



## **ANNEXURE A**

### **TERMS OF REFERENCE/ BID SPECIFICATION**

#### **INSURANCE BROKER – 3 YEAR PERIOD**

Terms of reference for insurance brokerage services to the Independent Communications Authority of South Africa (ICASA) for the period of **3 years 80/20 PPPFA 2000: Preferential Procurement Regulations,2017.**

#### **1. Introduction**

The Independent Communications Authority of South Africa (hereinafter referred to as “the Authority”) intends appoint a short-term insurance broker to provide brokerage services to the Independent Communications Authority of South Africa (ICASA) for a period of three (3) years.

#### **2. Purpose of the bid**

The purpose of this bid is to procure the services of a competent insurance broker to assist ICASA in placing and managing its short-term insurance portfolio, for a period of three (3) years.

#### **3. Background**

The broker will secure adequate insurance cover for ICASA assets, including vehicles, electronic equipment, portable computer equipment/laptops, office equipment, SASRIA & fire. Proposals made to ICASA should be based on the most cost-effective placement of the insurance portfolio in the insurance market, taking into serious consideration the limitation of financial risk exposure.

Bidders must cover and support ICASA’s Head Office, situated in Sandton and Regional Offices as well as high sites situated in 9 provinces (offices and sites to be established in all provinces by 2019/20 financial year).



Important note – ICASA Head Office will be relocating during October 2018, the details for the new premises will duly be communicated. Goods in Transit cover is required as well as for any future relocations at the Regional Offices.

#### Regional Offices

- Bloemfontein, Cape Town, Durban, Port Elizabeth, Nelspruit & Polokwane. Offices in North West and Northern Cape to be established within the current and next financial year, this will be communicated.

#### High Sites (Monitoring Sites)

- East London, Northern Cape (Carnarvon), Hilton, Alverston, Koeberg, Kuilsrivier, Pretoria, Meyersdal, Kenmare. Future sites will be communicated.

The appointed Short Term Insurance Broker will not be allowed to increase their fee and insurance premium in year 2 (two) and 3 (three) with more than the CPIX, unless substantiating proof from the quotations received from the insurers reflect a hardening insurance market based on valid known claims incidents or there is a significant increase in values insured.

Proposals received by the Short Term Insurance Broker from the insurers must be made available for scrutiny and approval by ICASA annually.

## **4. Scope of work and Specific Requirements**

### **4.1 Legislative Framework & Period of assignment**

All bidders must be compliant with all legislative framework governing insurance services, included but not limited to:

- Financial Advisory & Intermediary Services Act, 2002 (Act No. 37 of 2002)
- Short-term Insurance Act, 1998 (Act No. 53 of 1998)



All work is to be carried out in accordance with the time schedule as agreed with ICASA.

## **4.2 Services**

The services to be rendered as a Short Term Insurance broker over the 3-year period should include general services related to the placement, maintenance and administration of the insurance portfolio. The proposal/services should incorporate at least the following general insurance actions:

- 4.2.1. Take-over account from current service provider;
- 4.2.2. Claims administration and maintenance;
- 4.2.3. Claims logging and tracking;
- 4.2.4. Review existing cover, limits & sums insured;
- 4.2.5. Establish uninsured risks, exposures and internal self-insurance capacity (provide value-add input/ perform assessments on risks);
- 4.2.6. Conduct insurance market exercise, conduct pre-renewal meetings to discuss excess structures and alternatives for renewal;
- 4.2.7. Presentation of renewal terms and recommended options;
- 4.2.8. Compilation of comprehensive insurance procedure manual as well as full summary on cover, limits, conditions and exclusions;
- 4.2.9. Monthly & Quarterly reporting (with recommendations);
- 4.2.10. Post loss surveys (with recommendations);
- 4.2.11. Provide advisory services to ICASA on short-term insurance portfolio;
- 4.2.12. Provide account summary and handover process at the end of contract.

## **4.3. Briefing Session and/or Presentations**

A compulsory briefing session will be held at ICASA premises situated at 164 Katherine Street, Sandton. ICASA reserves the right to invite bidders for presentations before the award of the bid.



#### **4.4. Key requirements**

ICASA is utilising sophisticated technical equipment to monitor radio frequency, interferences and any other related ICASA services. The potential service provider must have the capabilities and expertise to evaluate and assess technical equipment such as spectrum analysers, signal analysers, test receivers and mobile direction finders.

