



**KwaZulu-Natal**

**LIQUOR AUTHORITY**

## **TERMS OF REFERENCE**

### **INSURANCE BROKERS TO RENDER SHORT TERM INSURANCE SERVICES**

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## **TERMS OF REFERENCE**

Appointment of Experienced Insurance Brokers to render short term insurance services to the KwaZulu Natal Liquor Authority (KZNLA) for a period two (2) years as from 1 August 2023.

## **INTRODUCTION**

KwaZulu-Natal Liquor Authority (KZNLA) is a listed provincial public entity under the KwaZulu-Natal Department of Economic Development Tourism and Environmental Affairs (KZN EDTEA). The entity's mandate is to ensure proper regulation and control of the retail sale and micro-manufacture of liquor in the province of KZN through effective policies, strategies and partnerships.

### **1. PURPOSE:**

The KZNLA needs Comprehensive Insurance Cover on all its assets, which include buildings, office equipment and contents, vehicles and various other items. The current insurance cover will expire at the end of July 2023.

### **2. OBJECTIVES:**

The KZNLA intends to enter into a formal contract with an experienced, sustainable Service Provider to render short term insurance services to the KZNLA on the most cost-effective placement of the Insurance Portfolio in the insurance market. It will also be required to provide the KZNLA with advice and consultation on short term insurance, claims handling and to represent the KZNLA at Insurers, Risk Management Providers and Reinsurance Brokers

### **3. SCOPE OF BIDDER**

The contract is for comprehensive Insurance Cover on the assets of the KZNLA from experienced Insurance Brokers and to render short term insurance services. The contract will be for two (2) years starting from 1 August 2023.

#### **3.1. PLACEMENT OF INSURANCE COVER**

It will be required from the selected Short-Term Insurance Brokers to place the Insurance Portfolio of the KZNLA in the Local and/or International Insurance Market in accordance with specific criteria. The emphasis will be on technical proposals made to the KZNLA on the most cost-effective placement of the Insurance Portfolio in the Insurance Market, taking into consideration the mitigation of business risk and financial risks exposures.

#### **3.2. APPOINTMENT OF INVESTIGATORS, LOSS ADJUSTERS AND ASSESSORS:**

Short Term Insurance Brokers must have a mandate to appoint assessors immediately. Please submit proof of mandate. Short Term Insurance Brokers 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 professionally. Short Terms Insurance Brokers must ensure that the loss adjusters, assessors and investigators do not intimidate or threaten the KZNLA employees and members of the public for information. There must be no commission or other incentives paid to investigators, loss adjusters and assessors, except for set fees charged.

### **3.3. SERVICES TO BE RENDERED:**

The services to be rendered as a Short-Term Insurance Broker over the two (2) year period must include general services related to the placement, maintenance and administration of the insurance portfolio. A Service Plan should be drawn annually with the inception of a new insurance period detailing the actions to be taken in claims administration and processes to be used to determine premiums to be paid annually. The Portfolio Service must reflect but not limited to 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 reinsurance markets;
- Premium allocations on recommended aggregates and service fees;
- Compilation of detailed insurance manual as well as a full summary on cover, limits, conditions and exclusions;
- Service Plan on Risk Financing and Engineering;
- Provision of underwriting surveys and EML/MPL on five key strategic risks including business interruption reports;
- Update of risk control, reports, surveys and EML/MPL;
- Check and provide issued policy as well as legal confirmation of statutory compliance;
- Claims administration and maintenance as set out in detailed specification inclusive of motor, non-motor, COID and legal liability claims;
- Six monthly claims audit and recommendations;
- Compilation of claims procedural manual in accordance with manual and electronic version;
- Post loss surveys;
- Ad-hoc adjustments and endorsements on sums insured and declarations to insurers/re-insurers;
- Day-to-day correspondence and queries;
- Monitor premium payments and refunds in accordance with accounts and statement;
- Workshopping and training of KZNLA staff in terms of policy and procedural manual;
- Assist in drafting and approval of KZNLA internal insurance policy document.

