



**REQUEST FOR PROPOSAL FOR INSURANCE BROKERAGE
SERVICES**

RFP FM/03/2019

Bid closing date: 06 May 2019 at 11h00 am

Compulsory briefing session: 10 April 2019 at 11h00

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1 INTRODUCTION

The National Housing Finance Corporation SOC Ltd (NHFC) is seeking proposals from suitably qualified institutions to provide insurance brokerage services for a period of three years starting 01 June 2019 - 31 May 2022, subject to annual performance review.

2 PURPOSE

The purpose of this document is to table the tender specification for the appointment of insurance brokerage service provider to the NHFC, its wholly owned subsidiary, Cape Town Community Housing Company (Pty) Ltd (CTCHC) based in Cape Town, Rural Housing Loan Fund NPC (RHLF) and National Urban Reconstruction and Housing Agency NPC (NURCHA) with all its subsidiaries (Nurcha Loan Fund (Pty) Ltd (NLF), Nurcha Bridging Fund (Pty) Ltd (NBF), Nurcha Equity Services (Pty) Ltd (NES) and Nurcha Management Services (Pty) Ltd (NMS), