



McGRIFF, SEIBELS & WILLIAMS OF TEXAS, INC.

5080 Spectrum Drive, #900 E, Addison, TX 75001 Tel (469) 232-2100 Fax (469) 232-2101

August 19, 2013

Ms. Cynthia K. Kirk, CGBA
Risk Manager
City of Bryan

RE: RFP # 13-056 Property, Casualty, and Excess Workers' Compensation

Cindy,

Thank you for the opportunity to assist the City of Bryan with the above captioned RFP. With current increases in property insurance market conditions and the challenges that are being faced in the Excess Workers' Compensation market for entities with police and fire employees, the property and casualty insurance program was competitively marketed to the global insurance marketplace through the RFP process to obtain the best coverage available at the best price.

Property

The City received one response for Property Insurance from the Texas Municipal League Intergovernmental Risk Pool. Although the program was aggressively marketed to multiple carriers, the electric utility exposure combined with a competitively low rate/premium charged by the incumbent TML resulted in market declinations. The .0385 rate provided by TML is excellent given the City's exposures.

We recommend the City renew its Property Insurance with TML for a total premium of \$125,259.

Boiler & Machinery

One competitive proposal was received for the City's Boiler & Machinery coverage – Travelers (incumbent) with a premium of \$238,457. Although the City has experienced several claims in the last several years, the last one in 2011 was paid in 2013, the carrier worked diligently to keep the increase in premium to 10%. The City of Bryan has received superior service and claims handling experience from Travelers and this increase is well within current market experience.

We recommend the City renew its Boiler & Machinery Insurance with Travelers for a total premium of \$238,457.

Excess Liability and Workers' Compensation

The City received one competitive quote from Associated Industries for the entire package policy coverage, three Excess Workers' Compensation only quotes from Midwest Employers, Safety National and TML and one casualty only quote from Starr Indemnity. To provide all coverages requested, an Excess Workers' Compensation policy would need to be combined with the Starr Excess casualty if the package policy is not selected. The current Excess Workers' Compensation market has hardened significantly with even more pressure for entities with police officers and fire fighters exposures. The City's expiring coverage is a package policy including all the casualty coverages and the excess workers' compensation for a premium of \$185,233 with a retention of \$250,000.



McGRIFF, SEIBELS & WILLIAMS OF TEXAS, INC.

5080 Spectrum Drive, #900 E, Addison, TX 75001 Tel (469) 232-2100 Fax (469) 232-2101

Attached is a detailed comparison of all quotes received.

The stand alone Excess Workers' Compensation quotes received from both Safety National and Midwest Employers were priced fairly high and the lowest retention offered was \$1,250,000. If either of these options were considered the City would then have to purchase separate coverage for casualty insurance from Starr Indemnity. The total premium to purchase two separate policies would be a significant increase over expiring and the package policy quote received.

TML offered a stand alone Worker's Compensation quote also, however, even though the deductible would be less than the other two stand alone carriers, the policy has coverage restrictions that could provide only \$2,500,000 in coverage and separate coverage for casualty would have to be purchased. Again, the total premium to purchase two separate policies would be high and we do not recommend the reduced limits offered.

Associated Industries quoted a package policy including the Excess Workers' Compensation and Casualty coverage for a 5% increase over the expiring premium and a retention of \$500,000. The per occurrence limit is the same as expiring except for the Public Officials Liability, which is \$2,500,000 and the total policy limit is \$10,000,000 in lieu of \$15,000,000 (except POL which is \$4,000,000) as per the expiring. These are higher limits than received by any other proposer at a significantly lower premium.

We recommend the City renew its Excess Liability and Workers' Compensation Insurance with Associated Industries Ins. Co., Inc. for a total premium of \$194,164.

McGriff, Seibels and Williams of Texas, Inc. is proud to serve the City of Bryan. Please contact us if you have any questions regarding this evaluation and recommendation.

Sincerely,

Johnny L. Fontenot, CPCU, AIC, ARM
Executive Vice President

McGriff, Seibels and Williams of Texas, Inc.

City of Bryan
2013 - 2014 Excess Casualty Workers' Compensation Coverage Comparison

Coverages	Expiring Terms	Associated Industries	Midwest Employers	Safety National	TML	Starr Indemnity
A.M. Best Rating	A-IX	A.X	A+XV	A.XIV	Not Rated	A.XIV
Excess Liability & WC						
Auto Liability	\$5,000,000 Occ.	\$5,000,000 Occ.	Not Quoted	Not Quoted	Not Quoted	\$5,000,000 Occ./Agg.
General Liability	\$5,000,000 Occ.	\$5,000,000 Occ.	Not Quoted	Not Quoted	Not Quoted	\$5,000,000 Occ./Agg.
Law Enforcement Liability	\$5,000,000 Occ.	\$5,000,000 Occ.	Not Quoted	Not Quoted	Not Quoted	\$5,000,000 Occ./Agg.
Public Officials Liability	\$5,000,000 Occ.	\$2,500,000 Occ. Agg.	Not Quoted	Not Quoted	Not Quoted	\$5,000,000 Occ./Agg.
Employee Benefits	\$5,000,000 Occ.	No	Not Quoted	Not Quoted	Not Quoted	\$5,000,000 Occ./Agg.
		\$25,000,000 Aggregate/ \$5,000,000 Occ. EL with a \$10,000,000 benefit limit for any one person for WC				
Workers' Compensation	Statutory / \$5,000,000 Occ. EL	Not Quoted	Statutory/\$1,000,000 EL	Statutory/\$1,000,000 EL	Statutory/\$1,000,000 EL	Not Quoted
Umbrella	NA		Not Quoted	Not Quoted	Not Quoted	Not Quoted
Policy Aggregate	\$15,000,000 Agg.	\$10,000,000 Except \$4,000,000 For Public Officials	Not Applicable	Not Applicable	\$1,500,000 Annual Aggregate Retention and \$1,000,000 Aggregate Limit of Liability after Aggregate Retention Reached	\$5,000,000 Agg. Per Line of Coverage
Self Insured Retention	\$250,000	\$500,000	\$1,250,000	\$1,250,000	\$500,000 Deductible	\$500,000
90 Day Notice of Cancellation	Yes	Yes	60 Days	60 Days	60 Days	60 Days
Broad Named Insured	Yes	Yes	Yes	Yes	Yes	Yes
Knowledge of Occurrence	Yes	Yes	Yes	Yes	Yes	No
Notice of Occurrence	Yes	Yes	Yes	Yes	Yes	No
Errors & Omissions	Yes	Yes	Yes	Yes	Yes	Yes
Right to Choose Counsel	Yes	Yes	NA	NA	NA	No
Single SIR applies to all lines of coverage	Yes	Yes	N/A	N/A	N/A	No
Punitive Damages	Included	Included	Not Applicable	Not Applicable	Not Applicable	Included
Auditable	No	No	Yes	Yes	Yes	No
Rate Guarantee	Three Years	No	No	No	No	No
Premiums:						
General Liability	\$185,233	\$194,164	Not Covered	Not Covered	Not Covered	\$225,000
Auto Liability	Included	Included	Not Covered	Not Covered	Not Covered	Included
Law Enforcement Liability	Included	Included	Not Covered	Not Covered	Not Covered	Included
Public Officials Liability	Included	Included	Not Covered	Not Covered	Not Covered	Included
Employee Benefits	Included	Not Covered	Not Covered	Not Covered	Not Covered	Included
Workers' Compensation	Included	Included	\$97,734	\$198,769	\$65,409	Not Covered
Umbrella	Not Covered	Not Covered	Not Covered	Not Covered	Not Covered	Not Covered
Loss Fund Deposit	NA	NA	NA	NA	\$36,500	NA
Premium: \$185,233		\$194,164	\$97,734	\$198,769	\$101,909	\$225,000
Total Package Premium:	\$185,233	\$194,164	\$322,734	\$423,769	\$290,409	Various