



Questions and Answers

RFP No. 17-06

Property Reinsurance Intermediary Services

August 4, 2017

Vendor Questions #1

General Information

1. What are some of your primary financial and operational objectives (i.e. grow membership, combined ratio, more products/coverage, etc.)?

Answer: Our membership is mature with limited growth potential; therefore our most pressing need is to maintain an effective and efficient property reinsurance structure.

- a. We noted that minimum consolidated members' equity target was established at 1-in-250 year occurrence, maximum consolidated members' equity funding level was at a 1-in-20 year above the 1-in-250 year minimum and minimum target equity goals for the operating funds at 10in-10 year. Please confirm these are based on an all perils figure including Earthquake with fire following, Hurricane near-term and Severe Storm.

Answer: Yes, the members' equity target was established at the noted levels to include all perils including earthquake with fire following, hurricane near-term and severe storm.

2. Please confirm that Auto Physical Damage coverage is part of the reinsurance placement consideration.

Answer: Yes, APD is part of the reinsurance placement consideration. Please refer to Tab U in the "TMLIRP Property Reinsurance Binder-May 2017-May2018 Final Submission" located in the Share Point folder.

3. What other Products/coverage do your members request that you do not currently offer?

Answer: NFIP placement, surety bonds for which we don't have authorization, UST and pollution, Tier 1 windstorm coverage, and professional malpractice.

4. Please provide your most recent reinsurance contract

Answer: We are unable to make this available.

5. Given that Chapter 552 of the Texas Government Code dictates that all RFP responses are considered public documents and may be subject to release to any requester, are participants able to redact any proprietary information?

Answer: As noted in the RFP, once we have awarded a proposal, then the other proposals become open records. As such, if there is proprietary information in the proposal, we may not be able to refuse disclosure. If the Texas Municipal League Intergovernmental Risk Pool receives a request for information of a respondent, that the respondent considers confidential and proprietary, the Risk Pool will request a decision from the Texas Attorney General on whether such information should be released, and will notify respondent of such request. Respondent may submit in writing to the Texas Attorney General its reasons why the information should be withheld. The Risk Pool may, but is not required to, submit its reasons why the information should be withheld or released. Details of this procedure are set forth in Section 552.305 of the Texas Government Code.

Portfolio Information

1. Should we assume risks are 100% insured to value?

Answer: Yes, we request members to report 100% replacement cost value or ACV.

2. Please confirm that 40% of your TIV has been updated using RMS Industrial Facilities Model COPE information.

Answer: Yes, industrial facilities code has been included; RMS IFM coding included and are designated, but values are not changed based on this.

3. Please provide historical and projected written premium by policy year for 2007-2018 (i.e. premium from policies written from 1/1-12/31 of each corresponding year).

Answer: This information will be uploaded to the Share Point folder.

Exposure Information

1. Please provide premium by location in the limit profile. If you do not have premium located to the location level, we are happy to make assumptions if you provide us with the latest Statement of Values with detailed location information including the following information as well as a listing of premium by member.

Answer: We will not provide premium by member; for other items please refer to the "TMLIRP Property Reinsurance Binder-May 2017-May2018 Final Submission" located in the Share Point folder. Deductibles and perils covered are provided at the member level under Tab H in the binder, not the building level. Wind is excluded for all first tier property unless there is a special exception as indicated under tab Q in the binder. Regarding risk characteristics, we refer to this as "All RPP" and will upload to the Share Point folders. 99% of all buildings follow the deductible at the member level.

- a. TIV by coverage (building, contents, etc.)
- b. Deductible
- c. Any readily available risk characteristics (construction, year built, square footage, occupancy, # of stories, roof type, etc.)
- d. Indicator of perils covered (e.g., excludes wind)

2. Please provide your most recent Catastrophe Modeling summary.

Answer: This will not be provided at this time, but will be made available as part of final negotiations with selected finalists, if needed.

Loss Information

1. Please provide gross loss information for all incurred losses (at least for the last five years).

Answer: We are unwilling to provide this amount of detail at this point; this amount of detail would certainly be provided to the successful broker to market the book.

- a. If not readily available, please provide all incurred losses greater than \$500,000.
- b. Please include the following fields:
 - i. Insured Name
 - ii. Date of Loss
 - iii. Catastrophe Code as applicable or Property Claims Services (PCS R) Code
 - iv. Claim Status
 - v. Loss-Paid and Incurred
 - vi. Expense-Paid and Incurred
 - vii. Any inuring facultative recoveries

2. Please provide a summary of historical catastrophe losses.

Answer: This information will be uploaded to the Share Point folders.

Vendor Questions #2

1. Will more detailed underwriting information, such as exposure datasets/modeling files be made available? Or is that to only be released in Phase 2 of the RFP evaluation?

Answer: This will only be released in final negotiations, if applicable.

2. Does TML currently utilize its property reinsurance broker for analyzing rate adequacy/ratemaking for members? The RFP describes the use our outside actuaries for WC/Liability, but we wanted to confirm whether or not that was anticipated as part of the scope of the property brokerage services.

Answer: The property reinsurance broker is not currently utilized for analysis of rate adequacy/ratemaking for members.