

April 2013

# OPUHA WATER LIMITED

REQUEST FOR PROPOSAL FOR THE PROVISION OF INSURANCE  
BROKING AND RISK MANAGEMENT SERVICES



**CONFIDENTIALITY**

This Report contains information which is confidential to Opuha Water Ltd and Marsh Ltd (Marsh).

Accordingly, we trust you will understand this Report is provided to Opuha Water Ltd and its officers, employees and representatives in confidence and may not be reproduced in any form or communicated to any other person, firm or company (unless in accordance with the Tender Invitation) without the prior approval of Marsh Ltd.

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# EXECUTIVE SUMMARY

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Marsh has been the insurance broker to Opuha Water Ltd (OWL) since the completion of the civil works in 1997 and we have developed with OWL a robust insurance programme designed to protect your key assets, revenue, and liabilities. The programme has been annually reviewed by Marsh to ensure it is both efficient and effective. The programme has been designed to respond to clearly defined and identified risks.

Notable recent achievements by Marsh and OWL have been:

- In 2010, we replaced Vero four days from renewal to secure 100% capacity when they suddenly withdrew
- Achieved cost effective insurance at below market rate rises at recent renewals. e.g. 7.4% increase in 2011 which was significantly lower than the market average of over 100%+
- Separating legal defence costs under the Directors' & Officers' policy to provide effective protection in response to the Steigrad/Bridgecorp Case

Marsh is proud of our past work and relationship with OWL. In this report we will explain why Marsh is the best positioned broker to ensure that the insurance programme continues to be efficient (lowest cost) and effective (responsive to clearly identified needs).

Marsh will achieve this outcome and add value for OWL through:

- A structured approach that specifically links insurance programme design and placement to risk through our Marsh 3D approach. This will ensure the insurance programme responds effectively to OWL's risks
- A strategic well planned approach to insurer marketing and placement in both New Zealand and internationally ensuring that OWL achieves the most cost effective insurance capacity
- A service model that delivers a structured and measurable Client Service Plan providing a detailed service framework and accountability for results, ensuring OWL obtains value for money
- A highly experienced service team with detailed knowledge of OWL providing efficient service and knowledgeable advice, providing OWL with confidence that Marsh already understands your business
- Access to Marsh's global knowledge of the Power & Utilities Industry this Practice will provide OWL with access to industry leading knowledge and best practice sharing
- A Claims Model and specialist claims team focused entirely on achieving the best results for OWL and providing OWL with dedicated support and access to specialist resources
- Access to a range of leading risk management consultancy services to better understand and mitigate your risks and improve their management, providing OWL with access to the leading risk management advice in New Zealand
- A completely transparent fee structure with no hidden earnings. OWL can ensure that they are continuing to get value for money

In summary the Marsh approach is designed specifically to address OWL's insurance programme:

- Effectiveness – coverage is arranged at the end of a process to ensure it meets OWL's clearly identified needs
- Efficiency – insurance is only arranged where it is the most cost effective solution OWL's risk issues

# INTRODUCTION

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Marsh welcomes the opportunity to respond to the Request for Proposal for the Provision of Insurance Broking & Risk Management Services (RFP) for Opuha Water Limited (OWL).

Marsh has been the Insurance Broker and Risk Management partner for OWL since 1997. In that time we have developed a partnership with OWL that has consistently provided the necessary insurance against your critical risks. This was demonstrated by the response to the challenges in the insurance market for New Zealand risks following the Canterbury earthquakes. With the insurance market stabilising it is now an opportune time for Marsh and OWL to review its approach to insurance buying and risk management.

The key requirements that you have asked to be addressed in this RFP are:-

- How Marsh can assist OWL in minimising your cost of risk
- How Marsh can assist OWL in risk management issues
- How Marsh can assist OWL if you have a claim

This report will detail how Marsh will address these and through our co-ordinated approach between risk and insurance continue to provide OWL with the most efficient (lowest cost) and effective (responsive to clearly identified needs) programme.

Our report follows the format required by the RFP and we have specifically answered the questions set out and restricted our core response to ten pages.

We are proud of our work to date on behalf of OWL and value our relationship. We are excited by the opportunity that this RFP provides to prove that Marsh continues to be the best placed insurance broking and risk management partner for OWL.

Brett Saunders  
Relationship Manager

Paul Greer  
Account Executive

## SECTION ONE

# BROKER CREDENTIALS

Company Profile – Provide an outline of your company capabilities.

Marsh is the world leader in delivering risk and insurance services and solutions to clients. Under the name Marsh & McLennan Companies, Marsh has been a pioneer in risk and insurance services for over 130 years. Approximately 26,000 Marsh colleagues provide risk management, risk consulting, insurance broking, alternative risk financing, and insurance programme management services to a wide range of businesses, government entities and professional service organisations around the world.

Marsh works with its clients to build resilience and protection, to find opportunity in risk and, ultimately, to help them grow with confidence and certainty.



In New Zealand, Marsh was established in 1958. We have over 280 staff and operate out of nine offices. In 2012 Marsh New Zealand managed annual premium levels in excess of NZ\$500 million, placing insurance into the local and international insurance markets.

As the New Zealand operation of the global broking market leader, Marsh has extensive capabilities across the full range of insurance broking and risk management disciplines. Marsh provides the following core capabilities:

- Insurance broking – Our core capability is the design, placement and day to day servicing of client insurance programmes covering all classes of insurance
- Risk Management – Risk Management is part of the Marsh culture dating back to the company founder Henry Marsh, who commented in 1901 to a client “your issue is not insurance it is risk”. Marsh always takes a risk based approach that links insurance programmes to risk. It is through this approach that we minimise your cost of risk
- Claim negotiation – Insurance is purchased to transfer risk that an organisation is not better placed to retain. Claims settlement is essential and the ultimate test of our ability. To support this Marsh has invested in a specific Claim Practice consisting of over twenty professionals, including qualified barristers and lawyers, solely dedicated to the negotiation of the best claim outcomes for clients

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Client and Industry Experience – Detail your company’s experience in our industry sector.

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Marsh has extensive experience in providing insurance and risk management services to businesses similar to OWL in New Zealand and globally.

