



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
25 Capitol Street – Room 120
Concord, New Hampshire 03301

10 *JB*

LINDA M. HODGDON
Commissioner
(603) 271-3201

JOSEPH B. BOUCHARD
Assistant Commissioner
(603) 271-3204

May 5, 2014

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
State House
Concord, NH 03301

REQUESTED ACTION

Authorize the Department of Administrative Services, Risk Management Unit, to enter into a one year agreement with Ferdinando Insurance Associates Inc. (FIAI), dba Cross Insurance, Manchester, New Hampshire (Vendor #169834) for insurance coverage for state owned watercraft in the amount not to exceed \$28,089 upon Governor and Council approval, for the period effective June 4, 2014 through June 4, 2015.

Funding will be through individual agency expenditures, contingent upon availability and appropriations for all fiscal years.

EXPLANATION

Pursuant to RSA 21-I:7-c (V) and as a part of a strategic risk management plan to limit the State's exposure to financial loss, the Department of Administrative Services, through the Risk Management Unit, purchases insurance for state owned watercraft. This insurance policy provides coverage for a total of four hundred and eighty (480) vessels and services for six (6) State agencies. In anticipation of the contract expiration, the Risk Management Unit met with FIAI, in accordance with its contract with the State for Producer Services, to discuss the market issues that may affect the premium, the policy term, and the property inventory.

The insurance coverage includes liability and hull insurance. Liability insurance coverage is provided for all state owned watercraft, including non-motorized and vessels that do not require registration such as kayaks and canoes. Liability insurance offers specific protection against third party insurance claims for damage caused by our vessel to any other vessel, hull to hull, or to property, vessel to object. The policy's liability coverage limits are \$1 million per occurrence and \$1 million aggregate. Hull insurance covers physical damage to the vessel itself. Agencies obtain hull coverage for their higher value and/or specialty vessels upon request. Hull insurance is currently provided for seven vessels.

FIAI is the State's producer in this insurance purchase in accordance with its contract with the Risk Management Unit for Producer Services for Property and Casualty Insurance, approved by Governor and Council on June 5, 2013, item #14, effective July 1, 2013 through June 30, 2015. Meredith Hendershot, the Senior Account Executive from FIAI, and the State's Risk Manager discussed the watercraft insurance policy requirements.

In order to secure coverage for the 2014 to 2015 term, Mrs. Hendershot made inquiries to specific insurance markets about the program. FIAI received four (4) quotes, including one from the incumbent, International Marine Underwriters (IMU). Three (3) carriers declined to submit proposals either because they could not compete with the existing premium and/or because they were unwilling to replicate the conditions and coverage endorsements in the policy.

IMU's bid was the lowest and offers an annual premium of \$23,089. The next lowest bid was \$2,324 higher; the other two bids received were not competitive, coming in at more than three times higher than the IMU bid.

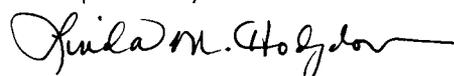
IMU's quoted premium is void of agency fee or commission and reflects a \$2,083 premium increase. The premium increase is due to an overall 9% rate increase for hull and liability coverage. The primary influence for the rate increase is "hardening of the market", meaning insurance premiums rise and limits and coverage terms and conditions tighten due to historical market wide underwriting losses. (See also attached Kiplinger Letter).

Due to budget constraints and the very low chance of a terrorism event using the State's watercraft, terrorism coverage was declined. The State had declined terrorism coverage during the prior policy terms. An additional contingency of \$5,000 has been included in the requested encumbrance based upon the possibility of newly acquired watercraft that would increase the scheduled inventory during the policy term and thus result in an increase in premium.

The total contract price for the term of the agreement includes the quoted price of \$23,089 for the cost of insuring the existing watercraft and \$5,000 contingency to allow for the acquisition of insurance for any newly acquired watercraft.

Mrs. Hendershot recommends securing insurance coverage with IMU. She notes that IMU has a strong watercraft insurance program that continues to meet the State's needs. The Risk Management Unit concurs with her recommendation.

Respectfully submitted,



Linda M. Hodgdon
Commissioner

MARKETING RESULTS

FIAI, Inc dba Cross Insurance arranged for this insurance purchase in accordance with its contract with the State for Producer Services for Watercraft Insurance. Meredith Hendershot, the account executive from FIAI, Inc made inquiries to specific insurance markets about the program. Four markets were interested and provided quotes. Three markets declined to provide a quote based on required coverage.

Market Approached	RESULTS
International Marine Underwriters (IMU)	\$23,089 plus optional Terrorism Insurance Coverage \$789
Acadia Insurance	\$25,413 plus Terrorism Insurance Coverage \$254 Two Year option with a guaranteed premium that is adjustable only when the annual Loss/ALAE ratio exceeds 45% and/or any rating exposure changes
Travelers Insurance	\$84,424
Hartford Insurance	\$122,650
Arbella	Declined – Unable to provide requested coverage
CNA	Declined – Unable to provide requested coverage
Hanover Insurance	Declined – Unable to provide requested coverage

PREMIUM SUMMARY

Subject	International Marine Underwriters
Watercraft Hull and P&I Insurance	\$23,089

OPTIONAL TERRORISM INSURANCE

Subject	International Marine Underwriters
Terrorism Insurance	\$789.00
Revised Annual Premium	\$23,878.00

Mrs. Hendershot recommends securing insurance coverage International Marine Underwriters as they were the only market which presented competitive and comprehensive terms in comparison to other markets approached. The Risk Management Unit agrees with Mrs Hendershot's recommendation.



