

CITY OF LEAGUE CITY
2017 WINSTORM RFP 17-032 RESPONSE ANALYSIS AND RECOMMENDATIONS
February 27, 2017

RWL Group conducted an RFP for the April 6, 2017 windstorm coverage. Two responses were received, one from the incumbent broker, McGriff, Seibels & Williams of Texas, Inc. (McGriff), and one from USI Southwest, Inc. (USI). Since the RFP was for windstorm only, the primary areas of negotiation were enhancements, deductibles, and pricing. Various limits of coverage were proposed as requested by the specifications.

After meeting with each broker separately, the Brokers were asked to provide the various requested revisions to all per occurrence limits offered, \$50,000,000 and \$60,000,000 for McGriff and \$50,000,000 and \$55,000,000 for USI. Values this year were up slightly over last year (1.14%)

I am attaching a spreadsheet which outlines all of the final options offered. McGriff was able to include the various enhancements requested and bring the premium down. Their offer for \$50,000,000 per occurrence is \$420,001, which is 21.57% lower than the expiring premium. The offer for \$60,000,000 per occurrence is \$430,501, which is 19.61% lower than the expiring premium with \$10,000,000 more coverage. Both McGriff offerings include a 1% named storm deductible subject to a minimum of \$25,000 and a maximum of \$100,000, with \$25,000 deductible for all other windstorm. The same deductibles apply to flood and storm surge. The flood limit quoted is \$5,000,000 and storm surge limit is \$5,000,000 in both offerings. To increase storm surge to \$10,000,000, the \$50,000,000 offer would be \$430,501 (19.61% reduction over expiring premium), and the \$60,000,000 offer would be \$441,001 (17.65% reduction over expiring premium).

USI was able to provide very competitive offers again this year as well. They include the various enhancements that were requested, and in addition, provided options that included a \$25,000 flat deductible, including named storm wind. Their offers were as follows: 1) \$51,000,000 per occurrence with a 2% named storm deductible subject to a \$25,000 minimum and a \$100,000 maximum, \$10,000,000 flood limit, \$10,000,000 storm surge limit, for a premium of \$484,169.63 (9.59% reduction over expiring premium). 2) \$55,000,000 per occurrence with a 2% named storm deductible subject to a \$25,000 minimum and a \$100,000 maximum, \$10,000,000 flood limit, \$10,000,000 storm surge limit, for a premium of \$498,420.13 (8.61% reduction over expiring premium). 3) \$51,000,000 per occurrence with a flat deductible of \$25,000 (all other details the same as item 1) for a premium of \$489,412.13 (8.61% reduction over expiring premium). 4) \$55,000,000 per occurrence with flat \$25,000 deductible (all other details the same as item 2) for a premium of \$494,662.63 (7.63% reduction over expiring premium).

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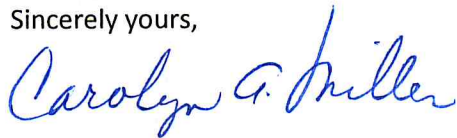
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The McGriff offerings continue to be the most advantageous for the City. Based in our evaluation of the proposals provided, I am recommending that the City consider McGriff's \$60,000,000 per occurrence option, including the \$10,000,000 storm surge at a premium of \$441,001. The additional premium for the added \$10,000,000 coverage is \$10,500, and given that the City's concentration of values on Walker Street is in excess of \$50,000,000, I think the additional coverage is warranted. Premium savings with this offer over the expiring premium is in excess of \$94,000.

Please let me know if you have any questions.

Sincerely yours,



Carolyn A. Miller, CPCU
Senior Consultant