We view ownership and management of dams and water irrigation projects as Power and Utilities business. The Power and Utilities industries are core business for Marsh and to support our position we have invested in the creation of a global Power and Utilities Practice. The Power and Utilities Practice operates to ensure that we bring global solutions and best practice to clients on a local level. The practice consists of over 500 colleagues globally and comprises of experts across a range of insurance and risk disciplines including:

- Risk Advisory, Consulting and Engineering
- Insurance programme design, marketing and placement
- Claims management and advocacy

Linked globally through Practice forums and networks that facilitate speedy exchange of market intelligence and innovation, the Practice provides Marsh with the ability to respond rapidly to changes within your industry and/or the insurance market allowing us to share international best practice and leading edge solutions with OWL.

- Our list of clients in New Zealand includes Network Waitaki, Irrigation New Zealand, Central Plains Water, Meridian Energy, Mighty River Power, Todd Energy, Barrhill Chertsey Irrigation, Damwatch Services and Waimakariri Irrigation
- Globally Marsh provides risk management and insurance broking services to over 3000 Power and Utility clients including water and irrigation companies

The key advantages for OWL of Marsh’s Power and Utilities practise are:

- Internal Marsh best practice sharing – ensuring OWL benefit from international innovations
- Industry Thought Leadership – providing clients with up dates on risk/insurance issues specific to their industry e.g Environmental Issues
- Global Benchmarking – providing relevant data to benchmark programmes, limits, and premiums against similar clients to ensure OWL’s cover is in line with best practice
- Claims Best Practice – ensuring common claim causes are shared, improving risk mitigation and awareness for OWL

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Professional Indemnity – Please provide details of your company’s Professional Indemnity insurance.

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Marsh purchases Professional Indemnity on a global basis. The deductible is zero however the exact limits, insurers and coverage are commercially confidential. We can provide certification on request.

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

The Marsh Market Information Group (MMIG) monitors and analyses the financial condition of the insurance companies/entities which may be involved in your insurance programme. Marsh does not guarantee the financial stability of any insuring entity; however, we have minimum financial guidelines which are constantly reviewed.

In general, Marsh financial guidelines require a Standard & Poor’s rating of A- or higher and the equivalent of at least US\$25 million of unencumbered policyholders’ surplus.

To support the process taken by Marsh on insurer security, we have developed a web based system, which allows instant access, at no cost, to all pertinent information relating to the security of your insurer panel.

Known as “Market Master”, this system can deliver up-to-date information on the financial status of the insurers participating in OWL’s programme. This information includes:

- Marsh Market Information Group financial analysis
- Ratings by AM Best, Standard & Poor’s and Moody’s
- News articles from Best News



Our public website, www.marsh.com, provides additional information regarding insurance market financial security developments through the Market Update Centre.

We will always:

- Alert you about any potential change which threatens an insurer relationship
- Provide options for you to replace the insurer’s capacity or to take other action
- Seek your instructions as to how to proceed further following a review of our recommendations in conjunction with OWL’s specific considerations

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.

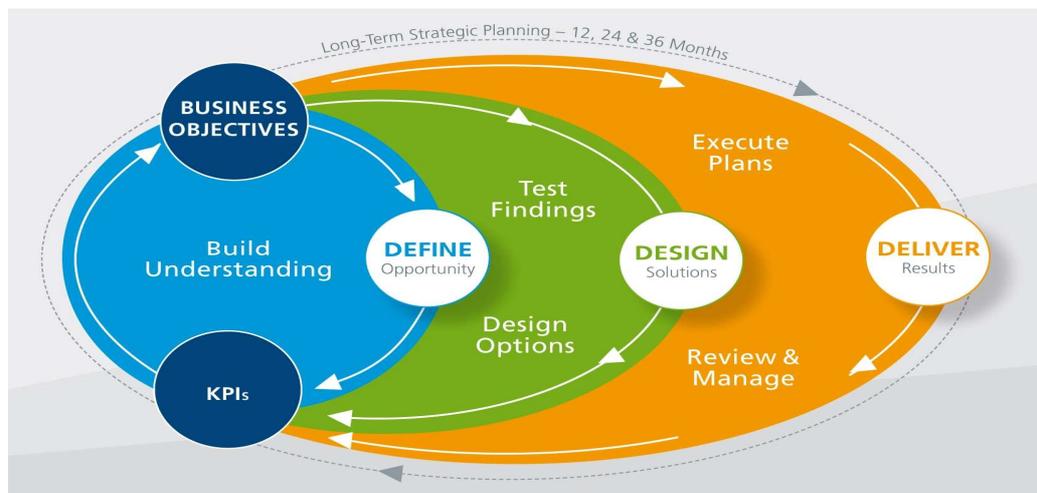
We have contacted the following clients who are willing to provide a reference on request by OWL. We are happy to provide additional referees if required.

	REFEREE 1	REFEREE 2	REFEREE 3
NAME	Fleur Watson	Douglas Marshall	Warren Wright
POSITION	Strategy & Finance Advisor	Manager Corporate Services	Company Secretary
COMPANY	Meridian Energy	Selwyn District Council	MainPower
CONTACT	04 382 7437	03 347 2701	03 311 8321
EMAIL	fleur.watson@meridianenergy.co.nz	douglas.marshall@selwyn.govt.nz	warren.wright@mainpower.co.nz

## SECTION TWO 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.

The Marsh service approach, **Marsh 3D** is the core component that underpins our service programme. It is best illustrated as:



The essence of our 3D methodology is to create a distinct link between OWL’s risk and its insurance programme by working through a systematic approach from risk profiling at one end, to insurance programme design and placement at the other. The process is circular, starting and finishing with OWL’s business objectives, ensuring that your insurance programme is continuously realigned with those objectives and KPIs.

It is through this approach that Marsh will assist OWL to minimise its cost of risk, assist on risk management and deliver service excellence. All the services that Marsh provides in account management, broking, placement, technical matters and claims are detailed in the draft service plan in Appendix A and are best explained in the context of the overall service approach for OWL.

### Stage – 1 Define Opportunities

The key to minimising OWL’s cost of risk is continuing to build an understanding of OWL’s business. This is the foundation on which an *efficient* (lowest cost) and *effective* (responsive to clearly identified needs) insurance programme is built. Marsh achieves this through the Define stage of the **Marsh 3D** process.