4.4.1 The Broker is expected to meet the following key requirements:

4.4.1.1. Provide a comprehensive and adequate short term insurance cover for various categories or classes or sections.

4.4.1.2. Provide a detailed list of cost effective insurances excesses for various categories or classes or sections including extensions, exclusions, claim preparation costs, general provisions, and preconditions.

4.4.1.3. Perform a full third party claims recovery service.

4.4.1.4. Attending to the re-registration of recovered vehicles, de-registration of written-off vehicles and de-installation of devices (i.e. tracking devices, e-tags etc.)

4.4.1.5. Provide training and or workshop to ICASA staff on the management of insurance risks and relevant insurance procedures as well provision of insurance tracking claim tool.

4.4.1.6. To conduct its business activities with the utmost good faith, honesty, integrity and transparency and consistently uphold the interests and needs of ICASA as a client before any other consideration;

4.4.1.7. To ensure that any information acquired by the Broker from ICASA will not be used or disclosed without the written consent of ICASA;



4.4.1.8. To obtain all material information from ICASA relevant to the assessment and acceptance of any risks by an insurance underwriter and communicate the information to the underwriter;

4.4.1.9. To comply with all legislation relating to the financial services industry at all times. In particular, the Broker must only offer advice and render intermediary services in respect of financial products for which the Broker is authorized or mandated, in terms of the Financial Advisory and Intermediary Services Act, 2002 and the Short-term Insurance, Act No. 53 of 1998.

4.4.1.10. Specify territorial limits and requirements on insurance cover outside South Africa taking into account that some of the Authority assets are taken overseas for repairs and calibration.

4.4.2. The Broker must be an authorised Financial Services Provider and the Broker representatives must ascribe to the Code of Conduct for financial services providers as promulgated in terms of Section 15 of Financial Advisory and Intermediary Services Act. 2002.

The Broker and/or its representatives shall:

4.4.2.1. Act honestly, fairly, and with due skill, care and diligence, in the interests of ICASA and the integrity of the financial services industry;

4.4.2.2. Have and employ effective resources, procedures and appropriate technological systems for the proper performance of professional activities;

4.4.2.3. Seek from ICASA appropriate and available information regarding their financial situations, financial product experience and objectives in connection with the financial service required;



4.4.2.4. Act with circumspection and treat ICASA fairly where there is any conflict of interests;

4.4.2.5. Comply with all applicable statutory or common law requirements applicable to the conduct of business.

4.4.2.6. Make adequate disclosures of relevant material information including disclosures of actual or potential own interests, in relation to dealings with ICASA;

4.4.2.7. Keep adequate and appropriate records;

4.4.2.8. Avoid fraudulent and misleading advertising, canvassing and marketing;

## 5. Insurance Programme

ICASA's insurable risks are placed locally and the portfolio is renewable effective annually. Assets should be covered under an **"All Risk Policy"** NOT a **"Multiple-peril"** insurance coverage.

### 5.1. Types of Cover Required

Type of Coverage	Sum Insured/ Indemnity Limit
<b>See attached Schedule 1 (ICASA's asset register Summary with Net Book Values)</b>	
Motor Vehicles/Fleet (Comprehensive)  Own damage, 3 <sup>rd</sup> party liability, including medical expenses	<ul style="list-style-type: none"> <li>• R 11 502 182.77</li> <li>Maximum Any One Loss – R450,000</li> <li>3<sup>rd</sup> Party Limit – R5,000,000</li> <li>Maximum Medical Expense: Any 1 occupant – R5,000</li> <li>Maximum Medical Expense: Any 1 occurrence – R20,000</li> <li>Maximum Passenger Liability: R2,500,000</li> </ul>



Type of Coverage	Sum Insured/ Indemnity Limit
	Contingent Liability: R2,500,000 Clothing/Personal Effects: R5,000
Electronic Equipment (All Risks); Test Equipment, including mobile, loose/fitted in motor vehicles, portable equipment including software and associated programmes	<ul style="list-style-type: none"> <li>• R 71 144 292.10</li> </ul> Maximum Any One (Individual Item) Loss, <u>NOT</u> a collective – Fixed Equipment (Sites): R7,000,000  Maximum Any One (Individual Item) Loss, <u>NOT</u> a collective – Mobile (Installed in Vehicles) & Portable Equipment: R5,000,000
Portable Computer Equipment & Laptops  + software (Worldwide cover); including material damage, transit, reinstatement of data, increase in cost of working	<ul style="list-style-type: none"> <li>• R 20 730 946.22</li> </ul>
Office Equipment  All data processing equipment, owned, hired or leases, including PABX, Telephone system & ancillary equipment; CCTV & access control systems	<ul style="list-style-type: none"> <li>• R 5 767 636.87</li> </ul>
Public Liability	<ul style="list-style-type: none"> <li>• R10 000 000.00</li> </ul>
SASRIA/Fire	<ul style="list-style-type: none"> <li>• R109 145 057.96</li> </ul>
Directors & Officers	<ul style="list-style-type: none"> <li>• R10 000 000.00</li> </ul>



