claims, and potential damage to POLA's property, Alliant recommended an increase in limits to \$50M-\$100M for liability requirements. Alliant's recommendation comes after their review of detailed data compiled by the Real Estate and Risk Management divisions on each terminals' operations, equipment and facility types.

The POLA is recommending \$25M for applicable liability requirements for all marine terminals which is supported by Alliant as a starting point. Such limits would apply to all liability coverage such as General, Auto, Ocean Marine, and Environmental Impairment Liability, where applicable. Fire Legal Liability will match the current standard of \$500K in liability limits, which covers the POLA's Property Insurance deductible.

Reevaluation is recommended sooner rather than later and as each Permit allows within its respective amendment periods, to ensure requirements are consistent with industry standards at the time of modification.

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Aside from container terminals, Alliant extends their recommendation for higher liability limits of \$50M - \$100M across all terminals (container, liquid bulk, breakbulk and passenger). For Maritime Support terminals such as tugboat, taxi, fueling services and others, Alliant recommends limits at \$10M - \$20M.

**Q: What is the POLA's property insurance premium and deductible?**

**A:** The POLA's current policy premium was \$3,821,665 with a \$500K deductible. Coverage limits are up to \$1.2B.

**Q: What is the difference in premium when deductibles are adjusted?**

**A:** Many factors play a role in determining premiums such as the current property market and capacity of carriers, property values, claims history, etc. It is difficult to determine exactly how premiums would be affected; however, generally, we can consider a higher deductible to slightly reduce premium costs. As an example, in 2023, the POLA had the option to increase its property insurance deductible from \$500K to \$1M for a \$105K premium savings.

**Q: What is the difference between indemnity and insurance?**

**A:** Indemnification and insurance requirements go hand in hand, and both are a means to assist with maintaining financial stability after a loss. We can think of indemnity as a promise to pay for a loss in the event of claim, while insurance is a secured financial means to cover such a loss.

**Q: Does the POLA require marine terminals to maintain insurance for an event similar to the Baltimore Bridge incident where a vessel struck the structure?**

**A:** Each POLA terminal operator tenant has a requirement to maintain Ocean Marine Liability insurance under their permit. Ocean Marine Liability is a category of marine coverage where types of coverage are determined by the tenant's operations. For example, Protection & Indemnity (P&I) insurance, a type of Ocean Marine Liability, is a standard POLA requirement where vessels are operated, covering liability incidents and property damage arising out of the use of vessels.

An event similar to the Baltimore Bridge incident would trigger the vessel operator's P&I insurance to respond to liability and property damage claims arising from the surrounding areas impacted. In some instances, vessel owner(s) may maintain a self-insurance program where liability claims and property damage may be paid out by vessel owner(s).

Property Insurance is also a standard insurance requirement in each terminal operator's permit and such a policy may provide coverage for a tenant's business interruption losses.

Where the POLA may experience business interruption losses because of an incident, business interruption coverage is available under the POLA's property insurance policy.

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As a State of California asset, the Vincent Thomas Bridge is not insured by the POLA. California generally self-insures state infrastructure. As a qualifying structure, funding for repairs to the bridge may be available via the State Highway Operation and Protection Program (SHOPP) and/or a combination of State transportation budgets, emergency appropriations, and Federal Disaster relief programs.



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