

REQUISITION: 57/2021/CRO/INSURANCE/BRO/RFQ – V6

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| DESCRIPTION: | Appointment of an Insurance Broker for a period of three years. |
| DURATION: | 3Yrs |
| PROPOSED BID PROCESS: | RFQ |
| REQUESTOR: | Risk Division |
| DIVISION: | CRO Division |
| UNIT: | RISK MANAGEMENT |
| ISSUE DATE: | 24 th November 2021 |
| DATE REQUIRED: | 1 st February 2022 |
| CLOSING DATE: | 03 rd December 2021 @ 11h00 |
| BRIEFING SESSION | 26 th November 2021 @ 10h00 via MS Teams |
| CURRENT CONTRACT EXPIRY DATE: | 31 st January 2022 |
| STATUS OF CURRENT OR PREVIOUS BIDS | Active |

BACKGROUND

TCTA is a Schedule 2 Public Entity under the Public Finance Management Act that undertakes bulk raw water infrastructure development on behalf of the Republic of South Africa. TCTA's core functions include project financing, project management and implementation as well as liability management. The fundamental philosophy of TCTA is to raise funds for the benefit of the water users in the most cost effective and risk sensitive manner.

TCTA is accountable and responsible for ensuring that appropriate corporate related insurance covers are placed at competitive prices. To this end, TCTA requires the services of a suitably qualified and experienced Insurance Broker to advise on TCTA's insurance requirements, procurement of insurance policies and claims administration.

The role of the Broker will be to advise and assist TCTA with placement of relevant corporate insurance covers at the most competitive price, so that all corporate related exposures are covered. The Insurance Broker will procure brokerage services on TCTA's behalf. The contract of the tender will be for a period of three (3) years, beginning on 1 February 2022 and expiring on 31 January 2025.

SCOPE OF WORK

DETAILED DESCRIPTION OF GOODS/SERVICES

The services of an Insurance Broker are required to place corporate insurances for TCTA. This will

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| be for the period of 3 years from 1 February 2022 to 31 January 2025. |
| COMPANY EXPERIENCE REQUIRED |
| At least 5 years' experience in insurance broking, placement, and administration of corporate insurances. |
| PERSONNEL EXPERIENCE REQUIRED |
| <p>The Brokerage team must have the following experiences:</p> <ul style="list-style-type: none"> • Account Manager with experience in placement and administration of corporate insurance policies for amounts greater than or equal to R 500 000. • The Claims Manager must have experience in processing claims. • The Administrator must have experience in administering insurance claims. |
| SCOPE OF WORK |
| <p>The purpose for this specific request is for the Insurance Broker will be as follows:</p> <p>The Insurance Broker is required to provide and support TCTA's Risk Management Department with all aspects related to the corporate insurance portfolio by providing advice, assisting with the design of insurance and risk financing strategies, placing the covers as determined by TCTA and ensuring compliance with all insurance legislation or requirements for the placement of risks whether in the local or international markets. The following is the scope of work that will be applicable to a successful Tenderer:</p> <ul style="list-style-type: none"> • Provide advice on placement of new policies with insurance companies. The appointed service provider will provide TCTA with at least five (5) quotations from insurance companies to be discussed with TCTA. The selected insurance policy will be approved by TCTA prior to placement onto the market. • The quotations submitted above, should where possible include quotations from the Exempted Micro Enterprises (EMEs) or Qualifying Small Enterprises (QSE) • Structuring and renewal of insurance policies currently held by TCTA (Current policies highlighted below) • Identifying market risks for all classes of business locally and internationally. • Provide advice and assistance on alternative risk financing and risk management. • Provide advice on any other corporate insurance structures that may be relevant to TCTA. • Review renewal information required by markets. • Present and discuss insurance renewal options annually with TCTA before policies are placed to market. • Claims handling and negotiations with underwriters on all losses including recoveries and salvage management. • Reporting on claims experience information, trend analysis and outstanding losses review. • Analysis of claims data and recommendations on deductibles aggregates and limits. • Conduct renewal strategy meetings with TCTA, presentations to TCTA both pre and post renewal. Discuss renewal options with TCTA before placing insurance policies. • Conduct quarterly meetings to discuss problem claims, covers and Service Provider performance. |

- Conducting post renewals follow up of any outstanding information required by underwriters and on-going during the year.
- Processing of premium payments to market.
- Take over any open claims from the current Broker.