Marsh will continue to work with OWL to understand your business strategies and risk management objectives. We have an understanding of certain risks and their impact through our work with you but we wish to better understand these and your short, medium and long

term plans. The main techniques that we will use to establish an understanding of your business are:

- Structured annual insurance review with OWL management to review strategic developments, risks and insurance response
- Risk Tolerance Report detailing the level of risk OWL can retain, which will help guide risk retention and deductible options
- Insurance Gap Analysis – mapping the current insurance programme against OWL’s risks ensuring that the key risk are adequately covered

## Stage 2 – Design Solutions

In this phase we analyse all relevant placement strategy options, goals and objectives and the insurance needs of OWL, referring back to the Define phase, and having regard to the prevailing insurance market conditions and outlook, the competitive landscape, timing requirements, data availability. Through this we will design appropriate solutions.

Marsh will annually provide a detailed report outlining the options for OWL’s consideration. The report will provide details of:

- Additional cover to be considered for emerging risks
- Cover to be discontinued
- Limit options for consideration by policy
- Risk retention analysis and deductible options for consideration by policy
- Indicative cost benefit analysis for the options detailed
- Recommendations for the options to be pursued at the next renewal cycle
- Benchmarking of the current programme
- Longer term planning and commentary to maximise future insurance market opportunities

The report will form the basis for the pre renewal discussion and agreement with OWL on the requirements for renewal. This annual approach will ensure that the most efficient and effective programme is continuously pursued, realigning the insurance programme with OWL’s changing business environment. More importantly, the process will assist OWL to meet its core purpose of delivering value to shareholders, customers and stakeholders.

## Stage 3 – Deliver Results

Having built an understanding of your future strategies, designed and agreed options for risk and insurance solutions, it is essential to have a process that delivers the best results to OWL. The Marsh approach to delivery is based on clear responsibilities, timelines, and accountabilities.

There are three main areas where OWL will want Marsh to deliver: Insurance Marketing/Placement, Day to Day Service, and Claims Handling.

## Insurance Marketing

The current insurance market demands a well prepared strategic approach to maximise the opportunities for OWL. The Marsh approach for OWL is best illustrated as:



The key step in the process is improving the attractiveness of OWL as a risk to the insurance market we do this by:

- Educating insurers on OWL’s risk appetite, e.g. through well prepared market presentations/ discussion with insurers
- Educating insurers on OWL’s approach to risk management e.g., through specific presentations/ reports relating to business interruption exposure, physical risk management, safety management and emergency planning
- Providing better information e.g. through provision of detailed underwriting information reports, detailed assets schedules designed specifically for insurers and secure online information sites

Once we have obtained the results of the marketing exercise we will provide a report to OWL detailing the findings and recommendations. The report will cover:

- Comment on marketing results
- Full details of all insurers approached and the findings
- Insurance company analysis
- Cost benefit analysis of options quoted, including implications of deductible levels on OWL’s risk tolerance and retained risk
- Recommendation on options to proceed with by policy
- Summary of achievements versus renewal objectives

Following the stages in the process will ensure that OWL’s cost of insurable risk is minimised. i.e. is the most efficient while providing confidence that the cover response remains effective.

## Day-to-Day Service - Review and Manage

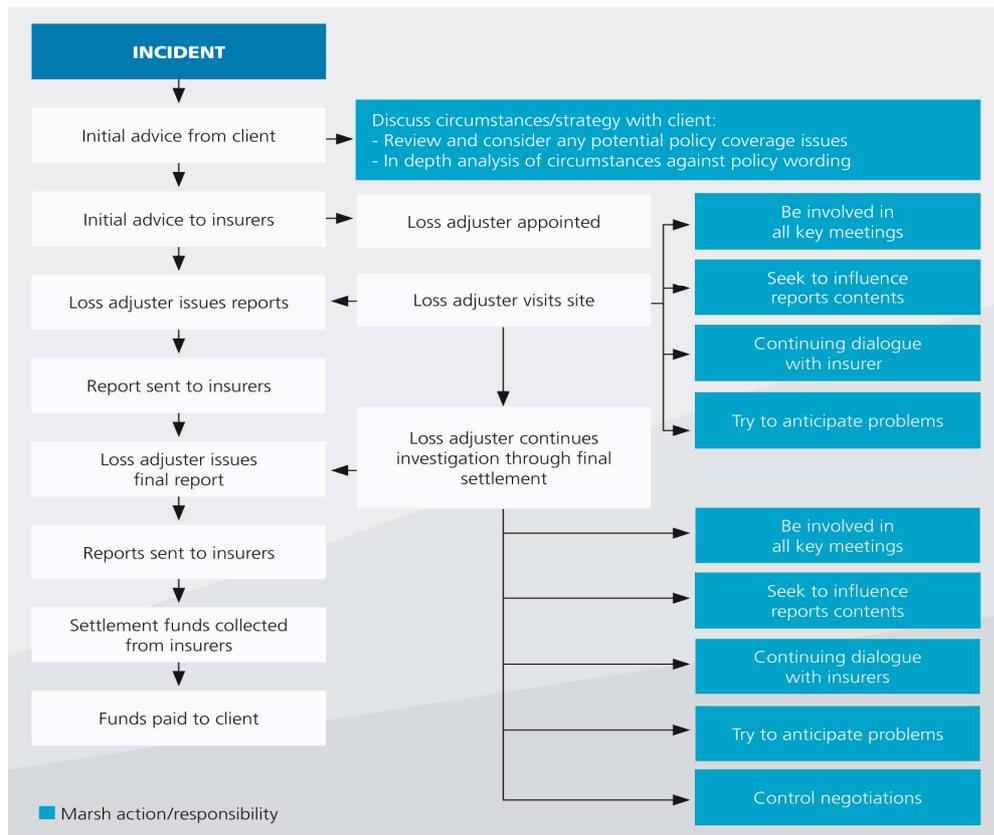
This is the framework that brings all of our services together and ensures continual monitoring of the service delivery provided to OWL.

We will agree with OWL a Client Service Plan consistent with our 3D service methodology described above and reflective of the service and performance expectations required of us by you. A detailed draft of the plan outlining what we will do and when is attached as Appendix A

## Claims

The Marsh claims process is designed to ensure that clients obtain a fair and efficient claim payment. This is the ultimate test of the policy. We have a dedicated Claims Practice consisting of 20 colleagues with expertise in all areas of claim negotiation that will ensure that OWL's claims will be addressed promptly and a fair settlement negotiated and paid.

Our claims management process is illustrated as:



Our claim management process comprises the following procedures as standard:

- Assessment of the circumstances and claim determination i.e. is it covered
- Development of effective resolution strategies on behalf of OWL
- Constant communication with OWL, insurers, adjusters and others involved in the claim
- Timely advice with regard to significant developments
- Providing advice on settlement of claims
- Reports showing trend analysis will be provided as agreed on a monthly, quarterly or annual basis
- Provision of ad hoc reports as required

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

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Marsh Risk Consulting (MRC) is the leading Risk Management Consultancy in New Zealand with five dedicated in house consultants. MRC provides our clients with integrated risk management services, offering specialist advice and practical solutions through experienced risk consultants skilled in a wide range of industries.

There are a number of areas where we believe MRC can add value to OWL by helping to reduce and control risks. e.g. OWL could bring together all risks into a single risk register and MRC can assist in developing the process to achieve this.

A summary of services that can be provided are detailed in Appendix C. There are some services that we believe are of high importance which OWL should consider carefully and these include underwriting surveys, catastrophe profiling, disaster recovery, risk profiling and audit and risk reviews.

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

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Marsh will not outsource any aspect of its service offering to OWL.

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Value – Outline how your company will provide demonstrable value to OWL’s operation through the provision of coordinated insurance and risk management services.

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Marsh has a track record of delivering value to OWL over an extended period of time

- We have delivered 100% capacity for OWL with earthquake (Natural Disaster) cover in a market that has been extremely challenging and with reducing capacity e.g. in 2010 when Vero withdrew four days from renewal
- We have achieved best price by accessing the most suitable international markets e.g. we replaced New Zealand insurers with the London market to restrict price increases in 2011 to just 7.4% in a market increasing by over 100%
- We have provided thought leadership on a range of issues e.g. We acted quickly following the Steigrad v BFSL 2007 Ltd decision to provide relevant advice to OWL and provide a separate \$500,000 policy limit for defence costs under the OWL Directors and Officers policy. (Appendix E)
- We have provided a range of benchmarking data drawing on our leading position as insurance broker to dam and associated infrastructure owners
- We have strengthened our servicing team by the inclusion of Brett Saunders (South Island Regional Manager) a recent acquisition to Marsh New Zealand as Relationship Manager

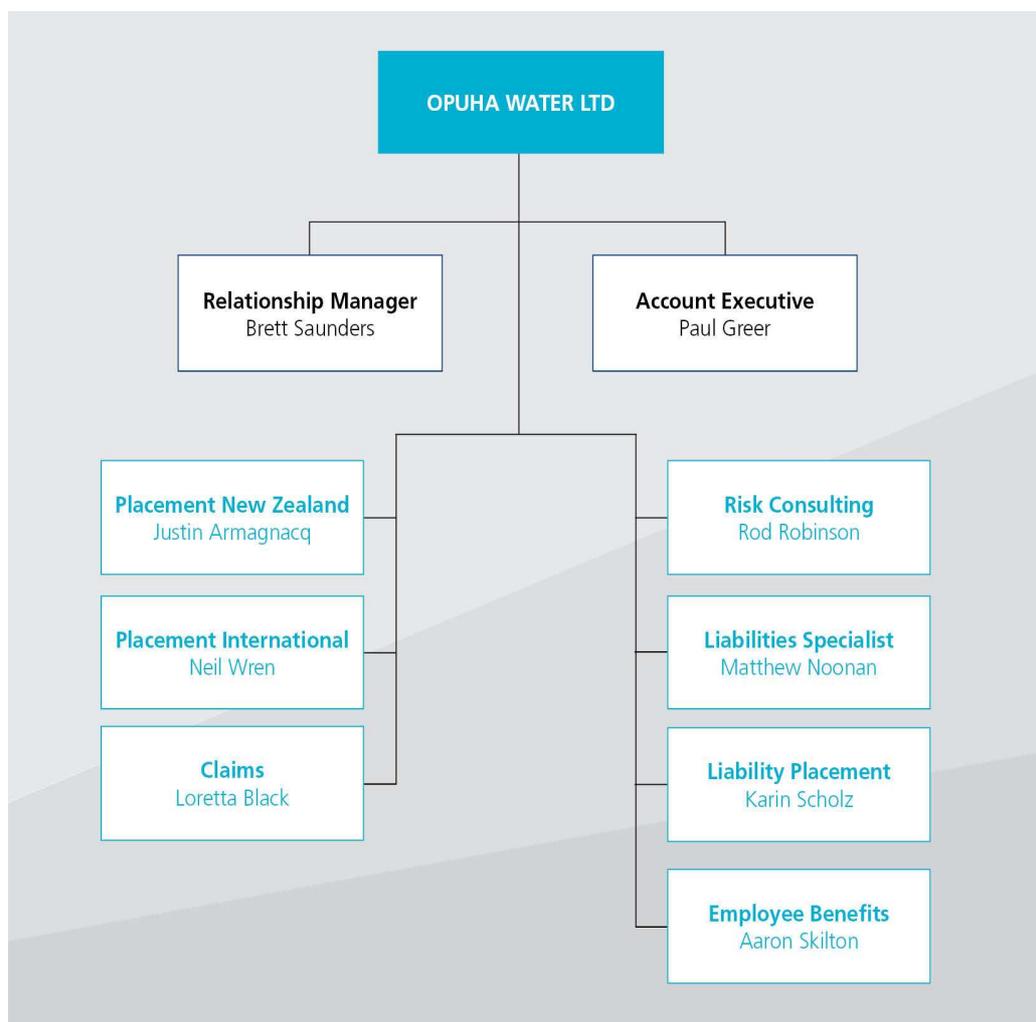
We will continue to add demonstrable value to OWL in the future and we will do this through:

MARSH 3D STAGE	DIFFERENTIATOR	VALUE FOR OWL
Define / Design / Deliver	Marsh 3D service approach	Forward thinking service model designed specifically to align insurance with OWL's changing risk profile, to ensure effectiveness of cover  Detailed service plan providing clear responsibilities and timelines – no surprises
Define / Design	Marsh's Power and Utilities Practice	Access to largest information resource in the market providing, benchmarking, loss scenario planning, and a range of thought leadership advice,.
Design	Marsh Risk Consulting	Access to expert advice on risk management issues ensuring that risk mitigation minimizes disruption to OWL business, see Appendix D  Underwriting Information Reports provide detailed explanation to insurers on risk allowing Marsh to present OWL as a superior risk to the market
Design / Deliver	International placement team	Seamless placement approach provides OWL access to global markets and the best price and capacity in all circumstances.
Deliver	Service team that draws on our 15 year plus relationship	An experienced Client Executive supported by knowledgeable team bring thought leadership drawn on our extensive history with OWL. We understand OWL and its approach to risk and can tailor our responses accordingly providing efficient cost effective advice and solutions.
Deliver	Marsh Claims Service	Claims practice of 20 professionals dedicated to claim resolution providing confidence that all claims will be paid efficiently and favorably,

## SECTION THREE SERVICE TEAM

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

The proposed OWL service team represents a balance between experience, technical excellence, strategic leadership, and fresh thought. This team will ensure the creation of a forward thinking strategy to align outcomes and KPIs with OWL's objectives. The team is :



We have provided a detailed breakdown of the roles, responsibilities and the qualifications of each team member in Appendix B.

## SECTION FOUR REMUNERATION

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

Marsh proposes that our remuneration will be via a fee that is transparent and agreed in an open and equitable manner with OWL. The result being that both parties achieve an outcome that represents value through:

- OWL achieving the best results in insurance broking
- Marsh receiving remuneration which reflects and justifies the resource committed to provide the required level of service

The proposed flat fee for services provided by this RPF is :-

PROPOSED FEE	ANNUAL
Annual	\$36,775 plus GST

The fee will remain the same for three years and includes the services detailed within this report, these can be summarised as:

RENEWAL AND PLACEMENT	DAY TO DAY SERVICES	CLAIMS MANAGEMENT	RISK MANAGEMENT
<ul style="list-style-type: none"> <li>- Gap analysis</li> <li>- Desktop BI Review</li> <li>- Renewal Questionnaire</li> <li>- Data Collection</li> <li>- Data Analysis</li> <li>- Programme design</li> <li>- Option – Cost Benefit Analysis</li> <li>- Programme underwriting submission</li> <li>- Market Presentation</li> <li>- Document &amp; Slip Preparation</li> <li>- Placement</li> <li>- Policy issuance</li> <li>- Insurance Manual</li> <li>- Renewal report</li> <li>- Premium processing</li> <li>- Renewal meeting</li> </ul>	<ul style="list-style-type: none"> <li>- General Enquires</li> <li>- Thought Leadership</li> <li>- Market updates and trending</li> <li>- Quarterly Meetings</li> <li>- Insurance Certificates</li> <li>- Site Visits</li> <li>- Web portals</li> </ul>	<ul style="list-style-type: none"> <li>- Marsh Claims Handling</li> <li>- Quarterly Claim Reports</li> <li>- Initial referral of large/contentions claims</li> <li>- Ad hoc advice</li> </ul>	<ul style="list-style-type: none"> <li>- Quake check</li> <li>- Fire loss modelling</li> <li>- Advice on project scoping</li> </ul>
<ul style="list-style-type: none"> <li>- Project Services</li> </ul>	<ul style="list-style-type: none"> <li>- Marsh Sat</li> <li>- Project Services</li> </ul>	<ul style="list-style-type: none"> <li>- Forensic Accountancy &amp; Claims Services (FACs)</li> <li>- Tailored STARs (below deductible)</li> </ul>	<ul style="list-style-type: none"> <li>- Underwriting Information Report</li> <li>- Other projects as agreed</li> </ul>

**CORE SERVICES INCLUDED IN FEE**  
**NON-CORE SERVICES NOT INCLUDED IN FEE**

We will only request additional fees for work not envisaged within this RFP, e.g. a major acquisition or divestment, major expansion, major contract works project etc.

## Marsh International Placements

The fees stated above do not include the work that may be undertaken in placing programmes by Bowring Marsh offices overseas. In the current insurance market in New Zealand approaches are frequently made to overseas insurance markets in order to provide affordable capacity for property risks.

International placements are traditionally made on the basis of the placing broker i.e. not the New Zealand broker, being paid by commission. Placing brokers are only utilized where it makes commercial sense to the client, e.g. they are not paid for the work providing quotations, but are paid if those quotations are accepted and bound.

If it is in OWL's interest to place business in to the international markets, we will confirm and declare the level of remuneration earned by our colleagues overseas in advance.

APPENDIX A  
**SERVICE PLAN**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Stage 1 – Building Understanding</b>												
Confirm Risk Tolerance	✓											
Measure Insurance Coverage against Identified Risks – Gap Analysis				✓								
Uninsured risks review, including identified major operational risks				✓								
Identify coverage gaps and measure ‘fitness for purpose’				✓								
<b>Stage 2 – Design Options</b>												
Design Risk Transfer Programme Options				✓								
Provision of benchmarking data					✓							
Identify Key Markets				✓								
Agree Implementation Strategy				✓								
Renewal strategy meeting including negotiation strategy, information requirements, options, presentations to market, insurer shortlists			✓									
<b>Stage 3 – Execute Plans</b>												
Collect Underwriting Data			✓									
Forward renewal questionnaires to OWL			✓									
Gather historical loss data			✓									
OWL to provide responses to renewal questionnaires			✓									
Formalise Underwriting Submission				✓								
Prepare Quotation Slips based on agreed options				✓								
Finalise policy coverage specifications				✓								
Differentiate OWL Risks				✓								
Undertake insurer visits to key sites, as appropriate				✓								
<b>Create Competition and Minimise Cost</b>												
Undertake marketing campaign to ensure positive conversion of differentiators into market demand			✓	✓	✓							
Position insurers within geographies to drive competition for the business and generate options; and			✓	✓								

