

# **SECTION 2: SPECIAL CONDITIONS, SPECIFICATIONS, TERMS OF REFERENCE, BID EVALUATION AND PRICING SCHEDULE**

Initials of Service Provider's Authority: .....

## SECTION 2.1: SPECIAL CONDITIONS OF CONTRACT

- 2.1.1 Any deviations, limitations or unfamiliar conditions must be clearly stipulated in respect of each policy type.
- 2.1.2 **Premiums** must be submitted **per insurance section per year** in the format under 2.5. A 3 year claims history, short term detail and short term summary will form part of the tender document as annexures to be considered when premiums are determined.
- 2.1.3 Detailed information in respect of **excess fees** must be submitted **per insurance section per year**.
- 2.1.4 **The bids must be fixed for the 2026/27 financial year of the municipality and escalation for 2027/28 and 2028/29 financial years must be indicated. Notice must be taken that the items to be insured may vary for the 2027/28 and 2028/29 financial years and will be subjected to negotiations with the successful bidder.**
- 2.1.5 **A report must be provided to the Municipality on a monthly basis in respect of all claims measured against the total premiums paid. Additional to this report the insurers must provide on a monthly basis, before the 3rd working day of the following month, a report of outstanding claims inclusive of the claim number, date of incident, date reported, progress with the claim and the reason why it is not solved.**
- 2.1.6 **Any claim that is rejected by the insurance company must be supported by a motivation by the broker based on legal grounds. The Municipality reserves the right to reconsider any opinion received, to refer it back to the broker for another opinion or recommendation. The Municipality will under no circumstances communicate directly with the Insurers regarding any aspects of a claim.**
- 2.1.7 The contract will be for a period of three (3) years (1 July 2026-30 June 2029).
- 2.1.8 All the quotations obtained as per paragraph 2.1.4 must be retained and be available for inspection by the Municipality if necessary. **A summary of quotations must be included in the tender document and failure to do so, may lead to disqualification.**
- 2.1.9 Once the tender is awarded to an Insurance Broker, such broker will be responsible to deal with all aspects of claims as the Municipality will not communicate directly with the legal advisor of the broker, outside bodies or the Insurance Company where the insurance is placed.
- 2.1.10 During the term of the contract, interim invoices will be paid by the municipality within 30 days from invoice date and credit amounts must be deposited into the bank account of the municipality within 30 days from credit note date by the insurer. Offsetting of credits against debits (and vice versa) is not allowed.
- 2.1.11 **The bidder must submit proof of registration as an authorized financial service provider** and must confirm the name of the service consultant and whether he/she complies with the Financial Advisory and Intermediary Services Act (Act 37 of 2002). A certified copy of the certificate must be attached to the tender submission.
- 2.1.12 **The bidder must submit proof of registration as a professional insurance broker** with the South African Financial Services Intermediaries Association (SAFSIA), and whether he/she/it is able to provide the necessary guarantees as required by SAFSIA. A certified copy of the certificate must be attached to the tender submission.
- 2.1.13 The bidder must submit a comprehensive profile, including a detailed exposition of experience / ability in respect of insurance for local authorities and a list of client municipalities, and state whether or not it has a specialist section for municipal insurance management.
- 2. 1.14 The tender must indicate the compensation limit in respect of the Broker's professional accountability.
- 2. 1.15 Full particulars must be provided regarding the services that will be delivered to the Hessequa Municipality. Full details must be provided of personnel (number, position, experience, etc.) that will be available to service the Municipality's account.

**Failure to adhere to the beforementioned may result in your tender being declared non-responsive.**

**DECLARATION,**

**I, THE UNDERSIGNED [NAME] ..... CERTIFY THAT THE INFORMATION  
FURNISHED ABOVE IS CORRECT. I ACCEPT THAT THE MUNICIPALITY MAY EXERCISE DUE CONSEQUENCE  
MANAGEMENT AGAINST ME SHOULD THIS DECLARATION PROVE TO BE FALSE.**

**AUTHORISED SIGNATURE: .....**

**NAME: .....**

**CAPACITY: .....**

**DATE: .....**

## SECTION 2.2: SPECIFICATIONS

### 2.2.1 INTRODUCTION

The Municipality hereby invites tenders from reputable Short-term Insurance Intermediaries, who are registered as financial service providers in terms of the Financial Advisory and Intermediary Services (F.A.I.S.) Act, 2002 (Act No. 37 of 2002) for the Management of the Short-term Insurance Portfolio of the Municipality for a contract period from 1 July 2026 to 30 June 2029.

### 2.2.2 BACKGROUND

Section 78(1) (e) of the Municipal Finance Management Act, No. 56 of 2003, states that "Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that the assets and liabilities of the municipality are managed effectively and that assets are safeguarded and maintained to the extent necessary."

In order to comply with the above Act and to ensure that the Municipality's assets are adequately insured, and any risk exposure is minimized, the Municipality needs to appoint a Service Provider to perform the following functions:

- 2.1.2.1 Negotiate and place the Municipality's insurance portfolio with insurance underwriters and present the underwriting terms to the Municipality for acceptance each year;
- 2.1.2.2 Administer the Municipality's short-term insurance portfolio; and
- 2.1.2.3 Assess the Municipality's insurance cover and provide advice on adequate cover to be taken out.

The renewal of the insurance portfolio normally falls in line with the Municipality's financial year-end and therefore has to be renewed by 30 June each year to ensure that the Municipal assets are insured, and the liabilities are minimized.

The current contract for a Short-term Insurance Intermediary will expire on 30 June 2026. The insurance portfolio will then be placed with the successful bidder as from 01 July 2026.

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### DECLARATION,

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Initials of Service Provider's Authority: .....

## SECTION 2.3: TERMS OF REFERENCE

### 2.3.1 OBJECTIVES

The Municipality invites suitably experienced insurance brokers to tender for managing the short-term insurance portfolio of the Hessequa Municipality.

### 2.3.2 SCOPE OF WORK

Tenders will be for a period of three years, from 1 July 2026 to 30 June 2029.

	COMPLY YES/NO	PAGE TO REFERENCE
<p><b>Placement of the Municipality's Insurance Portfolio – Effective for period up to 30 June 2029</b></p> <p>The appointed Service Provider will be required to perform the following:</p> <p>2.3.2.1 Assess the Municipality's insurance requirements as reflected in the Tender Specification;</p> <p>2.3.2.2 Submit the Municipality's information with regard to the latest insurance statistics to the proposed Insurance Underwriters;</p> <p>2.3.2.3 Negotiate with the Insurance Underwriters on suitable insurance terms and premiums based on the quotations obtained by the Service Provider in satisfaction of this tender;</p> <p>2.3.2.4 Attend insurance pre-placement meeting(s) with the Municipality to discuss the underwriting terms and premiums, if and when required;</p> <p>2.3.2.5 Advise the Municipality and provide quotations on additional insurance cover that might be necessary to take out to ensure that the Municipality's risk is minimized;</p> <p>2.3.2.6 Place the Municipality's insurance portfolio with the Insurance Underwriters and provide the Municipality with written confirmation thereof together with details of the insurance cover placed.</p>		
<p><b>Underwriting Administration</b></p> <p>The appointed Service Provider will be required to perform the following:</p> <p>2.3.2.7 Provide quotations on any additional insurance cover required by the Municipality and place the insurance cover with the Insurance Underwriters on the Municipality's instruction and provide the Municipality with written confirmation thereof together with details of the insurance cover placed;</p> <p>2.3.2.8 Meet with the Municipality's Officials whenever required by either party to discuss or advice on insurance cover. The Service Provider's staff members required at these meetings will depend on the technicality of the issues to be discussed.</p>		