3 Post Office Square
 Boston, MA 02109
 t 617.725.6286
 t 800.762.1127
 f 617.725.6709
 ksyvilay@imu.com

To: Cross Insurance
Attention: Carrie Morgan / Grady Crews
From: Kham Syvilay
 Sr. Underwriter – IMU Boston
Subject: State of NH – B5JH53122
 RENEWAL INDICATION ONLY 2014

Date: March 24, 2014
Pages: 2

Carrie:

We have reviewed the following risks and are pleased to offer renewal terms as follows:

HULL

<u>VESSEL</u>	<u>AGREED VALUE</u>	<u>DEDUCTIBLE</u>	<u>PREMIUM</u>
1. 2004 F&G Osmond	\$243,805	\$2,500	\$2,682
2. 2003 DES 2003 Skimmer	\$202,400	\$2,500	\$2,200
3. 2006 DES Eastern Bay	\$189,186	\$2,500	\$2,081
4. 2003 DES Winninghof	\$169,648	\$2,500	\$1,866
5. 1995 DES Skimmer	\$70,081	\$2,500	\$708
6. 2003 Port Authority 30' Munson	\$214,387	\$2,500	\$3,097
7. 2013 Port Authority Zodiac	<u>\$21,179</u>	\$2,500	<u>\$233</u>
YL420DL w. 2009 OB	1,110,686		\$12,867

PROTECTION AND INDEMNITY

<u>VESSEL</u>	<u>LIMIT</u>	<u>DEDUCTIBLE</u>	<u>PREMIUM</u>
1. (3) Large BIN (\$36.33 per. x 3)	\$1,000,000	\$1,000BI/\$1,000PD	\$109
2. (4) Large BOUT Outboard (\$36.25 per. x 4)	\$1,000,000	\$1,000BI/\$1,000PD	\$145
3. (11) BIN Inboard (\$36.27 per. x 11)	\$1,000,000	\$1,000BI/\$1,000PD	\$399
4. (228) BOUT Outboard (\$36.30 per. x 228)	\$1,000,000	\$1,000BI/\$1,000PD	\$8,276
5. (235) BNO No Motor (\$5.50 per. x 235)	\$1,000,000	\$1,000BI/\$1,000PD	<u>\$1,293</u>
			\$10,222

Total Premium: \$23,089.

Aggregate Liability: \$1,000,000.

Terrorism letter is attached.

Terms & Conditions: As expiring except;
Quote is subject to no material changes or new losses.

Please advise payment plan option:
 Agency Bill Options: Annual, Semi-Annual, or Quarterly.
 Direct Bill Options: Annual, 2Pay, Quarterly Pay, 7Pay, or 10Pay.

Our quote for terrorism coverage is per the attached letters. Please note we cannot bind coverage without either an acceptance or declination, in writing, of terrorism coverage.

Please advise renewal instructions by the expiration date in order to continue coverage. Thank you.

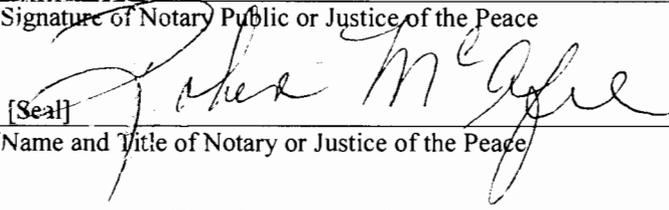
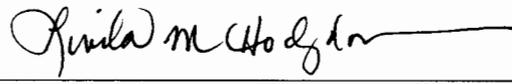
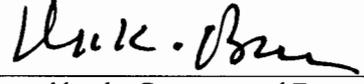
Subject: **Insurance Coverage for State Owned Watercraft**

AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name Department of Administrative Services		1.2 State Agency Address 25 Capitol Street, Concord NH 03301	
1.3 Contractor Name FIAI Inc. dba Cross Insurance		1.4 Contractor Address 1100 Elm Street Manchester, NH 03101	
1.5 Contractor Phone Number 603-669-3218	1.6 Account Number Individual Agency Expenditures	1.7 Completion Date June 4, 2015	1.8 Price Limitation \$28,089
1.9 Contracting Officer for State Agency Catherine A. Keane, Administrator, Risk & Benefits		1.10 State Agency Telephone Number 603 271-2059	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory Meredith L. Hendershot, Senior Account Executive	
1.13 Acknowledgement: State of New Hampshire, County of Hillsboro On April 7, 2014, before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace [Seal] 		ROBIN McAFEE Notary Public - New Hampshire My Commission Expires March 24, 2015	
1.13.2 Name and Title of Notary or Justice of the Peace Robin McAfee, Notary Public			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Linda M. Hodgdon, Commissioner	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) By:  On: 5/9/14			
1.18 Approval by the Governor and Executive Council By: _____ On: _____			

2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/COMPLETION OF SERVICES.

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement ("Effective Date").

3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT.

Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/ PAYMENT.

5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.

5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.

6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.

6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.

6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.

7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.

7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

- 8.1.1 failure to perform the Services satisfactorily or on schedule;
- 8.1.2 failure to submit any report required hereunder; and/or
- 8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;

8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or

8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

9. DATA/ACCESS/CONFIDENTIALITY/ PRESERVATION.

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

10. TERMINATION. In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. CONTRACTOR'S RELATION TO THE STATE. In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS. The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

13. INDEMNIFICATION. The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and

14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2

herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

15. WORKERS' COMPENSATION.

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("Workers' Compensation").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. WAIVER OF BREACH. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any

Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

17. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

19. CONSTRUCTION OF AGREEMENT AND TERMS. This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

**EXHIBIT A
SCOPE OF SERVICES**

ARTICLE 1. SCOPE OF SERVICES

This EXHIBIT A – Scope of Services is made a part of the P-37 Agreement (the "Agreement") and is made according to the terms of paragraph 2 of the Form P-37. This EXHIBIT A to the Agreement is between the State of New Hampshire (the "State") and FIAI, Inc. dba Cross Insurance for the insurance coverage for state owned watercraft.

ARTICLE 2. EFFECTIVE DATE

Effective Date of Agreement: 06/04/2014
Expiration Date of Agreement: 06/04/2015
12:01AM Standard Time at the address of the State stated herein.

Cross Insurance hereby agrees to provide insurance coverage for Stated-owned Watercraft as described herein.

The State shall have the right to terminate the contract, if a contract is awarded; at any time by giving Cross Insurance thirty (30) days advance written notice.

ARTICLE 3. ADMINISTRATIVE SERVICES PROVIDED BY CROSS INSURANCE

A. COVERAGE FOR HULL INSURANCE

Coverage for seven vessels insured for agreed upon values with deductibles of \$2,500 per vessel. Subject to conditions of policy form (or a form with similar language and intent):

- American Institute Coastwise and Inland Hull Clause

B. COVERAGE FOR PROTECTION AND INDEMNITY INSURANCE

Coverage is required as follows: 480 vessels for protection and indemnity coverage under the following categories.

LARGE BIN	Watercraft, inboard motor (3)
LARGE BOUT	Watercraft, outboard motor (4)
BIN	watercraft, inboard motor (11)
BOUT	watercraft, outboard motor (228)
BNO	watercraft, no motor (235)

- Limits of liability are: \$1,000,000 per occurrence and in the aggregate
- Each vessel is deemed separately insured
- Deductible of \$1,000 for Bodily Injury and \$1,000 property damage
- Details on the vessels can be found in the watercraft inventory.
- Policy includes auto acquisition for 30-days for boats up to 30 ft., P&I only (liability). If a vessel requires hull coverage, the carrier requires receipts of a request prior or on the effective date that coverage is wanted in order for coverage to apply.

Subject to conditions of the following policy forms (or forms with similar language and intent):

- AIMU Protection and Indemnity (P&I) Clauses
- Pollution Exclusion clause and buy back endorsement
- Certified terrorism endorsement
- Chemical, Biological, Bio-Chemical and Electromagnetic Weapon Exclusion
- AIMU Extended Radioactive Contamination Exclusion Clause with USA Endorsement (coverage for fire resulting from nuclear reaction, nuclear radiation or radioactive contamination arising directly or indirectly from that fire).

C. CLAIMS ADMINISTRATION

Cross Insurance shall administer all reported claims from June 4, 2013 for the contract period until the claims are closed.

1. *Forms:* Claims forms and accident reporting instructions shall be distributed to RMU and designated agency employees no later than two weeks prior to the policy effective date of June 4, 2013.
2. *Claim Reporting:* Designated State employees will report claims to Cross Insurance's designated claims adjuster. Cross Insurance shall send a letter of acknowledgment of claim to the RMU electronically or via US mail.
3. *Claim Reserving:* Cross Insurance shall establish and maintain timely and adequate reserves. Cross Insurance shall revise reserve estimates whenever developments occur which change the ultimate loss exposure and maintain supporting documentation. Reserves shall be adequately funded by Cross Insurance in a matter consistent with established industry practice.
4. *Litigation Management:* Cross Insurance shall ensure that all cases are properly prepared prior to conference, hearing or trial. The RMU shall be notified of any claims that involve legal proceedings, including but not limited to, conferences, hearings or trials. The RMU reserves the right to attend any hearing, conference, appeal or trial. If a conference, hearing or trial is to be handled by an attorney, ensure timely delivery of the file material for preparation. Cross Insurance shall document the attorney's receipt of claim file and the attorney's opinion about the merits of the issues to be litigated and the probable outcome of the litigation. If an adverse finding is made, the attorney should comment about the costs and the merits of the appeal, including the potential impact on future claims costs. Cross Insurance shall review attorney bills to ensure that they are accurate and reasonable.
5. *Payment Control:* All claim payments shall be made by Cross Insurance in accordance with New Hampshire statutory provisions and regulations. See Insurance Rules 1002. Documentation detailing the payee, type of payment and payment amount shall be provided to the RMU.
6. *Claims Settlements and Loss Runs:* Cross Insurance shall advise RMU of any settlement of twenty thousand dollars (\$20,000) or greater. Cross Insurance shall issue loss run reports within thirty days of RMU's request.

