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.

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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 then 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.