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Leverage market for benefit of OWL			✓	✓								
Open dialogue with potential insurers to achieve programme objectives, with an eye to the future – 12, 24, 36 months			✓	✓								
<b>Decision Making and Placement</b>												
Renewal meeting with OWL to present renewal terms to ensure pricing and structure are optimum and benchmark favorably, align with initial goals, and agree and execute placement plan					✓							
Renewal instructions given by OWL to Marsh				✓								
Bind coverage with insurers confirm same in writing to OWL				✓								
Provide OWL with final renewal report				✓								
<b>Stage 4 – Review and Manage – Stewardship and Ongoing Account Management</b>												
<b>Quality Control</b>												
Post renewal debrief meeting					✓							
Customer service satisfaction survey						✓						
Hold meeting to discuss customer service satisfaction survey findings							✓					
<b>Programme Maintenance</b>												
Confirmation of Insurance to interested parties (certificates)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Issue of policy and fee invoices to OWL for payment					✓							
Obtain, check and forward policies and endorsements from insurers						✓	✓					
Payment of invoices to Marsh by OWL					✓							
Develop and issue Insurance manuals					✓							
<b>General Administration including Ongoing Analysis and Advice</b>												
Contract and lease reviews - analysis of contractual liabilities and provision of advice on applicable insurance issues	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Property acquisitions/ divestments - assistance on insurance policy coverage and premium adjustments	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Insurance coverage interpretation and liaison with insurers as necessary	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Responding to general miscellaneous enquiries from all parties	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Policy endorsements - preparation and issue	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Advice on insurance market conditions and trends (including new insurance products) and insurance regulatory changes including changes to govt levies, taxes, fees	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Issue Marsh client newsletters and corporate publications	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Insurer security - notification to OWL regarding insurers which no longer meet Marsh Global Market Information Group minimum financial guidelines	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Claims Administration</b>												
Quarterly claims meeting as required			✓			✓			✓			✓

# SERVICE TEAM BIOGRAPHIES

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Paul Greer

## **ACCOUNT EXECUTIVE**

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- Senior Risk Adviser
- 12 years with Marsh and 26 years in the Industry

## **QUALIFICATIONS**

- BA (Hons.) University of London
- Australian and New Zealand Institute of Insurance and Finance – (ANZIIF) Senior Associate.

## **RELEVANT EXPERIENCE**

- Paul has been a corporate broker since 2000, managing a large cross section of NZ business in industries such as:
  - Power
  - Education
  - Local Government
  - Construction
  - Shipping
  - Mining
  - Transport
  - Entertainment
  - Saw mills

## **CURRENT RESPONSIBILITIES**

Paul is one of the account executives and points of contact for Opuha Water Limited, with specific responsibility for the property insurance. He is responsible for:

- Helping to develop the overall Opuha Water Limited insurance strategy
- Ensuring that Marsh deliver on the promises and deadlines agreed
- Ensuring that insurance cover is placed in a timely manner and at terms favourable to Opuha Water Limited
- Coordinating Opuha Water Limited service delivery across the Marsh team.
- Day to day service
- Delivering service continuity and excellence

## Matt Noonan

### **LIABILITY**

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- Managing Principal
- Financial & Professional Risks Christchurch Manager
- Over 10 years experience in insurance broking, loss adjusting and claims negotiating

### **QUALIFICATIONS**

- Senior Associate of ANZIIF
- CIP

### **RELEVANT EXPERIENCE**

- Experienced in placement of Professional Indemnity and liability programmes for both local and global Professional and Corporate clients
- Professional Liability and Directors & Officers expertise across a range of industry

### **CURRENT RESPONSIBILITIES**

- Strategic advice and development of the liability insurance programme
- Day to day liability contact
- Contract reviews

## Brett Saunders

### **RELATIONSHIP MANAGER**

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- South Island Regional Manager
- A recent acquisition to Marsh in support of Marsh's growth strategy
- Over 18 years Insurance and Financial Services experiences in both New Zealand and the United Kingdom

### **QUALIFICATIONS**

- cBA University of Otago
- Australian and New Zealand Institute of Insurance and Finance – (ANZIIF).

### **RELEVANT EXPERIENCE**

- Brett has been in Senior Managements positions within the Insurance industry for 10 years in a Broking and Direct Insurer capacity. Brett has been involved with broad range of clients and industries including Agriculture, Construction, Manufacturing, Health, Import & Export, Corporate Farming, Professional Services, Retail & Wholesale.

### **CURRENT RESPONSIBILITIES**

- Brett is the Senior Manager for the South Island operation of Marsh and part of his responsibilities are to Relationship Manager identified Key clients of Marsh. OWL is considered to be a very key and valuable client to Marsh.

## Justin Armagnacq

### **PLACEMENT SERVICES**

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- Managing Principal
- 9 years with Marsh in Australia and the London market

### **QUALIFICATIONS**

- Bachelor of Commerce - Economics and Marketing, Griffith University, Australia
- Master of Insurance and Risk Management, Deakin University, Australia

### **RELEVANT EXPERIENCE**

- Prior to joining Marsh New Zealand in January 2013 Justin worked for Bowring Marsh in London and was the lead broker for the OWL programme in to the London market
- Extensive experience of wholesale placements in to the London, Lloyd's, European, and international markets for Australian and New Zealand business
- Experienced Power and Utilities broker

### **CURRENT RESPONSIBILITIES**

Justin is responsible for the placement of one of the account executives and points of contact for Opuha Water Limited, with specific responsibility for the property insurance. He is responsible for:

- Marketing of OWL property programmes in to the insurance market domestically and co-ordinating with Bowring Marsh globally
- Assist in setting renewal marketing strategies with George
- Negotiation and binding of key cover with insurers
- Delivery of renewal strategy

## Neil Wren

### **BOWRING MARSH - INTERNATIONAL PLACEMENT SERVICES**

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- Managing Director
- 26 years London Market experience as a broker and underwriter

### **QUALIFICATIONS**

- Lloyd's of London – Qualified Broker
- Certified Insurance Professional Bachelor of

