Approve and Ratify Liability Cap Insurance Premium

JPB Finance Committee
September 21, 2026

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Proposed Motion

Staff recommend that the Board:

- Ratify the binding of insurance to satisfy the Department of Transportation's Liability Cap Increase from $323 million to $402 million at a pro-rated premium of $553,757 for Fiscal Year 2027.

Background

- Cap increase went into effect September 4, 2026.
- Premium of $553,757 is pro-rated for the remainder of FY2027.
- Satisfies Department of Transportation’s Railroad Liability Cap requirements.
- Satisfies contractual obligations with certain vendors that require the JPB to carry limits equal to or higher than the federal government’s liability cap.
- JPB previously ratified FY2027 insurance program at August 6, 2026, meeting for a total premium of $13.017M.

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History of Liability Cap

- Congress created the initial $200 million liability cap under the Amtrak Reform and Accountability Act of 1997.
- Limits total damage awards from a single rail incident.
- Enacted into law under the Fixing America's Surface Transportation Act (FAST) Act in December of 2015, at which time the cap was increased from $200M to $294M.
- Adjusted for inflation every 5 years.
- In 2021, cap increased from $294M to $323M.
- In 2026, cap increased from $323M to $402M.

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Looking Ahead

Considerations:

- Long-Term sustainability will require alternative strategies- such as captives, group purchasing, and other risk financing models.
- Increased participation from Rail Operations Maintenance Support Contract, which currently requires contractor to purchase $100 million of the $402 million liability limit.

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Questions

FOR MORE INFORMATION

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