

**TERMS OF REFERENCE**

**BID NUMBER: PROJ/FIN/2021/22/03**

**PROVISION OF INSURANCE BROKERAGE SERVICES TO INSETA FOR A PERIOD OF 4  
YEARS**

## 1. BACKGROUND

The Insurance Sector Education and Training Authority (INSETA) is a public entity listed in schedule 3A of the PFMA and was established in March 2000. The INSETA must, in accordance with any prescribed requirements to perform in accordance with the Skills Development Act (SDA), the Skills Development Levies Act (SDLA), the Public Finance Management Act (PFMA), any other relevant legislation and the Constitution.

- 1.1 Therefore, the INSETA is requiring a suitable qualified service provider for the Provision of Insurance Brokerage Services for a Period of 4 Years (48 Months).

## 2. SCOPE OF WORK

The successful bidder must be able to provide the following insurance services that are aligned to any and all-related regulations i.e., POPI:

- 2.1 Provide comprehensive insurance cover for losses which may be incurred due to:
- 2.1.1 Loss or Damage to property (moveable and immovable assets)
  - 2.1.2 Natural causes which may bring losses/damages to property (moveable and immovable assets)
  - 2.1.3 Fidelity Cover
  - 2.1.4 Public Liability
  - 2.1.5 Fire losses/damages to property (moveable and immovable assets)
  - 2.1.6 Comprehensive Vehicle Cover including roadside assistance.
  - 2.1.7 Business all risks
  - 2.1.8 SASRIA
  - 2.1.9 Directors and Officers liability
  - 2.1.10 Professional Indemnity Insurance

### 2.2 Policy and Claim Administration:

Detailed procedures for claim submission and administration. Provide a clear and user-friendly claim procedure indicating turnaround time once the claim has been submitted:

- 2.2.1 Facilitate insurance for INSETA for all assets/portfolios, including new assets/portfolios.
- 2.2.2 Ensure that all INSETA claims are attended to accordingly.
- 2.2.3 Correspond to insurance claims and other insurance related queries.
- 2.2.4 Ad-hoc adjustments and endorsements on sums insured and declaration to insurers/re-insurers.
- 2.2.5 Monitor premium payments and refunds in accordance with accounts and statements.
- 2.2.6 Provide quarterly reports on claims (claims processed and paid out/finalized/closed/rejected, claims in progress)

## 2.3 ESTIMATED PORTFOLIOS

The following are the estimated portfolios to be covered or insured:

**NOTE:** All bidders pricing must include SASRIA premiums.

Portfolio	Cover Amount/Value
Loss or Damage to property (moveable and immovable assets)	R25 000 000
Natural causes which may bring losses/damages to property (moveable and immovable assets)	R25 000 000
Fidelity Cover	R10 000 000
Public Liability	R90 000 000
Fire losses/damages to property (moveable and immovable assets)	R4 211 584.27
Comprehensive Vehicle Cover including roadside assistance.	R292 040.15
Business all risks	R2 000 000
Directors and Officers liability	R20 000 000

## 3. DELIVERABLES

A Service Plan should be drawn annually at inception of a new insurance period, detailing the actions to be taken. The Portfolio Service Plan should reflect at least the following general insurance actions:

- 3.1** Internal and external discussions to set renewal and maintenance strategy.
- 3.1.1 Internal Strategy meetings.
  - 3.1.2 Review existing cover.
  - 3.1.3 Established uninsured risks and internal self-insurance capacity.
  - 3.1.4 Review cover, limits and sums insured.
  - 3.1.5 Review uninsured risks and exposure.
  - 3.1.6 Re-broking and market exercise to obtain renewal terms.
  - 3.1.7 Pre-renewal meeting to discuss excess structures and alternatives of renewal.
  - 3.1.8 Renewal follow-up on alternative quotations.
  - 3.1.9 Presentation of renewal terms and recommended options.
  - 3.1.10 Confirmation of placement and 100% cover.
  - 3.1.11 Confirmation of credit rating of insurance and re-insurance markets.
  - 3.1.12 Premium allocations on recommended aggregates and service fees.
  - 3.1.13 Compilation of detailed insurance manual as well as full summary on cover, limits, conditions, and exclusions.
  - 3.1.14 Check and provide issued policy as well as legal confirmation of statutory compliance.
  - 3.1.15 Compilation of claims procedural manual
  - 3.1.16 Ad hoc adjustments and endorsements on sums insured and declarations to insurers/re-insures and issuing of accounts within 30 days of transactions.
  - 3.1.17 Claims administration.