### **RELEVANT EXPERIENCE**

- Extensive experience of designing and placing risks in to international markets from overseas offices
- Specialist complex property broker, experience with Mining, Power Stations, Chemicals, Paper Mills and Manufacturing

### **CURRENT RESPONSIBILITIES**

- Neil heads the London placement team responsible for Australia and New Zealand, the team responsible for OWL
- Formulation of international marketing strategy working closely with Justin
- Negotiation, placement, and provision of documentation in to international market

### **Karin Sholtz**

#### **PLACEMENT SERVICES - LIABILITY**

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- Principal
- 16 years in the insurance industry 2 years with Marsh and 14 years as an underwriter

### **RELEVANT EXPERIENCE**

- 13 years specific experience relating to liability risks and exposures for a wide variety of industries
- Head of Marsh's Environmental Liability Industry Speciality Practice (ISP) for New Zealand

### **CURRENT RESPONSIBILITIES**

Karin is responsible for the placement of the OWL liability programme working closely with Matt. She is responsible for:

- Marketing of OWL liability programmes in to the insurance market
- Assist in setting renewal marketing strategies with Matt and Paul
- Negotiation and binding of key cover with insurers
- Delivery of renewal strategy

### **Rod Robinson**

#### **MARSH RISK CONSULTING**

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- Managing Principal
- 20 years with Marsh New Zealand

### **QUALIFICATIONS**

- Bachelor of Engineering Degree (Hons) - University of Auckland
- Masters in Business Administration Degree - University of Cape Town
- Associate in Risk Management (All)
- Member - Institution of Professional Engineers, New Zealand
- Chartered Professional Engineer (Business), New Zealand
- International Professional Engineers Register
- Member – New Zealand Society of Risk Management

## **RELEVANT EXPERIENCE**

- Rod is a Principal Consultant in Marsh's New Zealand Risk Consulting practice where he is responsible for developing and implementing services in response to clients' strategic risk management needs.
- Co-ordination of property, business interruption and liability risk control programmes across Marsh New Zealand's larger corporate accounts operating in the Pulp & Paper, Oil & Gas, Electricity, Ports, Airports, Aviation, Dairy, Manufacturing, Construction and Public sectors

## **CURRENT RESPONSIBILITIES**

- Principal MRC consultant for day to day advice for OWL on risk management matters, assisting in project feasibility and scoping
- Resource coordination to provide appropriate resources to undertake
  - Underwriting Information Reports
  - Risk Focus Review
  - Other Projects as required
- Rod is available to provide technical advice and assistance to OWL with regard to any risk management projects under consideration

## Aaron Skilton

### **ASSOCIATE DIRECTOR EMPLOYEE BENEFITS**

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- 3 years with Marsh

#### **Relevant Experience**

- Has been in the Life Insurance business for 15 years
- My background and strengths from a client perspective are in sourcing the very best possible market terms through product expertise and underwriter relationships along with extensive claims management expertise

#### **Current Responsibilities**

- Responsible for Marsh NZ's Employee Benefits Practice.
- The core offerings from our team are Employee Benefit programs such as Life, health, income protection etc and. Personal/Individual Risk management advice service

APPENDIX C

# RISK MANAGEMENT SERVICES

SERVICE OFFERING	BRIEF DESCRIPTION	IMPORTANCE FOR OWL
Underwriting Surveys	<ul style="list-style-type: none"> <li>- Preparation of professional property, project or environmental underwriting materials for presentation to the insurance market</li> </ul>	High
Fire Protection Reviews	<ul style="list-style-type: none"> <li>- Using a risk based approach to reviewing fire protection arrangements, Marsh has assisted clients determine the most cost effective fire protection arrangements. This process allows for efficient allocation of fire protection expenditure across a number of risks, thereby directing funds to the areas most at "risk"</li> </ul>	Medium
Risk Profiling (strategic and operational)	<ul style="list-style-type: none"> <li>- Risk identification and rapid risk ranking</li> </ul>	High
Risk Action Planning	<ul style="list-style-type: none"> <li>- Establishment of risk management controls and risk treatments based on decision analysis techniques</li> </ul>	Medium
Catastrophic Risk Studies	<ul style="list-style-type: none"> <li>- Detailed risk assessments and development of management control system elements. This is a fundamental activity for clients in the major hazard industry</li> <li>- Typically they involve the use of Fault Trees as a means of describing how an unwanted catastrophic risk event could occur and developing management programs to ensure that the necessary controls are maintained</li> <li>- Areas of risk considered include safety, environment and production</li> </ul>	High
Quantitative Risk Assessment (QRA)	<ul style="list-style-type: none"> <li>- Risk issues can be analysed using the quantitative techniques by evaluating both the likelihood and severity of accidents. In doing so, the magnitude of risks can be calculated, allowing comparison between individual risks and with corporate and regulatory risk acceptance criteria</li> <li>- QRA methodologies can also be applied to evaluating the effectiveness of controls and are a powerful tool for developing business cases for cost effective risk treatments</li> <li>- QRAs are often required for Safety Cases, EIS submissions or Major Hazard Facility approvals</li> </ul>	Low
Health & Safety and	<ul style="list-style-type: none"> <li>- Establishment of system aspects for the identification,</li> </ul>	

SERVICE OFFERING	BRIEF DESCRIPTION	IMPORTANCE FOR OWL
Environmental	assessment and management of health, safety and environmental risks	
Crisis and Emergency Management Plans; Business Continuity Plans; Disaster Plans	- Developing processes to ensure appropriate response to catastrophic incidents and recovering the business thereby minimising disruption to customers and suppliers	High
Fatal Flaw Analysis	- These programs focus on projects (or acquisitions) and establishing an assessment and review process to ensure it achieves the nominated outcomes. It is used as a cost effective risk analysis technique for assessing the viability of new projects or acquisitions	Medium
Auditing and Risk Review	- Development of audit standards for safety, environment, property and business interruption risk assessments and loss control incorporating methodologies for assessing an organisation level of compliance to specified standards with the aim of providing corrective actions to achieve higher levels of compliance	High
Incident Investigation	- Provision of third party reviews of incidents to ensure the real root causes are identified to establish improvement plans preventing a re-occurrence. These reviews can be prepared at the direction of solicitors under commercial confidence arrangements	Low
Liability Risk Review	- Assessment of the likely sources of risk for Opuha Water Ltd, regulatory, contractual and legislative the likely impact of incidents and policy response to them.	Medium

APPENDIX D

# MARSH RISK CONSULTING

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## MANAGING BUSINESS RISKS

### A WORLD OF RISK

In today's rapidly changing business environment, companies are facing bigger and more complex risks than ever before.

Anything from financial exposure, your supply chain, or damage to assets could put your business under threat.

Effective risk controls need to be integrated into every organisation's management systems, with priority given to those that are most likely to influence business success.

### Leading risk advisors

Marsh's Risk Consulting team helps organisations by designing and delivering risk management strategies that enable them to take advantage of business opportunities, while controlling risks that could damage profits or reputation.

Our portfolio of risk consulting services and solutions includes:

- Review and comment on business risk management frameworks
- Identification & prioritisation of strategic risks
- Property, disruption & liability risk assessments & risk management frameworks
- Business continuity management
- Safety case for major hazards facilities
- Fire engineering
- Quantitative risk analysis
- Process safety management systems
- Human factors engineering
- Hazard and operability studies (HAZOP)
- Managing machinery breakdown risks
- Identification and management of complex project & construction risks
- Assessment of natural hazard risks
- Management of environmental risks
- Managing risks associated with major events
- Forensic accounting & claims services

The effectiveness of these services is achieved through the quality and dedication of Marsh's experienced risk consultants skilled in a wide range of industries.

Marsh recruits the best people, including engineers, accountants, insurance professionals, and business management consultants who are highly qualified and have an in-depth knowledge and understanding of the increasingly complex technical issues facing our clients.

Marsh is also uniquely placed to offer a comprehensive service through the close alignment with our award-winning insurance broking capabilities.

### For more information

For more details, please call your Marsh Client Executive or contact:

**Rod Robinson**

Tel: 09 928 3095

Email: rod.robinson@marsh.com

**Bruce Mclean**

Tel: 04 819 2446

Email: bruce.mclean@marsh.com

**Alex Lua**

Tel: 09 928 3062

Email: alex.lua@marsh.com

**About Marsh:** Marsh, a global leader in insurance broking and risk management, teams with its clients to define, design, and deliver innovative industry-specific solutions that help them protect their future and thrive. It has approximately 26,000 colleagues who collaborate to provide advice and transactional capabilities to clients in over 100 countries. Marsh is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), a global team of professional services companies offering clients advice and solutions in the areas of risk, strategy and human capital. With 53,000 employees worldwide and annual revenue exceeding \$11 billion, Marsh & McLennan Companies is also the parent company of Guy Carpenter, a global leader in providing risk and reinsurance intermediary services; Mercer, a global leader in human resource consulting and related services; and Oliver Wyman, a global leader in management consulting. Follow Marsh on Twitter @Marsh\_Inc.

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APPENDIX E  
THOUGHT LEADERSHIP

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# CLIENT BRIEFING

## LATEST ON STEIGRAD JUDGMENT

In December last year the Court of Appeal overturned the High Court ruling in **Steigrad v BFSL 2007 Ltd**. The decision ‘repaved’ the path for directors and other defendants to access their defence costs where these funds were part of the same pool as those available for third party damages or compensation. On 12 February 2013 the receivers for Bridgecorp, PricewaterhouseCoopers, applied for leave to appeal the Court of Appeal’s judgment to the Supreme Court, leaving the issue of defence costs availability uncertain.

### APPEALING AN APPEAL?

The receivers for Bridgecorp have applied for leave to appeal the Court of Appeal’s decision in *Steigrad v BFSL 2007 Ltd (Steigrad)* to the country’s highest appellate court, the Supreme Court of New Zealand.

The right to appeal to the Supreme Court is not automatic. A party must be granted leave (permission) by the Supreme Court to appeal. In considering whether to grant leave, the Supreme Court will assess whether the appeal involves a matter of general or public importance<sup>1</sup> or if the appeal involves a matter of general commercial significance<sup>2</sup>.

### DEFENCE COSTS LIABILITY – STORY NOT OVER

It could be several months before the Supreme Court makes its decision on whether to grant leave. If leave is granted, it could then be at least another six months before a determination is made on the appeal. The law as it currently stands preserves an insured director’s right to access defence costs under a Directors & Officers Liability (D&O) policy notwithstanding the statutory charge attaching to coverage for third party liability. However, a Supreme Court determination on the appeal could change things once again.

<sup>1</sup> Section 13(2)(a), Supreme Court Act 2003

<sup>2</sup> Section 13(2)(c), Supreme Court Act 2003

### NEXT STEPS

With the receivers working hard to appeal the Court of Appeal’s decision, the story is not over. We stand by our recommendation for separate policies or policies with separate limits of indemnity for third party liability and defence costs, respectively, while we wait for the Supreme Court to weigh in (or not) on the debate.

### WHAT IT MEANS FOR YOU

Whether leave is granted by the Supreme Court or not, the *Steigrad* proceedings have highlighted the importance of a proper evaluation of policy limits by reference to the current levels of defence costs. Similar issues could arise under a Professional Indemnity policy, Statutory Liability policy or General Liability policy, to name a few. Litigation, as the *Steigrad* case has shown, can be long and protracted. The need for sufficient policy limits cannot be emphasised enough. It is important to work with your Marsh advisor to ensure the policies and policy limits you have in place align with your business’ risks and risk transfer philosophy.

## FOR FURTHER INFORMATION

If you have any questions on your insurance coverage with respect to *Steigrad* or otherwise, we are always happy to hear from you.

Please contact your Marsh Client Executive or your FINPRO services team.

Telephone: **0800 627 744**

[marsh.co.nz](http://marsh.co.nz)

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**Disclaimer:** Statements concerning legal matters should be understood to be general observations based solely on our experience as insurance brokers and risk consultants and should not be relied upon as legal advice, which we are not authorized to provide. All such matters should be reviewed with your own qualified legal advisors

The information contained in this publication is based on sources we believe reliable, but we do not guarantee its accuracy. This information provides only a general overview of the subjects covered.

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