Type of Coverage	Sum Insured/ Indemnity Limit
Law suits resulting from conducting ICASA functions for Council & Executives	

## 5.2. Year Loss History – Risk Profile

### 5.2.1 MOTOR VEHICLES

PERIOD: 2015 – 2017

2015	2016	2017	Grand Total
R163 330	R293 822	2 x 3 <sup>rd</sup> Party claims	<b>R457 152</b>

### 5.2.2. ELECTRONIC EQUIPMENT

PERIOD: 2015 – 2017

2015	2016	2017	Grand Total
-	-	R164 087	<b>R164 087</b>

### 5.2.3 PORTABLE COMPUTER EQUIPMENT & LAPTOPS

PERIOD: 2015 – 2017

2015	2016	2017	Grand Total
R36 244	R240 985	R101 517	<b>R378 746</b>





### **5.3. Administration**

The successful bidder will be required to:

- 5.3.1. Advise and consult with ICASA on the renewal strategy;
- 5.3.2. Obtain the required insurance cover from the insurance industry based on the needs of ICASA, the prevailing market conditions at the time and the insurance products that are available to mitigate or partly mitigate the risks as identified;
- 5.3.3. Assist in the claims process by ensuring that claims are submitted correctly and on time; Ideally claims on portable computer & office equipment should be resolved within 2 weeks and technical equipment claims within a month;
- 5.3.4. Ensure that all claims lodged with the insurers and/or underwriters are supported by all the relevant documentation to ensure efficient settlement;
- 5.3.5. Ensure that ICASA's contractual rights are enforced;
- 5.3.6. To act with ICASA's interest in all dealings with the appointed insurers and prospective underwriters;
- 5.3.7. Ensure that the Broker's employees appointed to work on the ICASA account fully understand the Brokers' obligations under the Code of Conduct and any other guidelines that may be issued by a regulatory body having jurisdiction over the Broker;
- 5.3.8. Render the following services to ICASA on a monthly basis:



- 5.3.8.1. Monthly reconciliation of all claims data and contributions paid pertaining to the risk schemes and submit monthly, quarterly and annual reports.
- 5.3.8.2. Monthly monitoring of data movements in respect of the activities on the insurance portfolio and claims register
- 5.3.9. Ensure that any third party service provider appointed by an underwriter and/or insurer to render a service following the occurrence of an insured event is compliant with the taxation laws of the Republic of South Africa.
- 5.3.10. In particular, ensure that third party service providers who render services following the occurrence of an insured event invoice the Broker for the services rendered.
- 5.3.11. Broker shall in turn:
  - 5.3.11.1. Invoice ICASA for the services rendered by such service providers and;
  - 5.3.11.2. Attach to the Broker's invoice: the invoice of the third party service providers; and the tax clearance certificate of the third party service provider.

#### **5.4. Communication with ICASA**

The chosen Short-term Insurance Broker will also be responsible for the following on a quarterly basis:

- 5.4.1 Updating ICASA on the current state of the insurance market in terms of general economic realities, solvencies, capacity, profitability, rates and market activity (such as mergers and take-over and joint ventures) and the possible impact of such matters on the ICASA's renewal strategy and insurance portfolio;



5.4.2 Updating ICASA on legal developments within the Short-term insurance industry and inform ICASA on insurance product developments and the risk mitigation developments in the South African market;

5.4.3 Providing financial advice on the insurance portfolio in the event ICASA request such advice;

5.4.4 Ongoing evaluation of uninsured risks and possible options for closing the gaps;

5.4.5 Reviewing the ICASA Short-term insurance portfolio with ICASA's Finance department and any other relevant internal department in a formalized pre-set meeting;

5.4.6 Assist ICASA with the interpretation of insurance policy documents and matters incidental thereto, including the interpretation of insurance rules and regulations.

