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CITY OF LEAGUE CITY
2019 WINDSTORM RFP #19-HR-005 RESPONSE ANALYSIS AND RECOMMENDATIONS
February 22, 2019

RWL Group conducted an RFP for the April 6, 2019 windstorm coverage. Only one response was received, and that was from the incumbent broker, McGriff, Seibels & Williams of Texas, Inc. (McGriff). 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	\$0.22072
2018/2019	\$518,963	\$60,000,000	1%/Min. \$25K/Max \$100K	\$199,817,882	\$0.25972

After meeting with McGriff, they were asked to provide the various requested revisions to the two options offered, \$60,000,000 and \$70,000,000 per occurrence limit options, as well as offering a longer policy term, preferably three years.. The statement of underlying values is up this year just under .03% over the 2018 statement of values, \$200,390,657 this year versus \$199,817,972 last year.

I am attaching a spreadsheet which outlines the final offers made by McGriff. McGriff was able to reduce its pricing by a little over 2% from the initial offering. Their final offer for \$60,000,000 of coverage is \$550,269.30, 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 are also included in this renewal offering. This premium represents an increase of 6.03% over last year. Given the state of the market following Hurricanes

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Harvey, Irma and Maria in 2017, the catastrophes of 2018, and League City's own losses from Hurricane Harvey, an increase up to approximately 10% was expected.

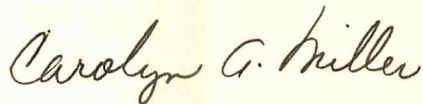
In addition to the on year \$60,000,000 offer, McGriff offered an almost two month extension (moving the expiration to June 1, 2020) at a premium of \$569,339.85. However, extending the term by two months is not favorable for the City since hurricane season begins June 1st each year, and obtaining favorable pricing for a June 1 renewal would be more difficult.

The other offer for a \$70,000,000 limit of coverage for one year was priced at \$569,439.15. However, given the City's loss history from Hurricane Harvey it is felt the current \$60,000,000 per occurrence limit is still the correct limit of coverage.

The McGriff offering continues to be advantageous for the City. Based on our evaluation of the proposals provided, I am recommending that the City accept McGriff's renewal option for the \$60,000,000 at a premium of \$550,269.30. If this offer is accepted, the cost per \$100 of value would be \$0.2746, which is less than the cost per \$100 of value in 2015.

Please let me know if you have any questions.

Sincerely yours,



Carolyn A. Miller, CPCU
Senior Consultant

CITY OF LEAGUE CITY
WINDSTORM REP 19-HR-005
INITIAL PROPOSAL ANALYSIS

		McGriff, Seibels & Williams of Texas, Inc.		
		Current Coverage April 6, 2018/2019	Proposed Renewal Coverage April 6, 2019/2020	Proposed Renewal Coverage April 6, 2019/June 1, 2020
Carrier		Lloyd's 40%/Markel(Evanston) 25%/Velocity 25%/AmRisc 10% of \$5M; Livingston 13.64%/Arch 18.18%/Catalytic 15%/Liberty 18.18%/Velocity 25%/AmRisc 10% of \$55M excess of \$5M	Velocity, Lloyds and Markel each 25% of first \$5M; AmRisc 25% of \$60M; Arch 17.73%, Catalytic 30% and Maxum 27.27% of \$55M excess of \$5M	Velocity, Lloyds and Markel each 25% of first \$5M; AmRisc 25% of \$60M; Arch 17.73%, Catalytic 30% and Maxum 27.27% of \$55M excess of \$5M
Total Limit	\$	60,000,000	\$60,000,000	\$60,000,000
Premium	\$	518,963	\$550,269.30	\$592,269.30
Coverages		Limit subject to underlying schedule (TIV \$199,817,882 per SOV) and is based on per occurrence; Replacement cost; No coinsurance; \$10,000,000 per occurrence storm surge; \$5,000,000 per occurrence and annual aggregate for flood to apply to miscellaneous locations/items totaling \$21,674,500 in value (per SOV on file) (no coverage for SFHA Zones); Ordinance of Law (A included in loss limit) B & C \$10,000,000; \$1,000,000 for newly acquired or constructed buildings for 90 days; coverage included for all types of property shown on the underlying schedule including piers and docks. Various coverage extensions apply. Named storm deductible 1% subject to \$25,000 minimum, \$100,000 maximum; \$25,000 all other wind; \$25,000 flood deductible except subject to named storm deductible if caused by named storm.	Limit subject to underlying schedule (TIV \$200,390,657 per SOV) and is based on per occurrence; Replacement cost; No coinsurance; \$10,000,000 per occurrence storm surge; \$5,000,000 per occurrence and annual aggregate for flood to apply to miscellaneous locations/items totaling \$21,674,500 in value (per SOV on file) (no coverage for SFHA Zones); Ordinance of Law (A included in loss limit) B & C \$10,000,000; \$5,000,000 for newly acquired or constructed buildings for 180 days; coverage included for all types of property shown on the underlying schedule including piers and docks. Various coverage extensions apply. Named storm deductible 1% subject to \$25,000 minimum, \$100,000 maximum; \$25,000 all other wind; \$25,000 flood deductible except subject to named storm deductible if caused by named storm.	Limit subject to underlying schedule (TIV \$200,390,657 per SOV) and is based on per occurrence; Replacement cost; No coinsurance; \$10,000,000 per occurrence storm surge; \$5,000,000 per occurrence and annual aggregate for flood to apply to miscellaneous locations/items totaling \$21,674,500 in value (per SOV on file) (no coverage for SFHA Zones); Ordinance of Law (A included in loss limit) B & C \$10,000,000; \$5,000,000 for newly acquired or constructed buildings for 180 days; coverage included for all types of property shown on the underlying schedule including piers and docks. Various coverage extensions apply. Named storm deductible 1% subject to \$25,000 minimum, \$100,000 maximum; \$25,000 all other wind; \$25,000 flood deductible except subject to named storm deductible if caused by named storm.
Percentage Increase in underlying values:		0.287%		
Percentage Increase in Premium		6.030%		