



**TERMS OF REFERENCE FOR THE APPOINTMENT OF A SERVICE PROVIDER FOR PROVISION OF INSURANCE SERVICES**

**Issued and Prepared by:**

**Alfred Nzo Development Agency**

**Umzimvubu Goats Complex**

**Hospital Road**

**Mount Ayliff**

**4735**

**Acting Chief Executive Officer: Mr R.N.Xolo**

**Contact Person: Ms. T.Mtyide**

**Tel: 039 492 0011**

Table of Contents

1. BACKGROUND ..... 2

2. PURPOSE AND OBJECTIVES OF THE PROJECT ..... 2

3. SPECIFICATION ..... 2

4. SCOPE OF WORK ..... 2

    4.1 Risk Areas ..... 3

    4.2 Insurance Portfolio ..... 4

    4.3 Underwriting Administration..... 4

    4.4 Claims Administration ..... 5

    4.5 Premiums/ Extensions/ Performance Assessment and Renewals..... 5

    4.6 Hand over and closure of Claims ..... 6

5. INSURANCE FOR AGENCY ASSETS..... 6

6.    VALIDITY PERIOD REQUIREMENT ..... 6

7.    SPECIAL CONDITIONS OF INSURANCE ..... 6

8. COMPLIANCE REQUIREMENTS..... 7

**10. EVALUATION CRITERIA ..... 8**



## **1. BACKGROUND**

The Alfred Nzo Development Agency (ANDA) is a municipal entity of Alfred Nzo District Municipality established in terms of the Municipal Systems Act (MSA) No. 32 of 2000 and regulated in terms of the Municipal Finance Management Act (MFMA) 56 of 2003. ANDA is registered in terms of the Companies Act No 71 of 2008.

ANDA is governed by a plethora of legislation and regulations that intends to support and strengthen its role in transforming society and the developmental state. The Agency is established as a special purpose vehicle for the objective of driving and facilitating economic development and investment throughout the Alfred Nzo District.

The principal mandate of the agency is to act as the operational arm of the Municipality for the purposes of implementing economic, social and environmental policies and projects within the area of jurisdiction of the Municipality or such areas as the Municipal Council may specify from time to time. It acts to promote development of economic potential on a regional basis by building on opportunities, which recognise the unique competitive strengths of the region's economy.

## **2. PURPOSE AND OBJECTIVES OF THE PROJECT**

The purpose of this document is to invite proposals from service providers who can provide a reasonable but competitive risk cover in the form of a concise, readable explanation of various insurance covers. The proposed insurance covers must assist Alfred Nzo Development Agency in handling and managing the various risk exposures.

The Alfred Nzo Development Agency would therefore like to appoint a competent service provider for the provision of insurance services for a period of 36 months.

## **3. SPECIFICATION**

Alfred Nzo Development Agency (ANDA) invites all interested Service Providers to submit bids for the provision of Insurance Services.

## **4. SCOPE OF WORK**

The scope of work for the project will entail the following:

In relation to the insurance cover the bidder is expected to address the following but not limited to the topics covered in these terms of reference.

#### 4.1 Risk Areas

The service provider will be expected to address the following risk areas and provide reliable information on the following:

- (a) **Office contents** - Comprehensive cover for our furniture and fittings
- (b) **Business All Risk** - Comprehensive cover of assets as per the Entity's Fixed Asset Register (FAR)
- (c) **Theft** – Damage to contents of our properties and vehicles, and of loss of our properties and vehicles, as a result of theft accompanied by forceful entry or exit.
- (d) **Electronic equipment** - Physical loss or damage to property belonging to the Entity or held by the Entity (as per Asset register).
- (e) **Motor Vehicle** - Comprehensive cover for damage / loss of the Entity's motor vehicles
- (f) **Glass** - Internal and External Glass (including mirrors and windows).
- (g) **Public Liability** - Loss or damage to third party property / injury or death to third parties due to our negligence (the entity and employees)
  - Probable events (any one period)
  - Defamation and wrongful arrest
  - Errors and Omissions
  - Products liability
  - Legal Defence Costs
  - Personal injury
  - Advertising Liability
  - Spread of Fire
- (h) **Employer's Liability** - Death or bodily injury (Disable) to any person employed under a contract of service and which occurs during hours of work or while he/she is driving for Entity's duty in connection with such person's employment.

In the event of death or permanent injury/disability of the employee whilst on duty,

employee must be covered with at least R1 500 000.00

- (i) **SASRIA** - Riot and strike, and political riot
- (j) **Fidelity Guarantee** - Cover against commercial crime / fraud caused by hackers or Municipal employees
- (k) **Combined Risk** - Cover against all property constructed of Brick, Stone, Concrete or Metal on Metal Framework and Roofed with Slate, Tiles, Metal, Concrete, Asbestos or Thatch

- Cover against fire, lightning, thunderbolts, subterranean fire, explosions, implosions, spontaneous combustion, fermentation, charring, smoke, storm, wind, water, hail or snow, earthquake, earth tremor, aircraft, impact, theft and accidental damage due to sanitary ware (e.g., Plumbing fixtures).