5.4.7 Advice ICASA regarding any reserve accounts with the insurer(s).

## **5.5. Claims**

The Broker will be responsible for management of claims and, for the sake of clarity, claims management needs include:

5.5.1. On-going management of all outstanding claims;

5.5.2. Receiving claims from ICASA and submit it to the insurer on a regular basis;

5.5.3. Following up with the Insurer regarding the progress of claims;

5.5.4. Informing ICASA of outstanding documents on claims if applicable;



5.5.5. Informing ICASA when payments are made;

5.5.6. Ensuring correct calculation and payment of benefits by underwriter; and,

5.5.7. Interacting with Insurer where claims are repudiated.

## **5.6. Policy documents**

The Broker will be responsible for:

5.6.1. Arranging on behalf of ICASA for the issuing of the necessary policy contracts by the insurer

5.6.2. Continuously negotiate beneficial policy conditions for ICASA with the Insurer

## **5.7. Company infrastructure**

The service provider (broker) must list all branches and offices of their company countrywide (Republic of South Africa) together with telephone numbers and provide their company profile incorporating summary details of 5.7.1; 5.7.2 & 5.7.3 below:

5.7.1 Activity and service profile

5.7.1.1. Detailed description of main field of expertise/area of operation of company.

5.7.1.2. Range of services offered.

5.7.1.3. Reference list of some contracts completed during the last 3 to 5 years, including value, duration, location and contact persons.

5.7.1.4. List of current contracts and value thereof. Submit a list of current contracts, contact person and contract numbers. Please attach



confirmation letters from listed (ex) clients.

5.7.1.5. Please specify their territorial limits (e.g. SADC etc.) given that some equipment travel overseas for calibration and repairs.

5.7.1.6. Indicate if any contract with their company has ever been cancelled by a client? If YES, provide details.

## 5.7.2 Training Capabilities

• 5.7.2.1. Does their company have any in-house training capabilities (Infrastructure)?

If YES, provide an overview of:

- a. Activities included in this process (in-house training) related to insurance
- b. Method used for evaluating the effectiveness of the in-house training capabilities to ensure the required level of service is maintained.

5.7.2.2. What insurance training does their company provide for its employees (if not provided internally)?

5.7.2.3. What type of insurance training is performed for them by other companies and who are these companies? (Provide details please)

5.7.2.4. What type of continuing/supplementary training is done by the company? Give details of subjects, schedules, etc.

## 5.7.3. Management and servicing

5.7.3.1. The service provider must please supply a brief description of how the company is organized together with an organizational organogram.

5.7.3.2. The service provider must please indicate a breakdown of staff compliment into management/ supervisors/ administration/other



services (specify).

- 5.7.3.3. The service provider must please provide details of qualifications and selection process with regards to management/supervisory expertise in the company.
- 5.7.3.4. The service provider must please indicate if all these personnel employed on a full time basis? If not, provide details.

**SCHEDULE 1**

**FIXED ASSETS REGISTER SUMMARY OF CATEGORIES @ 31 AUGUST 2017  
(Values subject to change when the bid is issued)**

<b>Accounting Class</b>	<b>Class Description</b>	<b>Insurance Category</b>	<b>Net Book Value</b>
100	Technical Equipment	Electronic Equipment	71 144 292.10
150	Office Equipment	Electronic Equipment	5 277 731.31
160	Computer Equipment	Electronic Equipment	20 730 946.22
170	Leased Equipment	Electronic Equipment	489 905.56
			<b>97 642 875.19</b>
<b>Accounting Class</b>	<b>Class Description</b>	<b>Insurance Category</b>	<b>Net Book Value</b>
130	Motor Vehicles	Motor Vehicles	11 502 182.77
			<b>11 502 182.77</b>



**All Categories**

**Total**

**109 145 057.96**

## **SCHEDULE 2**

### **PRICE SCHEDULE**

All bidders must propose an all-inclusive, flat fee per annum, including VAT and covering all direct and indirect costs, related to the provision of short-term insurance brokerage services. ICASA will not pay any additional costs once the contract is awarded.

### **PREMIUM SUMMARY:**

Description	Annual Premium	Deductible/Excess Percentage	Minimum Amount Deductible/Excess
Vehicles/Fleet			
Windscreens			
Electronic Equipment			
Portable Computer Equipment/Laptops			
Office Equipment			
SASRIA			
Fire			
Public Liability			
Directors and Officers			



## ANNUAL BROKERAGE FEES

Description	Year 1	Year 2	Year 3
Insurance Brokerage Fee (per annum)			
+ VAT			
Total Brokerage Fee			

### **SCHEDULE 3**

## EVALUATION CRITERIA

No	Category: Functionality Criteria <i>To be scored between 1 and 5 per criteria</i>	Weight
1.	<p><b><u>Mandatory Requirements</u></b></p> <p>The service provider must provide proof of:</p> <ul style="list-style-type: none"> <li>a. A valid license/membership to transact business as a financial services provider (FSP) as per Financial Advisers &amp; Intermediary Services Act. (FAIS Act) <b>(certified copy)</b>;</li> <li>b. Written confirmation from the Underwriter that the Broker is authorised to sell their products <b>(certified copy, less than 6 months old)</b>;</li> <li>c. A valid FSB licence, clearly showing products the Broker is authorised to trade in <b>(certified copy)</b>.</li> </ul>	Compulsory





	<p><b><u>Failure to provide the above mentioned documentation will result to the disqualification of your bid response.</u></b></p>	
<p>2.</p>	<p><b><u>Understanding of Work Methodology &amp; Terms of Reference</u></b></p> <ul style="list-style-type: none"> <li>• No response provided or provided insufficient understanding of insurance terms of reference and methodology = 1</li> <li>• Provided limited understanding of insurance terms of reference and methodology to be followed = 2</li> <li>• Provided reasonable understanding of insurance terms of reference and methodology = 3</li> <li>• Provided a greater understanding of insurance terms of reference and methodology = 4</li> <li>• Provided exceptional understanding and value added services to insurance terms of reference and methodology = 5</li> </ul> <p><b><u>The above may be presented in as much detail as deemed necessary in order to demonstrate the advantages of the proposal. Project plan &amp; methodology should be provided as per the TORs detailing the sourcing of adequate cover, the administration element of the contract including policy documents and policy renewal. The bidder must indicate value-add services.</u></b></p>	<p><b>30</b></p>



<p>3.</p>	<p><b><u>Resources; Company Profile &amp; Experience</u></b></p> <p>3.1. <u>Bidders experience in brokering services in general as per the performance specifications:</u></p> <ul style="list-style-type: none"> <li>• No response or less than 2 years' experience = 1</li> <li>• 2 – 5 years' experience = 2</li> <li>• 5- 10 years' experience = 3</li> <li>• 10- 15 years' experience =4</li> <li>• More than 15 years' experience = 5</li> </ul>	<p><b>15</b></p>
	<p>3.2. <u>References provided from existing and past clients</u></p> <ul style="list-style-type: none"> <li>• No response or 1-2 references provided = 1</li> <li>• 3 references provided = 2</li> <li>• 3 references with contact details &amp; contract details (i.e. insurance contract values &amp; period) = 3</li> <li>• 3 references provided with contact details, contract details (i.e. insurance contract values &amp; period) and letters of recommendation, less than 1 year old = 4</li> <li>• More than 3 references provided with contact details, contract details (i.e. insurance contract values &amp; period) and letters of recommendation, less than 6 months old = 5</li> </ul> <p><b><u>Bidders are required to provide contactable references from existing and past clients, where they have provided a similar service.</u></b></p>	<p><b>15</b></p>
	<p>3.3 <u>Experience of key personnel identified for this project</u></p> <ul style="list-style-type: none"> <li>• No response provided or Less than 3 years' experience = 1</li> <li>• 3 – 5 years' brokerage experience = 2</li> </ul>	<p><b>15</b></p>



	<ul style="list-style-type: none"> <li>• 5 - 8 years' brokerage experience = 3</li> <li>• 8- 12 years' brokerage experience including 2 years' experience with Technical Assets = 4</li> <li>• More than 12 years' brokerage experience including 3 years' experience with Technical Assets = 5</li> </ul> <p><b><u>Bidders must submit abridged CV's of key personnel detailing their skills and experience related to this service.</u></b></p>	
<p><b>4.</b></p>	<p><u>Claims handling services</u></p> <ul style="list-style-type: none"> <li>• No response provided or No details provided on officials to handle insurance claims services = 1</li> <li>• Provided insufficient details on officials to handle insurance claims services = 2</li> <li>• Provided basic details, including but not limited to claims handling processes, procedures, types of reports &amp; officials to handle insurance claims services = 3</li> <li>• Provided good details, including but not limited to claims handling process, procedures, types of reports, claims turnaround times, and officials to handle insurance claims services = 4</li> <li>• Provided exceptional/comprehensive details, including but not limited to claims handling processes, procedures, types of reports, claims turnaround times, dispute resolution and escalation matrix, officials to handle insurance claims services = 5</li> </ul> <p><b><u>Bidders are required to provide details on how claims will be handled and resolved timeously.</u></b></p>	<p><b>25</b></p>
<p><b>Total</b></p>		<p><b>100</b></p>



**Only bidders that pass the 60 out of 100 point cut-off mark will be considered further for Price and BBBEE evaluation**

**\*A cut off mark of 60 points will be applied for functionality**