



NKANGALA DISTRICT MUNICIPALITY



SHORT TERM INSURANCE PORTFOLIO FOR NKANGALA DISTRICT MUNICIPALITY: 2025-2028

SCOPE OF WORK

Part C3: Scope of Work

C3 Scope of Work



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SHORT TERM INSURANCE PORTFOLIO FOR NKANGALA DISTRICT MUNICIPALITY: 2025-2028

SPECIFICATION AND CONDITIONS OF TENDER

BASIS FOR TENDERING

The Nkangala District Municipality invites tenders to provide Nkangala District Municipality with short term insurance services. This will include services like developing a short term insurance program, provide advice and consultation on short term insurance claims handling and representing Nkangala District Municipality at Insurers, Risk Management Providers and Reinsurance Providers.

Call for technical and performance specifications of a Short Term Insurance with effect from **1 July 2025 to 30 June 2028**. The submitted tenders will be adjudicated in accordance with the technical and performance specifications as outlined in the tender.

It will be required from the selected Short Term Insurance Provider to break the Insurance Portfolio of the Nkangala District Municipality in the local and/or international insurance market in accordance with specific criteria. The emphasis will be on technical proposals made to the Nkangala District Municipality on the most cost-effective placement of the insurance portfolio in the insurance market, taking into serious consideration the mitigation of business risks and financial risks exposures. It will be required from the selected Short Term Insurance Provider to obtain quotations from the insurance market valid for a minimum period of at least 90 (ninety) days in order for the municipality to accommodate presentations and recommendations from the selected Short Term Insurance Provider before final approval of premium and appointment of the Short Term Insurance Provider for a period of 5 (Five) years. Without derogating from the provisions of Section 33 (1) of Act No 56 of 2003, the Municipality reserves the right upon the expiry of the three-year contract to further extend the contract for two years with the successful bidder.

Cognizance should be taken that the appointed Short Term Insurance Provider will not be allowed to increase their insurance premium in year 2 (two) and 3 (three) with more than the CPIx, unless substantiating proof from the quotations received from the insurers reflected a hardening insurance market based on valid known claims incidents. In the event of organic growth of the portfolio including but not limited to inflationary increase of the sums insured and inclusion of additional cover and services



the afore going rule limiting the premium growth to CPIx shall not apply. Quotations received by Short Term Insurance Provider from the insurers must annually with renewal be made available to the Nkangala District Municipality for scrutiny and approval by the Chief Financial Officer.

GENERAL

1. It is emphasized that a contract will not necessarily result from the responses received to this request for proposal the Nkangala District Municipality reserves the right to enter into negotiations with any one or more of the respondents, should it be decided to proceed with the contract.
2. The Nkangala District Municipality reserves the right not to evaluate and/or consider any proposals that does not comply strictly with the requirements as set out in this request.
3. The Nkangala District Municipality reserves the right to make a decision /selection based solely on the information received in the proposals to this request.
4. In order to be considered for this tender you have to be registered with the Financial Services Board (FSB) and a Financial Intermediaries Association (FIA) or any other reputable association recognized by FSB.
5. Furthermore to point 4 you will have to achieve a technical acceptability threshold of 80 out of 100 points in terms of the services required and detailed tender specification.
6. Scoring as indicated in 5. Above will be calculated with the completion of the Compulsory Questionnaire. The number of questions responded to in the affirmative with the necessary proof provided, will be expressed as a % of the total number of questions.