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- 3.1.18 Monitor premium payments and refunds in accordance with accounts and statement.
- 3.1.19 Ad hoc training where required in terms of policy and procedure manual.

### 3.2 Monitoring progress of deliverables

Adherence to the Service Level Agreement will be monitored by way of the following:

- 3.2.1 Annual Post Renewal
- 3.2.2 Quarterly reports providing details of insurance policy performance.
- 3.2.3 Annual performance review.
- 3.2.4 Contract management meetings at least twice a year

## 4. TIMEFRAMES

- 4.1 The duration of the contract will be for a period of **4 years (48 months)**.

## 5. CONTRACTUAL OBLIGATION

- 5.1 All bidders must complete SBD 3.3 as well as the applicable annexure (Pricing schedule). Annual escalation is subject to claims history/experience
- 5.2 The bidders are required to provide a dedicated Account Manager upon contracting.
- 5.3 In the case of the service provider using sub-contractors, the former will be responsible for ensuring delivery of services from any such sub-contractors and for making any payments to such sub-contractors.
- 5.4 The successful bidder will be required to have adequate professional indemnity cover (upon parties contracting at an estimate value of R 2 million)
- 5.5 Unsatisfactory performance can result in INSETA invoking its right to terminate the contract.
- 5.6 Bidder will be required to submit proof of registration with FSCA annually during the duration of the contract. (Of the entity and the applicable account manager)
- 5.7 Compliance with BBBEE through a valid BBBEE Certificate or DTI sworn affidavit as well as tax compliance through Central Supplier database or SARS tax in (when services are required).
- 5.8 Bidder must adhere to Protection of Personal Information (POPI) Act.
- 5.9 The service provider's quotation must also provide sufficient detail in terms of various cost items such as total "man" hours and daily rates for the project team.
- 5.10 Bidder will be subjected to annual review in terms of measuring satisfactory performance.

***All instructions regarding the format of the proposal should be followed; otherwise, Bidders may be excluded from the rest of the bidding process. Please ensure that you comply fully with all requirements set out in the tender document terms of reference. Annual escalation is subject to the claims history/experience.***

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## 6. ABSENCE OF OBLIGATION & CONFIDENTIALITY

- 6.1 No legal or other obligation shall arise between the service provider and INSETA unless/until both parties have signed a formal contract or Service Level Agreement in place.
- 6.2 The Contract site is at **INSETA (as and when required)**.

## 7. WORKMEN AND SUPERVISION ON SITE

- 7.1 The service provider shall be held responsible for the conduct of his employees and the conduct of his sub-contractor's employees for the full duration of the contract.

## 8. PREQUALIFICATION CRITERIA (Phase 1)

- 8.1 Proof of registration on CSD (**Central Supplier Database**)
- 8.2 Bidder must provide proof (BBBEE Certificate accredited by SANAS only or Department of Trade Industry (DTI) Sworn Affidavit template) and must be an EME, QSE or Generic companies (only level 1 or level 2 BBBEE contributor) status will be considered.

***Note: All bidders who do not comply with the items listed above will be disqualified.***

## 9. MANDATORY CRITERIA (Phase 2)

Bidders are required to indicate compliance and provide the required evidence as confirmation of compliance. All bidders pricing must include SASRIA premiums.

***Note: All bidders who do not comply with the items listed below will be disqualified.***

NO.	TECHNICAL MANDATORY REQUIREMENT	COMPLY /NOT COMPLY	EVIDENCE (bidders to reference section where evidence is submitted in the proposal)
10.1	The service provider (brokerage) must provide proof of a valid license to transact as a financial services provider issued by the Financial Sector Conduct Authority (FSCA) as per financial advisers and intermediary services act. (FAIS Act)		
10.2	The service provider must provide a written confirmation, on underwriter/insurer letterhead not older than three (3) months that the brokerage is authorised to sell their products as itemised in the scope of work: <b><i>(Note that the letter from the underwriter/Insurer must list all the products or services below, and letters from more than one underwriter/insurer will be accepted):</i></b>		
9.2.1	Loss or Damage to property (moveable and immovable assets)		
9.2.2	Natural causes which may bring losses/damages to property (moveable and immovable assets)		
9.2.3	Fidelity Cover		
9.2.4	Public Liability		
9.2.5	Fire losses/damages to property (moveable and immovable assets)		
9.2.6	Comprehensive Vehicle Cover including roadside assistance.		
9.2.7	Business all risks		
9.2.8	SASRIA		
9.2.9	Directors and Officers liability		

## 10. FUNCTIONAL EVALUATION

**10.1** Responses will be evaluated using a predetermined set of evaluation criteria. The evaluation criteria are designed to reflect the INSETA's requirements in terms of identifying a suitable service provider and ensure the selection process is transparent and affords all the bidders a fair opportunity for evaluation and selection.

