

## **REQUEST FOR PROPOSAL (RFP) FOR THE PROVISION OF INSURANCE BROKING AND RISK MANAGEMENT SERVICES MARCH 2013**

### **INTRODUCTION**

OPUHA WATER LTD (OWL) has decided to review their arrangement for provision of insurance broking and risk management services.

### **BACKGROUND**

OWL owns and operates the Opuha Dam facility located in South Canterbury. The principal purpose of the dam is the storage and controlled release of water to maintain environmental flows and to provide for irrigation of 16,000 hectares downstream of the dam. The dam facility includes a 7MW hydro-electric power station which generates with the water released from the dam. The dam is approximately 50m high, 300m wide and creates a lake with an area of approximately 710ha with and active storage volume of 72 million cubic metres. The dam is an earth embankment fill construction and is classified as a High PIC (Potential Impact Category) Dam under current NZSOLD Guidelines. The High PIC rating results primarily from the size of the storage and the resident population downstream of the dam.

The dam facility was commissioned in 1998 and was owned by its original investors including Alpine Energy, two groups representing the benefitting farmer irrigators and several private investors. In 2007, the farmer irrigators bought out the other investor parties and took over sole ownership of the facility. There are approximately 250 farmer owners whose individual ownership is represented by shares providing an entitlement to irrigation water from the dam.

OWL currently employs six staff who are responsible for the maintenance and operation of the dam facility as well as other downstream irrigation infrastructure that is owned separately by the benefitting irrigators. OWL has key contracts with engineering consultants Tonkin & Taylor for engineering support in relation to the dam facility and in particular the management of the Dam Safety Management Programme. OWL also has contracts with TrustPower for the operation and maintenance of the power station and for the purchase of the electricity generated by the facility.

OWL currently contracts its services to the downstream irrigation entities for operation and maintenance of their infrastructure, however a strategic project is currently underway to amalgamate all the downstream entities (irrigation sub-schemes) into one organisation within OWL.

OWL's Balance Sheet has a current company valuation of approximately \$51m and the annual turnover of the company is around \$5.5m represented by \$3.6m from water operations and \$1.9m from electricity generation. The annual generation revenue can be quite variable and is determined by water availability and electricity market prices.

OWL and its predecessor companies have had the same insurance broker since the dam was commissioned. The OWL Board has suggested a review of the insurance and risk management services arrangement and has agreed to the issue of this RFP.

### **TIMETABLE FOR REVIEW**

- |   |          |
|---|----------|
| • RFP Tender document sent out to brokers | 25 March |
| • Written tender response received        | 5 April  |
| • Presentation if required                | 12 April |
| • Appointment of successful broker        | 30 April |

## REQUIREMENTS

We are looking for a coordinated approach to our insurance and risk management programme. We want to know:

- how you can assist us in minimising our cost of risk
- how you can assist us in risk management issues
- how you can assist us if we have a claim

**Insurance premiums are not required at this stage and so no direct or indirect approach is to be made to the insurance market.**

## REQUEST FOR ADDITIONAL INFORMATION

All requests for additional information should be addressed to:

Contact: Tony McCormick, CEO, Opuha Water Ltd.  
Ph 03 614 7801  
Mobile 027 233 0412  
Email tony@opuha.co.nz

Respondents should not contact any other person directly or indirectly, in relation to this RFP without prior permission from the CEO.

## TENDER RESPONSE FORMAT

Proposals are to include the following sections:

1. Executive Summary
2. Broker Credentials
3. Scope of Services
4. Service Team
5. Remuneration

The following outlines information sought within these sections:

### 2. BROKER CREDENTIALS

***Company Profile***

Provide an outline of your company capabilities.

***Client and Industry Experience***

Detail your company's experience in our industry sector.

***Professional Indemnity***

Please provide details of your company's Professional Indemnity insurance.

***Insurer Security***

Please provide an overview of the procedures and methodologies that your company employs to monitor the solvency of insurers.

***Referees***

Please provide the name and contact details of three of your corporate clients to whom we may refer as reliable referees in connection with this Request for Proposal.

### 3. SCOPE OF SERVICES

***Insurance Broking***

Please provide an outline of the administrative, broking, placement, technical and claims services which your company considers to be relevant to OWL and how your company proposes to deliver those services.

***Risk Management***

Please specify the risk management resources your company has and services which your company would recommend to OWL.

***Outsourcing***

If any component/s of your company's service offering is to be outsourced to any third party, please specify.

***Value***

Outline how your company will provide demonstratable value to OWL's operation through the provision of coordinated insurance and risk management services.

**4. SERVICE TEAM**

Please provide details of the account servicing structure which is proposed for the management of OWL and provide a brief resumé of key individuals' role, responsibilities, qualifications and experience.

**5. REMUNERATION**

Please provide details of the proposed basis of remuneration and amount for the level of service you propose to provide to OWL.

**RESPONSE**

Please email one copy of your proposal to the CEO and forward one hard copy of your proposal to:

Opuha Water Ltd  
875 Arowhenua Rd  
RD4  
TIMARU 7974

to arrive no later than 4pm 5<sup>th</sup> April 2013

Responses should be limited to no more than 10 pages (excluding attachments).

Thank you



Tony McCormick  
Chief Executive officer  
Opuha Water Ltd  
25<sup>th</sup> March 2013