- (l) **Support** - One-on-one dedicated Claims Consultant
- (m) **Claims** - 30 calendar days turn-around time for outcome of claim from the date of submission of the claim

#### 4.2 Insurance Portfolio

With regards to placement of Alfred Nzo Development Agency insurance portfolio the appointed service provider will be required to perform the following:

- Advise Alfred Nzo Development Agency and provide quotations on additional insurance cover that could be reasonable and necessary for Alfred Nzo Development Agency to take out in an attempt to minimize risks.
- Place Alfred Nzo Development Agency insurance portfolio with the Insurance underwriters not later than 30 days after the appointment and forward a written confirmation together with details.

#### 4.3 Underwriting Administration

The appointed service provider will have the following responsibilities with regards to underwriting administration.

- Provide Alfred Nzo Development Agency with a quotation on additional cover
- Meet with Agency officials when required by either party involved to discuss or advise on insurance related issues such as cover.

- To have regular meetings with Alfred Nzo Development Agency staff to discuss new trends, challenges and cover or premiums.

#### **4.4 Claims Administration**

With regards to this, the appointed service provider will be responsible for the following:

- Administer all Alfred Nzo Development Agency insurance claims (Own or Third-party Claims)
- Liaise with third party and Agency officials with regards to progress of the claim within a Thirty-day cycle from the date the claim was reported.
- Submit an updated report of all claims made by Alfred Nzo Development Agency and third parties as and when the need arises.
- Have dedicated personnel to deal with Alfred Nzo Development Agency claims and offer business advice pertaining to insurance.

#### **4.5 Premiums/ Extensions/ Performance Assessment and Renewals**

The appointed service provider will have the following responsibilities with regard to extension/ premiums.

- Assess Alfred Nzo Development Agency insurance requirements as detailed in the Agency Asset Management policy
- Collect updated information (Asset Register) from Alfred Nzo Development Agency to ensure that the Agency assets are adequately insured.
- Negotiate with the insurance underwriters on suitable insurance terms and conditions
- Negotiate with the insurance underwriters on suitable premiums based on the Agency insurance claims file or experience.
- Present factors considered for change in premiums in a meeting scheduled during the time of the contract.
- Any future premium adjustments and/or escalations must be based on a pre-determined formula which must be included in the tender proposals. The bidders must also provide a scenario of how this formula works through examples.
- Bidders should table their projections on premiums for the three-year period



#### **4.6 Hand over and closure of Claims**

- Upon award of the contract the appointed service provider must with effect from the award date take over the administration of all outstanding claims that happened after the.....but not reported to the previous service provider and those that are still outstanding from the previous service provider as from the award date.
- Within 30 days after the expiry date of the contract the appointed service provider must finalize all claims reported and that occurred during their term of contract.
- By the 30<sup>th</sup> of June have a report of all claims and their status pertaining to that financial year for audit purposes.
- By 30<sup>th</sup> of June give us a detailed report of all outstanding claims apart from the above points, and a plan on how to finalize them within 30 days.

#### **5. INSURANCE FOR AGENCY ASSETS**

Insurance policy to cover all Agency Assets and Public Liability

##### **5.1. Movable Assets:**

- Computer Equipment
- Furniture and Equipment
- Machinery and Equipment
- Transport Assets
- Intangible Assets

##### **5.2. Buildings**

##### **5.3. Electrical Equipment**

#### **6. VALIDITY PERIOD REQUIREMENT**

36 months contract, subject to quarterly performance and the general conditions of contract (including Special General Conditions of Contract)

#### **7. SPECIAL CONDITIONS OF INSURANCE**

- Insured values provided in the proposal is subject to change and cannot be used to prejudice Alfred Nzo Development Agency.
- No information concerning the tender or award of the tender may be made available by the tenderer to other parties without prior consultation and written approval from Alfred Nzo Development Agency

- Alfred Nzo Development Agency reserves the right to terminate the appointment or any part thereof; at any stage of completion should the Agency decide not to proceed with the project/tender process.
- Should the contract between Alfred Nzo Development Agency and the service provider be terminated by either party due to reasons not attributed to the service provider, terms and conditions of the contract will apply.

## **8. COMPLIANCE REQUIREMENTS**

### **Note to Prospective Bidders: Minimum Compliance submissions**

- All bids submitted should remain valid for a period of **90 days after** the bid closing date.
- Valid SARS pin number confirmation certificate to be included.
- Municipal clearance certificate certifying that no municipal rates and service charges are owed by the bidder and any of its directors to Alfred Nzo District Municipality or to any other municipality where the bidder's business operations are located, are in arrears for more than three months/lease agreement/proof of residence.
- Copies of ID Documents and all submitted certificates must be certified with a certification that is not older than 3 months.
- The bid will be evaluated according to the preferential procurement model in the Preferential Procurement Policy Framework Act no.5 of 2000 and PPR 2022.
- Company profile with traceable references
- Joint Venture agreement should be in JV agreement format
- The Alfred Nzo Development Agency is not bound to accept the lowest or any bidder
- Bids received after the published closing date will not be considered and will not be opened
- Bidders are required to submit the CV & qualifications of the Project Manager who will deal with the account of ANDA.
- **All bidders should complete MBD 1, MBD 4, MBD 6.1 MBD 8, & MBD 9**
- All prospective service providers of goods and services and infrastructure procurement are to be registered on Central Supplier Database in order to do business with all organs of state in the Republic of South Africa (**attach CSD report**)



**9. DELIVERABLES / KEY OUTPUTS**

- Pay-outs of claims
- Signing of Service Level Agreements (S.L.A)
- Reports of Additions and Claims Quarterly from service provider appointed

**10. EVALUATION CRITERIA**

The bids will be evaluated in two stages, namely:

- Stage 1 – Capacity to execute work
- Stage 2 - Price and Preferential Points

Only Bidders who score 70% or more on stage 1 would be evaluated further and therefore eligible for the award.

ITEM	Weight
<b>STAGE 1 OF EVALUATION – CAPACITY TO EXECUTE WORK</b>	<b>100</b>
Previous Experience	30
Capacity and Expertise	50
Methodology	20
<b>STAGE 2 OF EVALUATION – PRICE &amp; PREFERENTIAL POINT</b>	
SPECIFIC GOALS- Goal 3	20
Price	80
<b>TOTAL</b>	<b>100</b>

Breakdown for Stage 1:

COMPANY EXPERIENCE WITH RESPECT TO SIMILAR PROJECTS	Weighting
Traceable record for successful completion of a minimum of 10 or more projects of Insurance Services for a Municipal Entity/Municipality/Organisation. <ul style="list-style-type: none"> <li>• Above 10 years – 30</li> <li>• 5 to 10 years – 20</li> <li>• 1 to 5 years – 10</li> </ul> <p><b>Attach reference letter for each job completed to claim maximum points. Reference must be on a letterhead of the referring organisation and must be signed.</b></p>	30



<b>METHODOLOGY</b>		
A detailed breakdown of the tender price and the pricing structure for the three-year period		10
Submission of a Client Portfolio, wherein, the tenderer is required to include at least two (2) lowest clients profiles and two (2) highest client profiles		10
<b>CAPACITY AND EXPRTISE</b>		
The Service Provider must be accredited with:		25
<ul style="list-style-type: none"> <li>• Fellow-status/Fellowship (FIISA) - 5</li> <li>• Associates Insurance Institute of South Africa (AIISA) - 5</li> <li>• Licentiate (LIISA) Certificate of Competence to practise Insurance services. - 5</li> <li>• Membership (MISA) - 5</li> <li>• Grade 12 - 5</li> </ul>		
Qualifications of key personnel to be involved in the administration and management of the Agency Insurance  (Attach CV and Qualifications)		
Tenderer must submit <b>Financial Services Board (FSB) License Certificate</b>		25

Preference points on stage 2 will be allocated as per the following table:

<b>SPECIFIC GOAL 3: COMBINATION OF ANY GOALS</b>	<b>Attachment to claim maximum points</b>	<b>Criteria Points</b>
Business owned more than 50% by Priority population groups (Black/Indian etc.)	CIPC certificate, Certified ID, detailed CSD	15
Business owned more than 50% by Women	CIPC certificate, Certified ID, detailed CSD	3
Business owned more than 50% by Youth	CIPC certificate, Certified ID, detailed CSD	2
<b>TOTAL WEIGHT</b>		<b>20</b>



Proposals must be placed in a sealed envelope and clearly marked: "Project proposal – **THE PROVISION OF INSURANCE SERVICES**" and placed in the tender box in the Alfred Nzo Development Agency not later than

08 JANUARY 2024

For any queries regarding this tender, please contact Ms T. Mtyide at telephone number 039-492-0011 or 078 900 4315 Email: mtyidet@anda.org.za during office hours.

Ms Makhatha for SCM related queries at telephone number 039 4920011, 078 520 4636 during office hours.

Approved/ Not Approved



BSC Chairperson

Comments by Chairperson

*NO comment*

**AUTHORISED BY**



**Mr N.R. Xolo**

**Acting Chief Executive Officer**