### **3.4. INSURANCE COVERS:**

- Combined
- Office Contents

- Business All Risks
- Theft/Burglary
- Glass
- Money
- Fidelity Guarantee
- Group Personal Accident
- Stated Benefits
- Public Liability
- Electronic Equipment
- Machinery Breakdown
- Motor Fleet
- Employers Liability
- Directors and Officials
- SASRIA-Non-Motor
- SASRIA –Motor

### **3.5. CLAIMS ADMINISTRATION:**

#### **1. Administration of claims reported to the Insurance Broker;**

- The Insurance Broker will acknowledge receipt of claims forms and confirm all claims in writing to the KZNLA within five (5) days after receipt of the notification of the incident.
- Where applicable the loss adjuster is to be appointed within five (5) days after the acknowledgement of receipt being sent by the broker to the KZNLA.
- If the Insurer accepts the claim, an Agreement of Loss will be generated and forwarded to the Insurance Section of the KZNLA five (5) 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, the final invoice will be submitted by KZNLA within 10 days.
- The Insurance Broker will assist the Insurance Section of the KZNLA with the administration of claims to finalize all outstanding claims i.e. obtaining of reports, invoices, quotations etc.
- The Insurance Broker will provide statistics on all claims/declarations made per month not later than the 7<sup>th</sup> working day of the following month to the Insurance Section.

#### **2. Scheduling and coordinating of claims meetings;**

- The Insurance Broker will schedule and co-ordinate a quarterly claims meeting and ad-hoc meeting as and when required by the Insurance Section of the KZNLA.
- The purpose of the meeting will be to discuss all claims reported by the Insurance Section to the Insurance Broker and to monitor the progress of all insurance claims reported to and authorized by the Insurance Broker.

### **COMPULSORY QUESTIONNAIRE:**

**PLEASE NOTE THAT YOU MUST BE REGISTERED WITH THE FINANCIAL SERVICES BOARD AND A SOUTH AFRICAN FINANCIAL SERVICES INTERMEDIARY ASSOCIATION OR ANY OTHER REPUTABLE ASSOCIATION RECOGNISED BY THE FINANCIAL SERVICES BOARD TO BE CONSIDERED FOR THIS BIDDER. A VALID CERTIFIED COPY OF YOUR REGISTRATION CERTIFICATES AND NUMBERS MUST BE ATTACHED TO YOUR BIDDER. FAILURE TO DO SO WOULD RESULT IN DISQUALIFICATION.**

IF YOU COMPLY WITH THE TWO REQUIREMENTS ABOVE THE FOLLOWING QUESTIONS MUST BE ANSWERED BY THE BIDDER. WHERE A YES IS INDICATED SUBSTANTIATING VALID EVIDENCE MUST BE SUPPLIED. IF THE QUESTIONS ARE NOT ANSWERED AND APPLICABLE CERTIFIED VALID DOCUMENTS NOT ATTACHED WHERE REQUIRED THE BIDDER WILL BE DISQUALIFIED.

|                                                                                                                                                                                                                                                                                                                             | YES | NO |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|
| 1. Are you a South African based Insurance Broking Organization, with offices in Gauteng Province?(If yes attach valid documentary proof e.g. Business Street Address, etc.)                                                                                                                                                |     |    |
| 2. Will you be outsourcing more than 25% of your services to other brokers or parties?(If yes provide equity ownership and Historically Disadvantaged Individual status of the beneficiary broker or partners to whom part of the contract will be outsourced)                                                              |     |    |
| 3. Is your service team to be utilized on this tender FAIS compliant and registered with the Financial Services Board?(If yes attach a valid certified confirmation from the Financial Services Board reflecting the individuals registered)                                                                                |     |    |
| 4. Do you have 24 hours Motor Claims reporting System? (If yes, provide details)                                                                                                                                                                                                                                            |     |    |
| 5. Do you have Professional Indemnity cover? (If yes must provide a valid certified copy of your Professional Indemnity cover)                                                                                                                                                                                              |     |    |
| 6. Do you have Fidelity Guarantee cover?                                                                                                                                                                                                                                                                                    |     |    |
| (If yeas must provide a valid certified copy of your Fidelity Guarantee cover)                                                                                                                                                                                                                                              |     |    |
| 7. Do you have any agency with specific insurers? (If yes must attach valid certified correspondence from each insurer)YESNO                                                                                                                                                                                                |     |    |
| 8. Do you have a dedicated service team who will be allocated to WRDM Insurance Portfolio?(If yes, attach an organogram of the service team and their relevant curriculum vitae. Please note that the curriculum vitae will only be considered if the employees have at least two(2) years short term insurance experience) |     |    |
| 9. Is your Black Economic Empowerment status in line with the minimum requirement of the Financial Services Charter and has your status been verified and rated by any independent and reputable rating agency?(If yes provide full details of rating and by whom)                                                          |     |    |
| 10. Have you been appointed in the past 5 years as a short term insurance broker on an insurance portfolio in excess of R1 billion assets?(If yes must provide the names of these clients, the contact person and contact details )                                                                                         |     |    |

|                                                                                                                                                                                                                |  |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| 11. Have you been appointed as a short term insurance broker on a municipal portfolio in the past 5 years?(If yes must indicate the name of the municipality, the contact person and contact details )         |  |  |
| 12. Have you dealt with individual claims above R100 000.00 in the past 3 years?(If yes, list these claims by client, contact person, telephone number, claim description, claim amount and settlement amount) |  |  |
| 13. Do you have an electronic insurance claims administration system that will be made available to the clients?(If yes, indicate the name of the system and claims handling capacity of the system)           |  |  |

