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**CITY OF LEAGUE CITY**  
**2018 WINDSTORM RFP #18-016 RESPONSE ANALYSIS AND RECOMMENDATIONS**  
**February 28, 2018**

RWL Group conducted an RFP for the April 6, 2018 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 deductibles and pricing. Various limits of coverage were proposed as requested by the specifications.

RWL Group has been conducting wind RFP's for the City of League City since the April 6, 2015 policy term. The following table outlines the historical pricing and cost per \$100 of value since 2015.

Year	Premium	Loss Limit	Deductible	Underlying Values	Cost per \$100 of Value
2015/2016	\$576,218	\$50,000,000	1%/Min. \$100K/Max \$500K	\$125,974,108	\$0.45741
2016/2017	\$534,538	\$50,000,000	1%/Min. \$25K/Max \$100K	\$197,550,782	\$0.27058
2017/2018	\$441,001	\$60,000,000	1%/Min. \$25K/Max \$100K	\$199,800,782	

After meeting with each broker separately, the brokers were asked to provide the various requested revisions to only the \$60,000,000 per occurrence limit option. Given the City's loss history from Hurricane Harvey it was felt the current \$60,000,000 per occurrence limit was the correct limit of coverage. The statement of underlying values is up this year less than 1% over the 2017 statement of values, \$199,817,882 this year versus \$199,800,782 last year.

I am attaching a spreadsheet which outlines the final offers made by each broker. McGriff was able to reduce its pricing by a little over 8% from the initial offering. Their final offer for \$60,000,000 of coverage is \$518,963 including taxes and fees. The named storm deductible remains at 1% of affected values subject to a minimum of \$25,000 and a maximum of \$100,000. The \$5,000,000 flood limit and \$10,000,000 storm surge limit that was added last year are also included in this renewal offering. This premium represents an increase of 17.679% over last year. Given the state of the market following Hurricanes Harvey, Irma and Maria, and League City's own losses from Hurricane Harvey, an increase up to approximately 25% was expected.

CITY OF LEAGUE CITY

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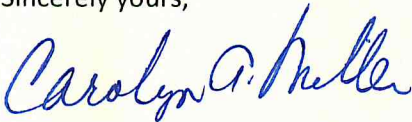
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USI was able to provide an offering again this year which includes a buy down of the deductible from 2% of affected values, maximum \$1,000,000 to 2% of affected values, maximum \$100,000. Their offering also includes a \$10,000,000 flood limit and a \$10,000,000 storm surge limit. The pricing at the higher deductible is \$582,750. With the lower \$2%/\$100,000 maximum deductible the pricing is \$651,788.

The McGriff offering continues to be the most advantageous for the City. Based on our evaluation of the proposals provided, I am recommending that the City accept McGriff's renewal option at a premium of \$518,963. If this offer is accepted, the cost per \$100 of value would be \$0.25972, which is less than the cost per \$100 of value both in 2015 and 2016.

Please let me know if you have any questions.

Sincerely yours,



Carolyn A. Miller, CPCU  
Senior Consultant