<p><b>Claims Administration</b></p> <p>The Appointed Service Provider will be responsible to handle all aspects of claims as the Municipality will not communicate directly to any legal representatives of the service provider, third parties or the Underwriter where the insurance is placed. The appointed Service Provider will be required to perform at least the following:</p> <p>2.3.2.9 Administer all the Municipality's insurance claims which fall under the various categories of the insurance policies;</p> <p>2.3.2.10 Administer all claims received by the Municipality from third party's claiming for personal injury or damage to their property. This includes liaising with the third parties on the Municipality's behalf;</p> <p>2.3.2.11 Provide a motivation, based on substantive legal grounds, for all claims that are rejected by the Insurance Company. The Municipality reserves the right to reconsider any opinion received, to refer it back to the Broker for another opinion or recommendation. The Municipality will under no circumstances communicate directly with the Underwriter regarding any aspects of a claim;</p> <p>2.3.2.12 Submit monthly updated reports in respect of all of the Municipality's claims submitted, indicating the status of each claim;</p> <p>2.3.2.13 Meet with the Municipality's relevant officials, individually or in groups, whenever required by either party to discuss or advice on insurance claims.</p>		
<p><b>Renewal / Placement of the Municipality's Insurance Portfolio – Effective from 01 July 2027 and 01 July 2028 respectively</b></p> <p>The appointed Service Provider will be required to perform the following before the renewal in respect of each year:</p> <p>2.3.2.14 Assess the Municipality's insurance requirements as reflected in the insurance policy;</p> <p>2.3.2.15 Compile updated information for the Municipality with regard to the latest insurance statistics and submit this information to the Insurance Underwriters;</p> <p>2.3.2.16 Negotiate with the Insurance Underwriters on suitable insurance terms and premiums based on the Municipality's existing insurance cover and updated asset register;</p> <p>2.3.2.17 Attend insurance pre-renewal meeting(s) with the Municipality in May / June 2027 and in May / June 2028 respectively to discuss the underwriting terms and premiums;</p> <p>2.3.2.18 Advise the Municipality and provide quotations on additional insurance cover that could become necessary to be taken out to ensure that the Municipality's risk is minimized;</p> <p>2.3.2.19 Renew the Municipality's insurance portfolio with the Insurance Underwriters by no later than 30 June 2027 and 30 June 2028 respectively and provide the Municipality with written confirmation thereof, together with details of the insurance cover placed by</p>		

30 June 2027 and 30 June 2028.		
<p><b>Handling of Outstanding Claims</b></p> <p>2.3.2.20 The current Service Provider will remain responsible for the administration and finalization of all existing outstanding / open claims as at 30 June 2026, including claims with date of loss up to 30 June 2026, but only discovered and submitted on or after 01 July 2026;</p> <p>2.3.2.21 Public Liability claims are dealt with on a claims-made basis, therefore any Public Liability claims received up to 30 June 2026 will be dealt with by the current Service Provider. Public Liability claims received on or after the commencement date of the contract with the newly appointed Service Provider will be dealt with by the newly appointed Service Provider, even where the actual date of loss is before said date.</p>		
<p><b>Training of staff and active skills transfer / capacity building</b></p> <p>2.3.2.22 Provide daily assistance and guidance with administration of claims;</p> <p>2.3.2.23 Provide daily assistance and guidance with general enquiries regarding insurance policy conditions and wordings;</p> <p>2.3.2.24 Provide a briefing workshop, if and when needed, to relevant municipal officials regarding the insurance policy conditions and wording after the Municipality's insurance portfolio has been placed in the insurance market;</p> <p>2.3.2.25 Provide training sessions as and when required on insurance related matters.</p>		
<p><b>The insurance broker must:</b></p> <ul style="list-style-type: none"> <li>i) Ensure that the Municipality has insurance cover as instructed by the Municipality;</li> <li>ii) Act as representative for the Municipality with the underwriter;</li> <li>iii) Ensure that the interest of the Municipality, its customers and clients is conveyed to the underwriter and is protected at all times;</li> <li>iv) Provide legal advice with regard to claims lodged against the Municipality;</li> <li>v) Advise the Municipality on any potential risk not covered by the insurance cover / Advise the Municipality of potential under insurance; and</li> <li>vi) Ensure that the management of the Municipality is informed on the progress of all claims.</li> </ul> <p>The main areas on which the tender will be evaluated with regards to functionality are:</p> <ul style="list-style-type: none"> <li>• Profile.</li> <li>• Ability to handle and settle claims.</li> <li>• Legal support.</li> <li>• Approach and Methodology</li> </ul>		

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| • Liquidity of insurer. |  |  |
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