SIGNATURE OF BIDDER: \_\_\_\_\_

## **SPECIFICATION AND ADDITIONAL CONDITIONS OF BID CONTRACT PERIOD**

### **CONTRACT PERIOD**

The contract period shall entail a minimum period of one (2) years from the date of commencement of the contract. A service contract between the KZNLA and appointed Service Provider will be entered into before the commencement of the contract. The contract will commence on 1 August 2023.

### **TERMINATION OF CONTRACT**

Notwithstanding anything contained in this agreement, the Entity reserves the right to terminate this contract by giving three (3) months written notice to this effect.

### **CRITERIA FOR EVALUATION OF BIDDER AND CONDITIONS OF CONTRACT**

The table below details the criteria and points on which recommendations for appointment will be based:

### **EVALUATION CRITERIA**

A three (3) phase evaluation criteria will be considered in evaluating the bid, being:

#### **Phase 1: Administrative (Mandatory) Requirements**

- BBBEE level 1 contributor
- Central Supplier Database (CSD) registration;
- Signed standard bid documents (SBD Forms); and
- Company registration certificate.

#### **Phase 2: Functional/technical Evaluation**

Functionality is out of 60 points; bidders will need to obtain 70% or more on functionality to be further evaluated in terms of the 80/20 preference point system in the Preferential

Procurement Policy Framework Act, 5/2000 and preferential procurement regulation of 2017. If any total minimum score for any criterion is zero-rated, the Bidder will be rejected, even if the required 30 points out of 60 points are scored.

**Phase 3:** (Price and B-BBEE status level contributor).

| ITEM     | EVALUATION CRITERIA FOR QUALITY CRITERIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | WEIGHTING | FINAL ASSESSMENT |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------|
| <b>1</b> | <b>Company track record and experience</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>30</b> |                  |
|          | <p>Reputable track record in carrying out assignments of this nature described or implied in this document at other municipalities and/or other government institutions</p> <ul style="list-style-type: none"> <li>• 1 appointment letter and its reference letter = 10 points</li> <li>• 2 appointment letters and their reference letters = 15 points</li> <li>• 3 appointment letters and their reference letters = 20 points</li> <li>• 4 appointment letters and their reference letters = 25 points</li> <li>• 5 or more appointment letters and their reference letters = 30 points</li> </ul> <p>Attach appointment letters accompanied by reference letters to claim points.</p> |           |                  |
| <b>2</b> | <b>Financial Stability of the broker</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>10</b> |                  |
|          | <p>Service Provider must provide three (3) years audited and signed off. Financial Statement by Auditors/Accountants, in accordance with the Companies Act, Act No. 71 of 2008, for the past three (3) consecutive and concurrent years (e.g.: 2021/ 2020/ 2019) where the company's financial stability will be assessed for the full three financial year period.</p> <ul style="list-style-type: none"> <li>• Three years consecutive and signed-off financial statements provided which reflect financial stability for the three years = 10points</li> <li>• Non-provision of three years consecutive and concurrent financial statements not provided= 0 Points</li> </ul>          |           |                  |
| <b>4</b> | <b>Experience of the Project Team</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>20</b> |                  |

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |           |  |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--|
|  | <p>Provide CV of the Account Manager and at least two other Key Personnel to be assigned to KZNLA, detailing the experience and expertise including the number of years in compiling and managing similar projects.</p> <p><b>Account Manager</b></p> <ul style="list-style-type: none"> <li>• More than 5 years' experience = 10 points</li> <li>• 3-5 years' experience = 8 points</li> <li>• Less than 3 years' experience = 4 points</li> <li>• No experience = 0 points</li> </ul> <p><b>Other Key Personnel</b></p> <p>Provide CV of at least two personnel to be assigned to KZNLA</p> <ul style="list-style-type: none"> <li>• More than five years' experience = 5 points</li> <li>• 3-5 years' experience = 4 points</li> <li>• Less than 3 years' experience = 3 points</li> <li>• No experience = 0 points</li> </ul> |           |  |
|  | <b>TOTAL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>60</b> |  |

#### EXPERIENCE

The company should have undertaken at least three (3) projects of a similar nature and magnitude, with other municipalities. These projects must be indicated in the proposal and contact details for reference must be provided.

#### EXPERTISE

The Service Provider and project leaders must have adequate knowledge of insuring and administering insurance-related matters of municipalities.