The required insurance policies need to cover the following:

(A) MULTI-PERIL GENERAL ASSETS AND MOTOR

The policy should cover all TCTA's movable and immovable assets against any damage, theft and any third-party losses. The successful broker will place the insurance in market with a reputable underwrite. The Broker must advise TCTA on all potential risks and recommend appropriate cover and excess amounts taking into account the current portfolio.

(B) BROADFORM LIABILITY

The policy should cover against TCTA's legal liability to pay compensation for injury, loss or damage to third parties arising from a negligent act or oversight by TCTA in the performance of its business.

(C) CORPORATE TRAVEL

The policy should cover all TCTA's employees against illness, bodily injury, repatriation and medical evacuation whilst on business travel, including their spouses and up to 5 dependent children under the age of 25.

(D) DIRECTORS AND OFFICERS LIABILITY

The policy should cover all TCTA's Directors and Officers against any losses. The policy must also include expert members sitting on the different Board Sub Committees.

The broker must ensure that the policy shall pay on behalf of the insured persons' loss for which the insured persons are not indemnified by the company and which the insured persons become legally obligated to pay on account of any claim first made against them, individually or otherwise, during the policy period or, if exercised, during the discovery period, for a wrongful act taking place on or after the retroactive date.

(E) BANKERS BLANKET BOND/COMPUTER CRIME/ PROFESSIONAL INDEMNITY INSURANCE

This should be a comprehensive cover available in the market tailor made for the needs of financial institutions. The standard policies should integrate the insurance requirements and risks discussed below:

E1. BANKERS BLANKET BOND (FIDELITY)

This policy should cover TCTA against losses resulting solely and directly from dishonest or fraudulent acts by its employees. Such acts are committed with the intent to cause TCTA to sustain loss, or to obtain financial gain for the employees who have committed the fraudulent activities. The policy should cover where acts are committed alone or in collusion with others and should include loss of property through any acts by employees.

With regard to trading or other dealings in securities, commodities, futures, options, currencies, foreign exchange, loans, this insurance covers only loss resulting solely and directly from the dishonest or fraudulent acts by employees of TCTA committed with the sole intent to make improper financial gain for themselves other than through salary, fees, commissions, promotions and other similar emoluments.

The policy cover is also extended to cover the following sections:

- Premises.
- Transit.
- Forgery and alteration.
- Securities.
- Counterfeited currency.
- Offices and contents.
- Legal fees \ election to defend.
- Extortion.
- Loss of subscription rights.
- Safe deposit box.

E2. ELECTRONIC AND COMPUTER CRIME

The Insurers should indemnify TCTA in respect of financial loss sustained by or resulting from the following fraudulent actions;

- Computer systems.
- Electronic computer crimes.
- Electronic data and media.
- Electronic communications.
- Insured Service Bureau Operations.
- Electronic transmissions.
- Computer virus.
- Customer voice-initiated transfers.
- Electronic securities.
- Forged tele facsimile.
- Internet transactions.

E3. PROFESSIONAL INDEMNITY INSURANCE

The Insurers should indemnify TCTA in respect of its legal liability to third parties for any claim, which must:

- be for compensatory damages such indemnity to include claimant's costs and the insured's approved defence expenses; and
- be first made against the insured during the period of insurance; and
- be for financial loss caused directly by a negligent act, negligent error or negligent omission on the part of the insured; and
- arise out of the ordinary course of the provision by the insured of the banking services described in the proposal form.

(F) EMPLOYMENT PRACTICE LIABILITY

The policy should cover TCTA against allegations of unfair dismissal and other unfair labour practices such as discrimination and sexual harassment brought by employees.