SERVICES TO BE RENDERED

The services to be rendered as a Short Term Insurance Provider over the 3 year period should include general services related to the placement, maintenance and administration of the insurance portfolio. A Service Plan should be drawn annually with inception of a new insurance period detailing the actions to be taken in accordance with the Annual Placement Programme as well as an Annual Maintenance Programme for claims administration. The Portfolio Service and Maintenance Plan should reflect at least the following general insurance actions:

- Internal and external discussions to set renewal and maintenance strategy;
- Internal Strategy meetings;
- Review existing cover;
- Established uninsured risks and internal self-insurance capacity;
- Review cover, limits and sums insured;
- Review uninsured risks and exposure;
- Re-broking and market exercise to obtain renewal terms;
- Alignment of Insurance and Risk Management Philosophy;
- Pre-renewal meeting to discuss excess structures and alternatives of renewal;
- Renewal follow-up on alternative quotations;
- Presentation of renewal terms and recommended options;
- Confirmation of placement and 100% cover;



- Confirmation of credit rating of insurance and re-insurance markets;
 - Premium allocations on recommended aggregates and service fees;
 - Compilation of detailed insurance manual as well as full summary on cover, limits, conditions and exclusions;
 - Check and provide issued policy as well as legal confirmation of statutory compliance;
 - Compilation of claims procedural manual
 - Ad hoc adjustments and endorsements on sums insured and declarations to insurers/re-insures;
 - Day-to-day correspondence and queries;
 - Monitor premium payments and refunds in accordance with accounts and statement;
- Ad hoc training where required in terms of policy and procedural manual.



DETAILED TENDER SPECIFICATIONS

CLAIMS ADMINISTRATION

1. Administration of claims reported to the Insurance Provider;
 - The Insurance Provider will acknowledge receipt of claims forms and confirm all claims in writing to the Nkangala District Municipality in 7 (seven) days after receipt of the notification of the incident.
 - If the claim is accepted by the Insurer an Agreement of Loss will be generated and forwarded to the Insurance Section of the Nkangala District Municipality within 7 (seven) days after receipt of all the applicable documentation and claim has been accepted by the Insurer.
 - In cases where no Agreement of Loss is applicable, final invoice will be submitted by the Nkangala District Municipality in reasonable time.
 - The Insurance Provider will assist the Insurance Section with the administration of claims in order to finalize all outstanding claims i.e. obtaining of reports, invoices, quotations etc.
 - The Insurance Provider will provide statistics on all claims/ declarations made per month not later than the 2nd working day of the following month to the Insurance Section.
 - The claims handling should be done in-house at the Insurance Provider Company and not outsourced.
2. Scheduling and coordinating of claims meetings.
 - The Insurance Provider will schedule and coordinate a monthly claims meeting and meetings when required (ad-hoc) by the Insurance Section of the Nkangala District Municipality.
 - The purpose of the meeting will be to discuss all claims as per the applicable Insurance Policies reported by the Insurance Section of the Nkangala District Municipality to the Insurance Provider and to monitor the progress of all insurance claims reported to and authorized by the Insurance Provider.
3. Appointment of Investigators, Loss Adjusters and Assessors
 - Short Term Insurance Services companies must have a mandate to appoint assessors immediately.
 - Short Term Insurance Services companies must ensure that all investigators, loss adjusters and assessors acting on their and the insurers behalf are appropriately qualified in the field they are investigating and act in a professional manner.
 - Short Term Insurance Services companies must ensure that the loss adjusters, assessors and investigators do not intimidate or threaten Nkangala District Municipality and its employees for information.
 - There must be no commissions or other incentives paid to investigators, loss adjusters and assessors, except for the set fees charged.



Please submit proof of mandate.



PREQUALIFICATION

Applications only from companies who can attest to and provide the following;

- a. South African based Insurance organization
- b. Provision of latest financial statements including
 - Income Statement
 - Balance Sheet
- c. Resources – details of full time employees being account directors, technicians, broking and other staff that may be utilized on this account, based in South Africa.



