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August 21, 2020

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Risk Management Director
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1110 Washington Street, Suite 204
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Re: RFP #2020-009 Recommendations

Doc:

RWL Group was commissioned to conduct the above Property and Casualty Insurance and TPA Services RFP. Although there were three responders for the Property and Casualty portion of the RFP, no one responder offered proposals for all insurance coverages included in the RFP. There were no responders to the TPA Services portion of the RFP.

The three responders were Baldwin Cox & Allen Agency (Baldwin), McGriff, Seibels & Williams, Inc. (McGriff), and USI Southwest, Inc. (USI). Baldwin does not currently handle any of the County's Property & Casualty coverages. However, both McGriff and USI do.

Baldwin provided quotes for School Leader's Errors & Omissions (6 options); Pollution Liability (2 options); Cyber Liability (2 options); Inland Marine coverage on mobile equipment (4 options); and Mechanical Breakdown/Boiler & Machinery (2 options).

McGriff provided quotes for School Leader's Errors & Omissions, (1 option); Pollution Liability (4 options); and Cyber Liability (3 options.)

USI provided quotes for General Liability (2 options); Law Enforcement Liability (2 options); Automobile Liability and Physical Damage (2 options); Public Officials Liability, including Employment Practices Liability (2 options); School Leader's Errors & Omissions (4 options); Excess Workers' Compensation (2 options); Umbrella Liability (4 options); Cyber Liability (1 option); Aircraft Liability & Hull (1 option); Property, including and Mechanical Breakdown/Boiler & Machinery (1 option); Inland Marine (1 option); Terrorism and Sabotage (2 options); and Crime (1 Option).

As part of their Best and Final Offer, USI made the following changes to the general liability offering: 1) clarified that the limit of coverage for damage to buildings rented to Webb County is \$500,000; 2) added endorsement CG 2155 which is a pollution except for emissions from HVAC systems; added endorsement CG0430 providing limited coverage for designated pollutants; added endorsement CG 3121 which provides pollution coverage for pesticides and herbicides applied by County employees; and added Endorsement 2274 providing limited contractual liability coverage for Personal & Advertising Liability.

USI also submitted a revised property quote which reduced the underlying schedule of properties insured to reflect the fact that the County had divested itself of various pieces of property. The reduction in values insured is reflected in a slightly lower premium than originally proposed.

Attached you will find my revised RFP Response Analysis document that outlines all of the options presented by each responder, including changes reflected in Best and Final offers. The only responder that provided any amendments to the original proposal submitted was USI. The other two responders did not provide any Best and Final Offer.

It is my recommendation that USI continue handling all of the County's coverages currently handled by USI. This included the General Liability, Law Enforcement Liability, Automobile Liability and Physical Damage, Public Officials Liability including Employment Practices Liability; Excess Workers' Compensation; Umbrella Liability; Cyber Liability; Property, including Mechanical Breakdown/Boiler & Machinery; Inland Marine; Terrorism and Sabotage; and Crime. For the coverages with more than one option, I am recommending that the option reflecting expiring limits and deductibles be accepted. Although there are some small premium savings in higher deductibles, I do not feel that the premium savings is in line with the additional risk the County would be retaining with higher deductibles. It should be noted that the substantial increase in the automobile premium is primarily due to the number of vehicles the County is required by contract (leased and Grant funded vehicles) to insure for physical damage. Also, it is recommended that the County consider adding the Active Shooter coverage for Property & Liability to the Terrorism & Sabotage policy.

In addition, it is my recommendation that USI be awarded the School Leader's Errors & Omissions coverage. The option I recommend is \$1,000,000 limit subject to a \$25,000 deductible. McGriff currently writes this coverage, but the cost of their offering is more than twice the premium quoted through USI for essentially the same coverage. Baldwin also quoted this coverage, and actually quote less premium than USI. However, following the interview process, it was the consensus of the review committee that the County would be better served if USI is awarded the coverage.

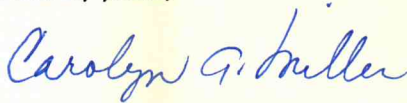
McGriff currently handles the Pollution Liability, and it is my recommendation that they continue to handle this coverage at the same limits and deductible as expiring. Again, slightly lower premium can be obtained by increasing the deductible, but the premium savings is not in line with the additional risk the County would be retaining with a higher deductible.

Attached you will find a table outlining the recommended coverages, limits, premiums and agent.

Regarding the TPA services, since there were no responses submitted to the RFP, it would be in the County's best interests to negotiate either a new contract with the current TPA or an extension of the current contract with the current TPA.

If after reviewing this letter and its attachments you have any questions, please do not hesitate to let me know.

Sincerely yours,



Carolyn A. Miller, CPCU
Senior Consultant

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