(G) FUNERAL COVER

The policy should cover for death of TCTA employees. The policy must also include employees' spouses and unmarried children under the age of 21.

(H) CYBER INSURANCE

Cyber insurance should cover TCTA's liability and expenses in the event of a security breach where the company's information is compromised or exposed by a hacker or other criminal who gains access to TCTA's information systems and infrastructure.

It should be noted that this list is not exhaustive and is included as a guideline. A Service Level Agreement (SLA) between TCTA and the preferred Tenderer and plan will detail the services time frames and obligations for the level of performance required.

| DELIVERABLES | |
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| <ul style="list-style-type: none"> • Structure and renew corporate insurances currently held by TCTA at competitive prices. • Provide advice and assistance on alternative risk financing and risk management. • Claims handling and negotiate with underwriters on all losses including recoveries and salvage. • Report on claims experience, trend analysis and outstanding losses review. • Process insurance payments to market. • Take over any open claims from the current Broker. | |
| PERFORMANCE | |
| A formal performance review will be conducted annually against criteria agreed between TCTA and the preferred tenderer based on the SLA mentioned above. | |
| BROKERS REMUNERATION | |
| Remuneration for the services provided will be fee based and not commission based. The Broker must, therefore, propose a brokerage fee and the agreed Brokerage Fee will be fixed for the first year of the contract of appointment. After the first year of the contract, the fee increases will be negotiated on annually, based on the consumer price index (CPI). | |
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| MANDATORY | NON-MANDATORY |
| CVs of the 3 proposed Resources must be attached. (1 CV per Resource) <ul style="list-style-type: none"> • Failure to meet a minimum of five (5)years' experience for the Account Manager. • Failure to obtain the minimum of 54 points out of 78 on the technical requirements. • Proof of company track record indicating a minimum of 5 years in the insurance brokerage industry. • Proof of registration with Financial Services Conduct Authority (FSCA) | |
| TRANSFORMATION GOALS | |
| BBBEE Status level of contributor | Number of Points |
| 1 | 20 |
| 2 | 18 |
| 3 | 14 |
| 4 | 12 |
| 5 | 8 |
| 6 | 6 |
| 7 | 4 |
| 8 | 2 |
| Non-Compliant Contributor | 0 |

PROPOSED FUNCTIONALITY CRITERIA

A total of 78 points is allocated to this section. Bidders will have to attain a minimum score of 54 points in order to proceed to phase 2 of the evaluation process. Failure by the bidder to attain a score of 54 points out of 78 will disqualify them in proceeding to the second phase of evaluation which is Price and Preference.

| | FUNCTIONAL CRITERIA | | |
|-----------------------------------|--|------------|-----------|
| Evaluation Category | Description | Max Points | Max Score |
| Knowledge of Corporate insurances | <p>Tenderers should list the corporate insurance policies they have placed over the past five years, in line with Sections (A-H) above.</p> <p>1 point will be allocated per policy identified, up to a maximum of 8 points.</p> <p>Tenders to provide a list of insurances placed with contactable references of where the insurance has been placed as per Annexure F.</p> <p>(Failure to provide the list will result in no points being allocated)</p> | 8 | 14 |
| | <p>Provision of advice on insurance structures that may be relevant to TCTA, outside of stated requirements of the organisation (Section 6, A-H).</p> <p>One (1) point will be awarded for every advice provided up to a maximum of six (6) points.</p> <p>The Tenderer shall provide a list with contactable client references of where such insurance advisory services were provided as per Annexure F</p> <p>(Failure to complete the information as per attached template will result in no points being allocated)</p> | 6 | |

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| Experience in corporate insurance brokerage | <p>Tenderers should submit a list of clients where they have placed and provided administration services for corporate insurances with total premiums greater than or equal to R 500 000 per client, per annum, during the past five (5) years.</p> <p>Two (2) points will be awarded for every client where the services as highlighted above were rendered up to a maximum of 12 points.</p> <p>The Tenderer shall provide a list with contactable references and the value of premiums as per the template in Annexure F.</p> <p>(Failure to complete the information as per the attached template will result in no points being allocated)</p> | 12 | 28 |
| | <p>Tenderers must have experience in claims management.</p> <p>One (1) point will be awarded for every claim resolved with a settlement value of between</p> <p>R 0 to R 50 000, per claim, to the maximum of 6 points.</p> <p>The Tenderer shall provide a list of contactable client references of where claims were successfully resolved as per Annexure F.</p> <p>Failure to complete the information as per attached template will result in no points being allocated.</p> | 6 | |
| | <p>Two (2) points will be awarded for every claim resolved with a settlement value of between</p> <p>R 50 000 and above, per claim, to the maximum of 10 points.</p> <p>The Tenderer shall provide a list of contactable client references of where</p> | 10 | |

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| | <p>claims were successfully resolved as per Annexure F.</p> <p>Failure to complete the information as per attached template will result in no points being allocated</p> | | |
| Provision of reports on claims information, trend analysis and outstanding losses review. | <p>Two (2) point will be awarded for each report prepared to a maximum of six (6) points.</p> <p>Tenderers to provide copies of reports compiled with contactable references of the clients to whom the reports were submitted.</p> <p>Template in Annexure F must be used to submit the information.</p> <p>(Failure to provide copies of the reports will result in no points being allocated)</p> | 6 | 6 |
| Key Personnel | <p>TCTA requires only one CV per Resource for the following Resources:</p> <ul style="list-style-type: none"> • Account Manager • Claims Manager • Administrator <p>The CVs should give details of the companies where the Key Personnel have been employed, insurance responsibilities carried out, as well as the period of employment.</p> <p>For the Account Manager details of the services provided as well as the value must be included.</p> <p>Template in Annexure G must be used to submit the information.</p> <p>Failure to provide copies of CV's as required above will result in no points being allocated.</p> | | 30 |

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| | NB: Submission of more than one (1) CV per resource will result in a disqualification. | | |
| | <p>CV 1: Account Manager</p> <p>With experience in placement and administration of corporate insurance policies for amounts greater than or equal to R 500 000.</p> <ul style="list-style-type: none"> Minimum of 5 years' experience. <p>2 points for every additional year after 5 years of experience to a maximum of 20 points.</p> | 20 | 20 |
| | <p>CV 2: Claims Manager</p> <p>With experience in processing claims.</p> <ul style="list-style-type: none"> Minimum of 3 years' experience. <p>2 points for every additional year over 3 years of relevant experience to a maximum of 6 points.</p> | 6 | |
| | <p>CV3: Administrator</p> <p>With experience in administering policies.</p> <ul style="list-style-type: none"> Minimum of 2 years' experience. <p>2 points for every additional year of experience over 2 years up to a maximum of 4 points.</p> | 4 | |
| Total Technical score (ST) | | | 78 |

PHASE -2 FINANCIAL AND PREFERENTIAL PROCUREMENT EVALUATION

The 80/20 methodology shall apply as follows: Price = 80 points; Preferential = 20 points.

The following formula will be used to calculate financial scores:

$$P_s = 80 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

P_s = Points scored for comparative price of bid under consideration

P_t = Comparative price of bid under consideration

P_{\min} = Comparative price of lowest acceptable bid

| Evaluation criteria | Evaluation scoring |
|-----------------------------------|--------------------|
| Pricing structure | 80 % |
| BBBEE Status level of contributor | 20% |
| Total | 100% |

DISQUALIFYING CRITERIA

Failure to meet the minimum requirements below will lead to the disqualification of the tenderer:

- Provision of more than one CV per resource,
- Failure to meet a minimum of five (5) years' experience for the Account Manager.
- Failure to meet a minimum of 3 years' experience for Claims Manager.
- Failure to meet a minimum of 2 years' experience by the administrator.
- Failure to obtain the minimum of 54 points out of 78 on the technical requirements.
- less than 5 years' experience in insurance broking, placement, and administration of corporate insurances by the bidding company