

## QUESTION AND ANSWER PACK

### **BID RAF/2023/00029: STANDARD FORMULAE FOR CALCULATION OF LOSS OF EARNINGS, LOSS OF SUPPORT AND GENERAL DAMAGES FOR ROAD ACCIDENT FUND CLAIMS.**

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| 1 | Q | How is the system fitting in for the claimant. At which stage is the system being used?                                                                                                                                                                                                                                             |
|   | A | The system is expected to cover the full claim process i.e., from the time of the accident to the finalization of the claim                                                                                                                                                                                                         |
| 2 | Q | Why is the internal actuarial department not working on the standard formula?                                                                                                                                                                                                                                                       |
|   | A | A formula designed by an external entity will offer independence                                                                                                                                                                                                                                                                    |
| 3 | Q | Gazetting. Will the standard formula apply to cases submitted before the development of the standard formula                                                                                                                                                                                                                        |
|   | A | The specific legal aspects of the standard formula will be determined after gazetting.                                                                                                                                                                                                                                              |
| 4 | Q | Will the bidder be required to provide a solution on how to handle old cases i.e., cases submitted before gazetting of the standard formula                                                                                                                                                                                         |
|   | A | Yes                                                                                                                                                                                                                                                                                                                                 |
| 5 | Q | What happens with multiple models in the development of the standard formula. If there are iterations in the development of the standard formula, will the bidder be required to submit iterations.                                                                                                                                 |
|   | A | The bidder is required to provide the final formulae/model/solution                                                                                                                                                                                                                                                                 |
| 6 | Q | Will the appointed service provider consult with IT regarding the interface or tool                                                                                                                                                                                                                                                 |
|   | A | Yes                                                                                                                                                                                                                                                                                                                                 |
| 7 | Q | For a joint venture, how will the years of service be allowed for? Is it the years of the oldest venture or is it the average                                                                                                                                                                                                       |
|   | A | The years oldest venture.                                                                                                                                                                                                                                                                                                           |
| 8 | Q | a. In general terms, who do you see as being the primary user of this product/platform (e.g., Claimant, Claimant's Attorney, RAF Claims Handlers, Medical Experts)?<br>b. Would this product be used by specific RAF departments only (e.g., Direct Claims), or is it to be used by all departments (including represented claims)? |
|   | A | a. The primary users will be all the above-named parties.<br>b. The product will be used by all RAF departments and all stakeholders involved in a claim                                                                                                                                                                            |
| 9 | Q | For the General Damages formulae:                                                                                                                                                                                                                                                                                                   |

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|    |   | <p>a. Are Medical Expert opinions to be obtained regarding the nature &amp; extent of injuries (Narrative Test, WPI etc.) before using the product to calculate the award?</p> <p>b. If not, on what basis is the General Damages award expected to be determined?</p>                                                                                                                                                               |
|    | A | <p>a. The bidder's proposal will specify how to incorporate general damages in the formula. The decision to include or exclude medical experts' rests with the bidder.</p> <p>b. The bidder's proposal will determine the basis for general damages.</p>                                                                                                                                                                             |
| 10 | Q | <p>a. For the Earnings Progressions (LOE/LOS), which stakeholders (experts?) will be contributing to the relevant inputs (if any), including the nature of the injuries and residual earnings capacity?</p> <p>b. Is actual data/collateral going to be used in the progressions (e.g., the claimant's payslips, tax data etc.)?</p> <p>c. Who will be interpreting this data and inputting it into the model?</p>                   |
|    | A | <p>a. The bidder's proposal will specify the experts to contribute to the development of the formula.</p> <p>b. The bidder's proposal will specify the collateral to use and how it is to be used.</p> <p>c. The bidder's proposal will specify details of data interpretation</p>                                                                                                                                                   |
| 11 | Q | Under Scope of Work, it says "Standardised formulae need to be completed within 2 months after award" – does this allow for additional time for extra phases (i.e., training, integration with RAF systems etc.), or is the expectation that ALL tasks under the Scope of Work are to be completed within the 2-month deadline?                                                                                                      |
|    | A | All tasks under the Scope of Work are to be completed within the 2-month deadline                                                                                                                                                                                                                                                                                                                                                    |
| 12 | Q | For court appearances (of the model defence), what rates will be chargeable?                                                                                                                                                                                                                                                                                                                                                         |
|    | A | Details of rates will be disclosed to the appointed bidder                                                                                                                                                                                                                                                                                                                                                                           |
| 13 | Q | <p>a. Is the expectation for the model to produce a report (PDF document), highlighting the methodology of the calculation?</p> <p>b. Would this report need to be used in court?</p> <p>c. Would this report be signed off by the lead Actuary (or relevant expert/s) or would RAF take on accountability as ownership passes to them?</p>                                                                                          |
|    | A | <p>a. The model is expected to produce a report, highlighting the methodology of the calculation. Details of the format of the report (e.g., PDF) are not specified. Bidder to specify details in the bid submission</p> <p>b. Yes, the report must be admissible in court</p> <p>c. Specific details on the contents of the report and signatures are not specified in the bid. Bidder to specify details in the bid submission</p> |
| 14 | Q | Is the expectation that the formulae present a single loss figure per Category (LOE/GD), or a range of losses that can be interpreted by the user(s)?                                                                                                                                                                                                                                                                                |
|    | A | The bidder's submission will specify whether the model will provide a single loss figure or a range of values                                                                                                                                                                                                                                                                                                                        |
| 15 | Q | Should the product factor standard contingencies into the calculation, or should there be scope for the user to manually adjust contingencies?                                                                                                                                                                                                                                                                                       |