ADDITIONAL CONDITIONS

1. Tenderers may approach all Insurers complying with the relevant statutory solvency and other requirements.
2. Tenderer's proposals should be accompanied by a detailed summary of the salient features of your recommended insurance structure.
3. Support for the tenderer's proposals should be evidenced by a signed participation confirmation from Insurers/Reinsurers who will support your recommended structure at the terms, conditions and exceptions proposed by yourselves.
4. All premiums are to be rounded off to the next full rand. Where extensions are granted free of charge, please state "free" in the premium column. All premiums quoted are to INCLUDE VAT. Should a deposit premium apply, it must be shown and a full explanation must be given as to how the deposit premium will operate. Nevertheless only the 100% or maximum premiums must be shown in the summary page of insurance cost. If your policy is subject to declarations, please advise how it would affect the premium.
5. The tender must disclose the insurer or consortium of insurers on each policy type as well as the type of policy wording as indicated in tender documents.
6. Failure to comply with the above requirements may render the Tender invalid at the option of the Council.
7. Particulars of property, sums insured and limits of indemnity are based on the existing sums insured / limits. However, the Council reserves the right to adjust details, if necessary, at the final placement of the insurance, as well as during the period of the contract.
8. The minimum requirement in respect of policy conditions, limitations and exceptions are equal to a Multimark III policy wording. Policy wordings that are tailor made for local authorities with wider cover would be an advantage.
9. If any limitations and/or uncommon conditions and exclusions are to be imposed, this must be stated very clearly in respect of each class of insurance of the policies.
10. Deductibles are to be shown clearly, otherwise the Council will assume that no deductible will apply and this may not be rectified afterwards.
11. Your tender is to be valid until 30 June 2025 and Insurers will undertake not to amend their terms.
12. This contract will be valid from 1 July 2025 to 30 June 2028. An extended term may be negotiated. The Council reserve the rights to review the contract annually or at any stage in the event of material breach of the service level agreement.
13. The premium stated will be the inclusive of VAT premium for a period of twelve (12) months as from 1 July 2025.



14. The premium payment for the period from 1 July 2025 must be made on or before inception of cover upon receipt of all tax invoices by Council. In the event of an increase or decrease in assets and insurable interests, the premium will be adjusted accordingly. The Council may deduct any amount owing to the Council by the short-term insurance provider under any of the provisions of this contract from any amount owing in respect of this insurance Portfolio. Cover must remain in force during the period that this requirement applies.

However, please indicate whether or not a monthly facility is available.

15. No tender will be considered, unless accompanied by sufficient information so as to indicate that the amount tendered will include the total cost of the insurance premium.

16. Insurance Markets

16.1 Does your proposed market have experience with Local Authorities?

16.2 Are your insurance policies specially designed for local authorities?

16.3 Please provide copies of your insurance policies

16.4 Please provide proof of support by the insurers or underwriters for all classes of Insurance that you have tendered for

17. Fees

Short Term Insurance Services companies must specify in full, and disclose clearly all fees, commissions or any other remuneration, in cash or in "natura"; which they will charge or receive per annum in respect of their appointment were they to be appointed as envisaged in the bid. The fee for servicing Nkangala District Municipality's portfolio must be shown clearly. No hidden costs will be accepted.

The fees must be VAT inclusive. The fees will be a fixed amount for a period of one year. After which period it will be adjusted accordingly to the specified formula in the bid documents. Adjustments of this fees will be done annually in June.



NKANGALA DISTRICT MUNICIPALITY			
3 Years Claims Experience as at 28/02/2025			
CLASS	2022/2023	2023/2024	2024/ 2025
Combined	R150 823.49		
Business Interruption			
Office Contents	R44 805.00		R24 659.74
Accounts Receivable			
Business All Risks	R117 286.43		
Theft	R150 823.49		
Money			
Fidelity Guarantee			
Transit			
Glass			
Difference in Cover			
Stated Benefits			
Group Personal Accident			R2 000 000.00
Electronic Equipment	R950 354.09	R4 015.65	R87 483.48
Machinery Breakdown			
Machinery Breakdown (Interruption)			
Motor Fleet Own Damage	R515 889.11	R28 273.53	R112 976.30
Motor Fleet Glass			
Motor Vehicles Exceeding R500K			
Public Liability	R26 030.89		
Employers Liability			
Motor Liability			
Contractors All Risk			
Sasria Non Motor			
Sasria Motor			
GRAND TOTAL			
1. All claims paid/outstanding are GROSS figures			
2. All claims are exclusive of VAT			