D. ACCOUNT MANAGEMENT

Cross Insurance shall provide the following administration services including but not limited to:

- issue certificates of insurance
- timely delivery of binders, policies and endorsements
- verify the accuracy of policy language, coverage endorsements, exclusions and other terms and conditions consistent with the bid specifications

Cross Insurance shall at its own expense provide all personnel, materials and resources necessary to perform the services under the contract. Cross Insurance shall warrant that all personnel engaged in the contract services are qualified to perform the services and are properly licensed and otherwise authorized to perform services under all applicable laws. Cross Insurance personnel shall have a strong dedication to excellent customer service in all aspects of its dealings with the State. Cross Insurance personnel shall return telephone calls promptly, be professional and maintain confidentiality when communicating with State employees.

The State reserves the right to require Cross Insurance to remove and/or reassign any employee, including the lead staff member, from the State account due to unacceptable job performance. The State retains the right to approve any replacement employee(s).

**EXHIBIT B
CONTRACT PRICE AND PAYMENT TERMS**

This EXHIBIT B- Contract Price, Limitation on Price, Payment is made a part of the Agreement and is made according to the terms of paragraph 5 of the Form P-37.

A. CONTRACT PRICE: Cross Insurance hereby agrees to provide the services in complete compliance with the terms and conditions specified in Exhibit A at the price below for the term of the contract ("contract price"). The total contract price for the term of the agreement as shown in block 1.8 of the P-37 includes the quoted price of \$23,089 for existing watercraft and a contingency amount of \$5,000 to allow for the acquisition of insurance for potentially newly acquired watercraft during the policy term.

Description	One Year 6/4/14 – 6/4/2015
Hull coverage for F&G Osmond with an agreed upon value of \$243,805	\$2,682.00
Hull coverage for DES 2003 Skimmer with an agreed upon value of \$202,400	\$2,200.00
Hull coverage for DES Eastern Bay with an agreed upon value of \$189,186	\$2,081.00
Hull coverage for DES Winninghof with an agreed upon value of \$169,648	\$1,866.00
Hull coverage for DES 1995 Skimmer with an agreed upon value of \$70,081	\$708.00
Hull coverage for Port Authority Munson with an agreed upon value of \$214,387	\$3,097.00
Hull coverage for Port Authority 14' Zodiac with an agreed upon value of \$21,179	\$233.00
Protection and indemnity insurance for 3 Large BIN Rate of \$36.33 times 3 number of vessels, equals a premium of	\$109.00
Protection and indemnity insurance for 4 Large BOUT Rate of \$36.25 times 4 number of vessels, equals a premium of	\$145.00
Protection and indemnity insurance for 11 BIN Rate of \$36.27 times 11 number of vessels, equals a premium of	\$399.00
Protection and indemnity insurance for 230 BOUT Rate of \$36.30 times 228 number of vessels, equals a premium of	\$8,276.00
Protection and indemnity insurance for 235 BNO Rate of \$5.50 times 235 number of vessels, equals a premium of	\$1,293.00
Contract Price	\$23,089.00

Terrorism can be purchased for an additional \$789.00

Type	Description
BIN	Watercraft with inboard motor
BOUT	Watercraft with outboard motor
BNO	Watercraft with no motor

EXHIBIT B
CONTRACT PRICE AND PAYMENT TERMS CONTINUED

B. INVOICING

Cross Insurance shall submit a separate annual invoice to each agency based upon its watercraft inventory. Copies of all invoices shall be mailed to:

The State of New Hampshire
Department of Administrative Services
Risk Management Unit
25 Capitol Street, Rm 412
Concord, NH 03301
Or via email to: diane.caldon@nh.gov

The State shall not make payments to Cross Insurance prior to the Agreement effective date of June 4, 2013.

C. PAYMENT

The State shall make payment to Cross Insurance electronically or by check mailed to the address in Section 1.4 of the P-37. Payment terms are net thirty days subject to approval of the submitted invoice.

EXHIBIT C SPECIAL PROVISIONS

This EXHIBIT C – Special Provisions is made a part of the Agreement and is made according to the terms of paragraph 22 of the Form P-37.

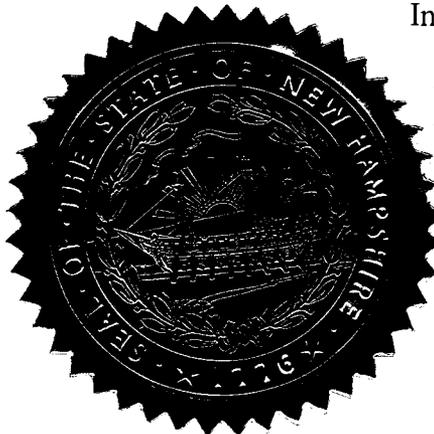
A. INSURANCE. Delete Paragraph 14.1.1 and substitute the following: comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$1,000,000 per occurrence and no less than \$1,000,000 in excess/umbrella liability each occurrence; and errors and omissions liability insurance coverage with limits of \$5 (five) million per claim and \$10 (ten) million in the aggregate.

B. There are no other special provisions for this contract.

State of New Hampshire Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that FIAI, Inc. a(n) Maine corporation, is authorized to transact business in New Hampshire and qualified on January 12, 2007. I further certify that all fees and annual reports required by the Secretary of State's office have been received.



In TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 8th day of May, A.D. 2014

A handwritten signature in cursive script, appearing to read "William Gardner".

William M. Gardner
Secretary of State

FIAI, INC.

CERTIFICATE OF CLERK

I, Daniel G. McKay, Clerk of FIAI, Inc. (the "Corporation"), do hereby certify as follows:

1. I am the duly elected Clerk of the Corporation.
2. The following is a true and correct copy of resolutions duly adopted by the board

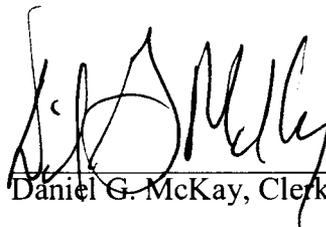
of directors of the Corporation on April 7, 2014, and such resolutions have not been rescinded, modified or amended and remain in full force and effect as of the date hereof:

RESOLVED: That Meredith Hendershot, Senior Account Executive for FIAI, Inc., acting singly, is duly authorized and directed to enter into an Agreement for Insurance Coverage for State Owned Watercraft with the State of New Hampshire and is further authorized to execute any documents which may in her judgment be desirable or necessary in order to effect the purpose of this vote.

RESOLVED: That Meredith Hendershot, in her capacity as Senior Account Executive of the Corporation, hereby is duly authorized and directed to act as the Corporation's agent for the limited purpose of executing and delivering the Agreement and all documents contemplated thereunder or otherwise authorized by these resolutions.

RESOLVED: That the Clerk of the Corporation hereby is authorized to execute and deliver one or more Certificates certifying as to the adoption of the foregoing resolutions and as to the authority of Meredith Hendershot to act on behalf of the Corporation for the purposes specified above.

The undersigned has executed and delivered this certificate in his capacity as Clerk of FIAI, Inc. this 7th day of April, 2014.


Daniel G. McKay, Clerk

The Kiplinger Letter

FORECASTS FOR MANAGEMENT DECISIONMAKING

1100 13th Street NW, Washington, DC 20005 • kiplinger.com • Vol. 90, No. 12

Dear Client:

Washington, March 22, 2013

Whatever its causes...

Erratic weather poses a mounting threat

to the economy. In 2012 alone...a \$100-billion hit from the combination of storms, droughts and fires. And the forecast won't brighten anytime soon.

**WEATHER
VOES**

The major hazards: Protracted heat waves, along with the myriad problems they bring. Extreme heat increasingly means extreme drought... such as last year's, which affected 80% of farmland and led to the third-worst wildfire season on record. Only 2006 and 2007 saw more acres of forest burn.

Rising floodwaters. Recent hurricanes and shifting rainfall patterns are prompting revisions to floodplain maps nationwide. Many communities along rivers, the Gulf Coast and the Eastern Seaboard will find themselves newly designated as at risk.

And worsening storm damage. Last year, thunderstorm-related losses came in at \$15 billion... the second-costliest year on record, despite a drop in tornado activity. As population density increases, just a few bad storms can pack an outsize punch.

Adapting to the risk of harsher weather conditions won't be easy...or cheap.

Flood insurance is certain to cost more. Uncle Sam...the only major provider of flood policies...is starting to charge premiums based on a given property's risk rather than the subsidized rates property owners have benefited from for decades. Some owners of coastal real estate will have to make a choice between costly upgrades and big premium hikes. Folks farther inland may have to insure for the first time.

Farmers will invest in measures that protect against both drought and floods: Reduced-tillage planting schemes. The use of cover crops, such as clover and grasses, to nourish soil during winter. And low-flow irrigation systems to minimize evaporation.

Plus better forest management...clearing brush, culling diseased trees and building firebreaks to limit the damage from a growing number of wildfires.

Although the government regards severe weather with growing concern... even creating a full-time post on the National Security Council to monitor it...

Uncle Sam will have only limited ability to lend aid to affected communities. The budget sequester alone will trim almost \$1 billion this year from the relief fund that the Federal Emergency Management Agency uses to respond to catastrophes. The U.S. Forest Service will thin 200,000 fewer acres of fire-prone woodlands. And \$8.7 billion in annual crop insurance costs will dog budgets for years to come.

So state and local governments can expect to shoulder more of the burden when bad weather strikes, and taxpayers will pay for it. Government at every level will play a role in curbing risk...toughening building codes, buying at-risk properties, updating maps...helping to temper the worst effects of an increasingly volatile climate.

ECONOMIC FORECASTS

GDP growth

↔ Though slow in early '13, around 1.75% for the year

Interest rates

↔ Little change through mid-'13. 10-year T-notes at year-end, 2.25%

Inflation

↗ Rising slightly this year, to about 2.3%

Unemployment

↘ Falling gradually over '13, to around 7.5%

Crude oil

↗ Trading from \$95 to \$100/bbl. by Memorial Day

Business spending growth

↗ Strengthening in second half; still under '13 pace

Complete economic outlook at kiplinger.com/outlooks

State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES

OFFICE OF THE COMMISSIONER

25 Capitol Street – Room 120
Concord, New Hampshire 03301

LINDA M. HODGDON
Commissioner
(603) 271-3201

JOSEPH B. BOUCHARD
Assistant Commissioner
(603) 271-3204

May 9, 2013

G#C
6/5/13
#14

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
State House
Concord, NH 03301

REQUESTED ACTION

Authorize the Department of Administrative Services, Risk Management Unit (RMU), to enter into a contract with FIAI, Inc., d/b/a Cross Insurance, Manchester, New Hampshire (VC # 169834) in the amount of \$45,600 for Producer Services for Property and Casualty Insurance for the State, upon Governor & Council approval, for the period effective July 1, 2013 through June 30, 2015.

Funding will be available in the individual agency's expenditures, contingent upon availability and continued appropriations for all fiscal years.

EXPLANATION

In the past, the RMU procured property and casualty insurance policies. Bid announcements were posted on the State's vendor website, advertised in the newspaper and sent via email to several insurance agents. Insurance producers that responded to the bid notices worked with an insurance carrier to provide a quotation for the State. Under this procurement process, the agent who approached an insurance carrier with a completed application first usually obtained the carrier's business. Over the years, some producers complained that the process favored incumbents and supported the practice of blocking the market by producers who were the quickest to respond to RMU's bid announcement email and contact carriers. Producers also did not favor the open bidding process because of the work required to prepare a quote with no guarantee of a contract.

Based upon a request by the Executive Council, the RMU convened a meeting with several insurance producers in November, 2010 to discuss the issue. The consensus at that meeting was that the use of a single broker for the state's property and casualty program was worthwhile because an assigned producer could provide professional advice on the State's total cost of risk, assist with the identification and management of statewide risks and secure coverage based on those needs in a cost-effective manner. In order to benchmark and incorporate best practices into the Request for Bid (RFB) for Producer Services, the RMU also surveyed risk management departments in other states as well as municipal and private companies in New Hampshire concerning their brokerage selection processes.

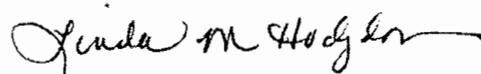
As a result, the State now issues an RFB for producer services every two years. In 2011, the RMU contracted with Ferdinando Insurance Agency, Inc. for producer services. The producer is responsible for securing proposals for insurance coverage. See Appendix B for current insurance policies secured by the producer. This contract has also provided access to invaluable expertise and support from the Account Executive and a team of insurance professionals resulting in a more efficient and cost effective method of meeting the State's risk and insurance needs.

On January 25, 2013, the RMU issued bid invitations through an RFB that was posted on the State website, emailed to 19 vendors and published between January 30 and February 1 in the New Hampshire Union Leader. The RMU received two conforming bids in response to RFB 156-13 for Producer Services for Property and Casualty Insurance. The incumbent, FIAI Inc., dba Cross Insurance, offered the lowest fixed price annual fee for the two year term.

The contract requires FIAI as directed by RMU to solicit insurance coverage from insurance companies and to submit a quotation analysis report with a recommendation for award. FIAI then administers the insurance account once the insurance policy is in place. The contract also requires FIAI to produce a statewide comprehensive insurance risk assessment in each year of the contract to assist the state in the review and design of its risk management program.

The Department of Administrative Services requests the approval of this contract.

Respectfully submitted,



Linda M. Hodgdon
Commissioner, Administrative Services

State of New Hampshire

Department of Administrative Services, Risk Management Unit

RFB Results for: Property and Casualty Insurance Producer Services

RFB # 156-2013; Due 3/25/13 at 2:30 pm

Vendor	TOTAL 2-YR CONTRACT
Ferdinando Insurance Associates, Inc.	\$45,600
The Rowley Agency, Inc.	\$59,500

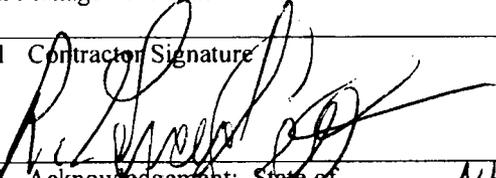
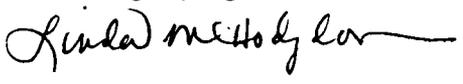
Subject: Producer Services for Property and Casualty Insurance

AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name Department of Administrative Services Risk Management Unit		1.2 State Agency Address 25 Capitol Street, Room 412, Concord NH 03301	
1.3 Contractor Name FIAI, Inc. dba Cross Insurance		1.4 Contractor Address 100 Elm Street, Manchester, NH 03103	
1.5 Contractor Phone Number (800) 969-3218 / (603) 669-3218	1.6 Account Number Individual Agency Expenditures	1.7 Co mpletion Date June 30, 2015	1.8 Price Limitation \$45,600
1.9 Contracting Officer for State Agency Catherine A. Keane, Administrator Risk Management Unit		1.10 State Agency Telephone Number 603 271-3180	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory R. Grady Crews, Account Executive	
1.13 Acknowledgement: State of <u>NH</u> , County of <u>Merrimack</u> On <u>April 17, 2013</u> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace <u>Lynda J. Heath</u> [Seal]			
1.13.2 Name and Title of Notary or Justice of the Peace <u>Lynda J. Heath Notary</u>			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Linda M. Hodgdon, Commissioner Department of Administrative Services	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) By: <u>M.K. Bern</u> On: <u>5/13/13</u>			
1.18 Approval by the Governor and Executive Council By:  DEPUTY SECRETARY OF STATE JUN 05 2013			

2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/COMPLETION OF SERVICES.

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement ("Effective Date").

3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT.

Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.

5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.

5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.

6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.

6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.

6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.

7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.

7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

8.1.1 failure to perform the Services satisfactorily or on schedule;

8.1.2 failure to submit any report required hereunder; and/or

8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;

8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or

8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

10. TERMINATION. In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. CONTRACTOR'S RELATION TO THE STATE.

In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. ASSIGNMENT/DELEGATION/

SUBCONTRACTS. The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

13. INDEMNIFICATION. The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and

14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H.

Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

15. WORKERS' COMPENSATION.

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("*Workers' Compensation*").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. WAIVER OF BREACH. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

17. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

19. CONSTRUCTION OF AGREEMENT AND TERMS. This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

[Handwritten Signature]
4-17-13

EXHIBIT A

SCOPE OF SERVICES

I. PURPOSE.

The Contractor hereby agrees to act as the Broker of Record on behalf of the State for securing property and casualty insurance coverage and providing related services in accordance with the specifications of RFB 156-13 and as described herein.

The terms "Contractor" and "Producer" are used interchangeably and are intended to be synonymous.

II. TERM.

The term shall be for a two (2) year period commencing July 1, 2013, or upon Governor and Council approval, whichever is later, and expire on June 30, 2015. After the contract expiration date of June 30, 2015, the contract may be renewed for up to an additional term of one (1) year upon terms and conditions as the parties may mutually agree and upon the approval of the Governor and Council.

The State shall have the right to terminate the contract, if a contract is awarded, at any time by giving the producer thirty (30) days advance written notice.

III. SPECIFICATIONS FOR PROPERTY AND CASUALTY INSURANCE PRODUCER SERVICES.

The Contractor shall act as the broker of record on behalf of the State for soliciting and negotiating property and casualty insurance coverage and providing related services.

The Contractor shall provide a comprehensive insurance risk assessment of the State, solicit insurance coverage from insurance companies as a representative of the State, and shall provide general administration of the account for the insurance policies and third party administration contracts as shown in Appendix B and for any additional policies that the Contractor may be asked to obtain within the timeframe of this contract.

The State shall contract directly with insurance carriers and/or third party administrators for insurance coverage and related services. Any contracts between the State and insurance carriers and/or third party administrators shall be submitted for Governor and Council ("G&C") approval.

Specific responsibilities include, but not limited to:

A. RISK ASSESSMENT

The Contractor shall identify, evaluate and assess the risks facing the State. The State seeks to have the Contractor give professional advice on the State's total cost of risk, assist RMU with the identification and management of statewide risks and secure coverage based on those needs in a cost-effective manner. The report shall include the topics covered in this section.

In particular, the Contractor shall:

- identify, prioritize and address state agency risks. Review schedules, inventories and property values and any other information the producer and RMU believe would be helpful to the analysis. RMU shall facilitate the producer's access to RMU's insurance documents, agency operations and personnel so that the producer has enough information to complete this report. Please note that the Contractor is not required to visit agencies to prepare the risk assessment.
- present options on policies, coverage, bundling, limits, retention levels, stop-loss limits and deductibles and/or alternative risk mechanisms
- evaluate appropriateness of alternative financing mechanisms such as partial or total self-funding.
- provide benchmarking and best practices on the current state of insurance market for the class of business and line of coverage.
- issue a risk assessment report by June 30, 2014.
- issue a risk assessment update report by March 31, 2015.

The risk assessment is confined to traditional risk management and the policies currently managed by RMU; however, the State expects the Contractor may address exposures and risks that are not currently covered by insurance policies, such as general liability exposure for example.

B. SECURE INSURANCE COVERAGE

The Contractor shall provide placement and maintenance of all insurance policies covered in this contract term. The Contractor shall be given a broker of record letter in order to approach the insurance marketplace with the authority to identify coverage options on behalf of the State for all insurance policies listed in Appendix B expiring between this contract effective date of July 1, 2013 and June 30, 2015.

In particular, the Contractor shall:

- review exposures by identifying changes in schedules, inventories and property values.
- request claims history from current carrier.
- assist RMU in completion of renewal applications and/or procurement specification documents upon policy expiration.
- Secure coverage upon policy expiration (coverage(s) shall duplicate existing insurance policies, contract and services in place at a minimum unless otherwise agreed).
- bundle policies for cost savings and efficiencies whenever possible.