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|    | A | The bidder's submission will specify the treatment of contingencies and other deductions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 16 | Q | Does the lead Actuary need to be employed by the Lead Bidder, or would a subcontract agreement between the parties be sufficient?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|    | A | The bid specification does not prescribe a specific employment relation between the Lead actuary and the bidder. Bidder to specify employment arrangement in the bid submission.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 17 | Q | If the lead Actuary is currently practicing on behalf of Plaintiff experts, would this exclude them from being able to 'sign off' on this product (i.e., should the situation arise where the Actuary represents both plaintiff and defendant in the same claim)?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|    | A | The bid specification does not exclude a lead actuary for practicing on behalf of the Plaintiff experts. Details of conflict of interest must be disclosed and be dealt with as when the situation arises                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 18 | Q | Do there need to be contracts set up between the relevant industry experts and the lead bidder?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|    | A | The bidder must disclose details of such contracts in the submission as required in 7.2.1.4 Approach to collaboration with relevant experts and stakeholders                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 19 | Q | "The System/Tool must be compatible with RAF ICT infrastructure. Consultation with RAF IT department is critical." Is there scope for the consultations to be done remotely or at alternative RAF branches (e.g., Cape Town RAF Offices)?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|    | A | Details of the system/tool will be disclosed with the appointed bidder                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 20 | Q | At what point in the project will the Bidder be given access to RAF ICT infrastructure?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|    | A | Details of access to the RAF ICT infrastructure will be disclosed to the appointed bidder                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 21 | Q | Is the online product expected to be mobile friendly? Will the RAF be responsible for the security of data captured into the system?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|    | A | Details of the system/tool will be disclosed with the appointed bidder (whether mobile friendly and security)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 22 | Q | Under 6. Scope of Work<br>"The appointed service provider is to be able to defend the formulae outputs before the gazetting process (as and when required). The service provider must be able to assist in answering any questions relating to the formulae and their output during the public participation process."<br>Do you require the service provider to specify a formula that can be used under the current legislation, i.e. without specifying a fixed benefits in a gazette, or do you need the service provider to suggest a new method to estimate benefits that will inform an amendment to the RAF Act, i.e. fixed formula based benefits like the Workmen's Compensation Fund?<br>Is the intention for the formula to be applied to (a) future claims, (b) all open claims or (a) and (b)? |
|    | A | Service provider to specify a formula that can be used under the current legislation<br>The formula is to be applicable to both (a) future claims and (b) all open claims                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 23 | Q | Under 6 (d)<br>"Designing a user-friendly interface or tool for RAF personnel and claimants to input relevant data and obtain accurate claim values."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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|    |   | Our understanding is that the service provider will be responsible for designing the algorithm, business specifications and technical specifications of the tool and that the RAF will be responsible for the coding and integration of the tool into the RAF's system. Can you confirm that this is the correct interpretation?                                                                                                                                                                                                         |
|    | A | A Service provider will be responsible for all aspects of the user-friendly interface or tool, including coding and integration into the RAF system.                                                                                                                                                                                                                                                                                                                                                                                     |
| 24 | Q | <p>The following questions will pertain to the evaluation of joint ventures (JV):</p> <p>7.2.2 Bidder's Experience</p> <p>Will the minimum, maximum or the average experience of the parties to the joint venture be used to evaluate the bid? For example, party one to the JV has 8 years of experience and party two has 4 years of experience. Will the JV earn 20 points based on first party's experience, 0 points because party two has less than 5 years of experience or 16 points based on average experience of 6 years?</p> |
|    | A | The maximum experience will used to evaluate the bids.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |