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## MEMORANDUM

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DATE: December 3, 2021

TO: TWIA Actuarial & Underwriting Committee, John Polak

CC: TWIA Board of Directors

FROM: James C. Murphy, Chief Actuary | Vice President – Enterprise Analytics

RE: Best and Final Offers Received for RFP for Reinsurance Brokerage

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The Request for Proposals (RFP) for Reinsurance Brokerage issued October 1 contains a provision that allows TWIA to request best and final offers from respondents, allowing respondents to modify their proposals, including pricing or services.

TWIA exercised this option on November 29 and has received responses from both Guy Carpenter and Willis Re (now operating as Gallagher Re). The original responses are attached for the Committee's consideration at its upcoming December 6 meeting.

JM

**From:** [Cashin, Allen \(AJ Gallagher\)](#)  
**To:** [Actuarial Services](#)  
**Cc:** [May, Doug \(AJ Gallagher\)](#); [Dubinsky, William J. \(AJ Gallagher\)](#)  
**Subject:** RE: Request for Best and Final Offer re RFP for Reinsurance Broker  
**Date:** Friday, December 3, 2021 7:10:08 AM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[Gallagher Completes Acquisition of Willis Re Press Release 1 Dec 2021.pdf](#)

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Jim,

We presented TWIA with an offer that was competitive and structured in a unique manner that is transparent to your staff, Board, and members. While we can appreciate the BAFO in the RFP documents, typically bids remain confidential prior to taking action on BAFO. Both parties revealed their compensation structures in the oral RFP and therefore, in my opinion, devalues the original objective of the BAFO. The Committee valued our flat fee approach which will likely be duplicated by our competitor.

With that, we will not be adjusting our offer and very much look forward to the Board's confirmation to hire our firm on Tuesday. There is a tremendous amount of work to be completed this month, and we are excited to get started.

On another note, you may have seen the announcement of the AJG acquisition. I'm pleased to share the press release.

Please call me if you have any questions.

Thanks,

Allen / Doug / Bill

**Allen Cashin**  
Executive Vice President



D 972.715.6320  
C: 917.991.4083  
[allen\\_cashin@AJGRe.com](mailto:allen_cashin@AJGRe.com)

**Gallagher Re**  
12750 Merit Drive, Dallas, TX 75251



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**From:** Actuarial Services <actuarialservices@twia.org>  
**Sent:** Monday, November 29, 2021 8:31 AM  
**To:** Cashin, Allen <Allen.Cashin@WillisTowersWatson.com>; Delk, Thomas A <Thomas.A.Delk@guycarp.com>  
**Subject:** Request for Best and Final Offer re RFP for Reinsurance Broker

Gentlemen,

Thank you for your respective companies' proposals and for your presentations to the TWIA Actuarial & Underwriting Committee at its November 2 meeting. Since that meeting, we have received an offer from one of you to adjust their firm's pending proposal to a lower price. TWIA hereby requests a best and final offer (BAFO) from each of your firms.

The deadline for receipt of the BAFOs is noon CST on Friday, December 3, 2021.

A meeting of the TWIA Actuarial & Underwriting Committee has been scheduled for Monday, December 6 to discuss the BAFOs. You will also have the opportunity to address the TWIA Board during public comment at its upcoming December 7, 2021 meeting.

Thank you,

Jim Murphy

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James C. Murphy, FCAS, MAAA  
Chief Actuary | Vice President, Enterprise Analytics  
[Texas Windstorm Insurance Association](#)  
[Texas FAIR Plan Association](#)  
5700 S. Mopac | Suite A | Austin, TX 78749

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**From:** [Delk, Thomas A](#)  
**To:** [Actuarial Services](#)  
**Subject:** RE: Request for Best and Final Offer re RFP for Reinsurance Broker  
**Date:** Friday, December 3, 2021 11:20:06 AM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[image003.png](#)

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Jim,

Thank you for the opportunity to present to the Actuarial & Underwriting Committee on November 2<sup>nd</sup> and your subsequent request for a best and final offer. We remain committed to satisfying the total service and expense objectives determined by TWIA, the Committee and the Board of Directors. We are adjusting our proposal to a flat fee for all services at \$1.75M in year one and \$2.0M in year two and beyond. TWIA does not need to take the risk of moving away from its intermediary (i.e. Guy Carpenter and GC Securities) and our long-demonstrated execution on your behalf in both the reinsurance and capital markets. Please let me know if further details or clarifications are required by the Evaluation Committee, the Actuarial & Underwriting Committee and/or the Board of Directors in advance of the Meetings on December 6<sup>th</sup> and 7<sup>th</sup>.

Regards,  
Tad

**Thomas (Tad) Delk, CPCU, ARe**

Managing Director, Treaty Broking, North America

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445 South Street, Morristown, NJ 07960

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Connect with me on LinkedIn OR Follow Guy Carpenter on:



A business of Marsh McLennan

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**From:** Actuarial Services <actuarialservices@twia.org>  
**Sent:** Monday, November 29, 2021 9:31 AM  
**To:**  
**Subject:** Request for Best and Final Offer re RFP for Reinsurance Broker

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Thank you,

Jim Murphy

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