### 10.2 Functional Evaluation threshold (Phase 3)

10.2.1 The tender submission will be functionally evaluated out of a **minimum of 70 points – any bidder who scores less than 70** will not be considered for further evaluation, **maximum score is 100**.

10.2.2 Bidders who comply with the Phase 3 will be evaluated in terms of Price and BBEE Preference Point system (**Phase 4**)

#### Functional Evaluation Criteria Phase 3:

Evaluation Area	Functional Criteria	Max Points
<b>Claims procedure</b>	Bidder to provide draft claims procedure indicating the elements listed in section 2.1.2 of the terms of reference - aligned to processing of claims. = <b>20 points</b> <ul style="list-style-type: none"> <li><b>Noncompliance with this requirement = 0 points</b></li> </ul>	<b>20</b>
<b>Experience (Reference letters)</b>	The bidder should submit references letters for the provision of insurance brokerage services- for services provided within the last three <b>(3) years</b> ). The reference letter should be signed, dated, on a company lettered, indicate the period when services were provided, include a general description of services provided, as well as contactable references (email address and telephone number): <ul style="list-style-type: none"> <li><b>2 - 3 reference letters = 30 Points</b></li> <li><b>4 - 5 reference letter = 40 Points</b></li> <li><b>6 and above reference letters = 60 points</b></li> </ul> <b>Non-compliance with the minimum criteria = 0 points</b>	<b>60</b>
<b>Compliance of the Account Manager</b>	Bidder to submit details of the dedicated Account Manager (As a representative of financial service provider-FSP) and provide his or her evidence of valid registration with FSCA. = <b>20 points</b> <p><b>Non-compliance with the minimum criteria = 0 points</b></p>	<b>20</b>
<b>TOTAL</b>		<b>100</b>

10.2.3 Bidders who obtained less than the minimum threshold of **70 points** will be declared non-responsive and therefore will not be eligible for **evaluation of BBEE & Price Preference**.

## **11. Preference Evaluation (Phase 4)**

### **11.1 BBBEE and Price**

As the tender **price is estimated to be below R50 million**, the tender responses will be evaluated on the **80/20**-point system.

## **12. ADJUDICATION USING A POINT SYSTEM**

- 12.1.** The bidder obtaining the highest number of total points will be awarded the contract unless objective criteria justify the award to another bidder.
- 12.2.** Preference points shall be calculated after process has been brought to a comparative basistaking into account all factors of non-firm prices.
- 12.3.** In the event that two or more bids have scored equal points in terms of price and preference points for BBBEE, the successful bid must be the one scoring the highest number of preference points for BBBEE - in terms of PPPFA Regulation 2017 – Section 11 (1) & (2)
- 12.4.** However, when functionality is part of the evaluation process and two or more bids have scored equal points for BBBEE, the successful bid must be the one scoring the highest score for functionality.
- 12.5.** Should two or more bids be equal in all respect, the award shall be decided by the drawing of lots.



### 13. POINTS AWARDED FOR PRICE AND BBBEE PREFERENCE POINT

The **80/20** preference point system

A maximum of **80** points is allocated for price on the following basis:

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

$P_{\min}$

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

### 14. B-BBEE PREFERENTIAL POINTS WILL BE AWARDED AS FOLLOWS:

B-BBEE Status Level of contributor	Number of points 80/20 system
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

**14.1.** Bidders who qualify as EME's and QSE's in terms of the B-BBEE Act must submit a Sworn affidavit. Misrepresentation of information constitutes a criminal offence.

**14.2.** Bidders other than EME's or QSE's must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating issued by SANAS.

**14.3.** Tertiary institutions and public entities will be required to submit their B-BBEE status level

certificates in terms of the specialized scorecard contained in the B-BBEE Codes of Good Practice.