- review policy and any endorsements for changes and possible coverage enhancements to be incorporated at renewal.
- RMU may ask the Contractor to secure insurance coverage on State risks that are not currently insured and not shown on the insurance policy list in Appendix B. The Contractor shall be willing to secure insurance coverage for these new risks in a timely manner.
- Keep abreast of changes in policy language through national underwriting organizations and inform RMU of any significant developments that are relevant to the State insurance program.

Specific steps shall include, but not be limited to, the following:

- Keep within RMU's timeline in order to meet the G&C deadlines, which are usually thirty (30) days prior to policy commencement date.
- Once quotes are submitted and any negotiations have taken place, the producer shall analyze, evaluate and recommend insurance options based on the most favorable pricing, coverage terms and limits of liability. The State reserves the right to negotiate with the insurance company.
- The State will have the final decision on which insurance company with whom the State will contract with.
- All insurance contracts over \$10,000 are subject to G&C approval. Further information on G&C can be found at <http://www.nh.gov/council>.
- The State will work with the Contractor to prepare the G&C contract packages for approval. RMU will draft the G&C letter and contract. The G&C package contains a cover letter, P-37 contract signed and notarized by a representative of the insurance company, appendices indicating changes to the P-37, the producer's quotation analysis report, a certificate of authority, a certificate of good standing and a certificate of insurance from the insurance company.
- The State may ask the Contractor to attend the targeted G&C meeting to discuss the contracts and/or assist in answering questions that may arise concerning the insurance item.
- Upon receiving G&C approval, the Contractor shall bind coverage and maintain coverage through the policy expiration date.
- Upon receiving G&C approval, the State shall pay the chosen insurance company directly according to the terms of the policy.

The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.

The Contractor will continue to service such policies until the policy's expiration date. There will be no interruption of existing insurance policies and third party administrator contracts prior to each policy's expiration date. The writing broker is the broker of record/Contractor which secured and insured the policy for the State prior to this contract implementation.

C. QUOTATION ANALYSIS REPORT

Once bid results from insurance companies are received by the Contractor, the Contractor shall issue a quotation analysis report to RMU, for the policies listed in Appendix B or any additional policies secured at the request of RMU, with a current annual premium over \$10,000, on bid results with a recommendation for award. The State encourages the Producer to access as many viable markets as possible in order to obtain favorable and competitive quotations.

The report shall:

- assess insurance company stability, solvency and service records.
- be issued no later than thirty five (35) days prior to policy expiration.
- identify which markets were approached, their quotation or declination and reason, premium, specimen policy language and the Producer's recommendation.
- If the Producer recommends an insurance company that is not the lowest bidder; the Producer needs to have detailed justification for the recommendation. Factors to be considered in evaluating coverage are the cost, coverage terms and insurance limits.
- The State will have the final decision on which insurance company with whom the State will contract with.

D. ADMINISTRATION

Administration services shall be provided by the Contractor in accordance with the standards currently in use by NH producers of comparable size.

The services include, but are not limited to:

- prepare invoices to RMU and/or state agencies for payment of insurance policy premium.
- issue certificates of insurance
- timely delivery of binders, policies and endorsements
- verify the accuracy of policy language, coverage endorsements, exclusions and other terms and conditions consistent with placement noting variations/changes from the previous policy term.
- host two annual meetings to review the account on a global basis determine goals for the upcoming year and review accomplishments of the past year.

- meet with RMU staff as necessary to carry out duties under the contract
- agree to provide RMU or designee with access to Contractor's working files on State account upon request and/or upon contract termination.

The Contractor shall at its own expense provide all personnel, materials and resources necessary to perform the services under the contract. The Contractor shall warrant that all personnel engaged in the contract services are qualified to perform the services and are properly licensed and otherwise authorized to perform services under all applicable laws. Contractor's personnel shall have a strong dedication to excellent customer service in all aspects of its dealings with the State. Contractor's personnel shall return telephone calls promptly, be professional and maintain confidentiality when communicating with State employees.

The State reserves the right to require the Contractor to remove and/or reassign any employee, including the lead staff member, from the State account due to unacceptable job performance. The State retains the right to approve any replacement employee(s).

E. LEAD STAFF MEMBER

The Contractor shall have a single point of contact as the lead staff member on the State account. The Contractor commits that the lead staff member identified below will actually perform the assigned work. The lead staff member is:

Grady Crews
Phone: 603 206-9912

F. CERTIFICATION/LICENSING

The Contractor shall maintain a current New Hampshire resident business entity producer license. The lead staff member and at least one other staff member shall maintain current New Hampshire resident individual producer licenses. See NH RSA 402-J.

The Contractor shall maintain a place of business within the State of New Hampshire where all of the services proposed shall be performed and all records maintained (or immediately accessible by electronic means) for the duration of the contract.

G. HOURS OF OPERATION

The Contractor's personnel shall be available to State personnel and the Risk Management Unit Monday through Friday from 8 AM to 4:30 PM.