#### 14.4 Consortium

- 14.4.1. A consortium is an association of two or more individuals, companies, organisations, or governments (or any combination of these entities) with the objective of participating in a common activity or pooling their resources for achieving a common goal.
- 14.4.2. A consortium requires that each participant retains its separate legal status and the consortium's control over each participant is generally limited to activities involving the joint endeavour, particularly the division of profits. A consortium is formed by contract, which designates the rights and obligations of each member.
- 14.4.3. In a consortium, only the lead bidder's credentials both in terms of financial and technical qualifications are considered. Therefore, the interpretation and application to a RFQ/Bid process is such that the lead partner is identified, and the following requirements are required as follows:
- a) **Lead Partner**
- All administrative documents (consortium agreement between the lead partner and the partner)
  - Technical requirements (which will show in the proposal and other requirements why the need for the consortium, which for all intent and purpose fulfils the requirements of the bid through combination of skills)
- b) **Partner**
- Proof of CSD registration.
  - Tax Pin.
  - BBBEE Sworn-Affidavit.
  - SBD 4 Declaration of interest.
  - SBD 8 Past supply chain.
- 14.4.4. It should be taken into cognisance that although the lead partner is the qualifying entity, the partner should prove that it can do business with state-owned entities, through CSD registration, proof that the taxes are compliant, its level of BBBEE status in order to align with the BBBEE status level required by the BID, declare interest and answer questions that it is not a disqualified entity with the National Treasury. The foregoing ensures compliance from an SCM process perspective that the consortium is in order.
- 14.4.5. Of importance is that in a consortium, each individual team members retain their identities.

#### **14.5 A joint venture**

14.5.1. A joint venture is a business entity created by two or more parties, generally characterized by shared ownership, returns and risks and shared governance.

#### **14.6 Unincorporated joint venture:**

14.6.1 All SCM documents are filled in by the joint venture in the name of the joint venture, although the submission of administrative documents (partnership agreement between parties) will be completed in the name of the joint venture, and the following will be required from both parties, amongst others

- a) SBD 4.
- b) SBD 6.
- c) SBD 8.
- d) SBD 9.
- e) Tax pin
- f) CSD registration.
- g) The JV agreement will direct which bank account of the two entities will be used.
- h) Consolidated Joint BBBEE Certificate.

14.6.2. A person will not be awarded points for B-BBEE status level if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that such a bidder qualifies for, unless the intended Sub-contractor is an EME that has the capacity and the ability to execute the sub-contract.

**14.7** A person awarded a contract may not sub-contract more than 25% of the value of the contract to any other enterprise that does not have equal or higher B-BBEE status level than the person concerned, unless the contract is sub-contracted to an EME that has the capacity and the ability to execute the sub-contract.

### **15. COMMUNICATION**

Respondents are warned that a response will be disqualified should any attempt be made by a bidder either directly or indirectly to canvass any officer(s) or employees of INSETA in respect of BID process, between the closing date and the date of the award of the business.

All enquiries relating to this BID should be emailed ***three days before the closing date.***

### **16. CONDITIONS TO BE OBSERVED WHEN BIDDING**

**16.1** The organization does not bind itself to accept the lowest or any BID, nor shall it be responsible for or pay any expenses or losses which may be incurred by the bidder in the preparation and delivery of his BID submission. The organization also reserves the right to withdraw or cancel the BID at any stage.

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**16.2** No BID shall be deemed to have been accepted unless and until a formal contract / letter of award is prepared and executed.

The competitive shall remain open for acceptance by the Organization for a period of **120 days** from the closing date of the BID Enquiry.

INSETA reserves the right to:

- 16.3** Not evaluate and award a bid that do not comply strictly with this BID document.
- 16.4** Make a selection solely on the information received in the Bid Document and Enter into negotiations with any one or more of preferred bidder(s) based on the criteria specified in the terms of reference.
- 16.5** Contact any bidder during the evaluation process, in order to clarify any information, without informing any other bidders. During the evaluation process, no change in the content of the BID shall be sought, offered, or permitted.
- 16.6** Cancel this BID at any time as prescribed in the PPPFA regulation.
- 16.7** Should bidder(s) be selected for further negotiations, they will be chosen on the basis of the cost effectiveness and the principal of value for money not necessarily on the basis of the lowest costs.

## **17. Cost of Bidding**

**17.1** The bidder shall bear all costs and expenses associated with preparation and submission of its BID submission and the INSETA shall under no circumstances be responsible or liable for any such costs, regardless of, without limitation, the conduct or outcome of the bidding, evaluation, and selection process.

## **18. Note to Bidders:**

**18.1** Due diligence to be conducted by INSETA prior to the award of the contract.

**END OF TERMS OF REFERENCE DOCUMENT**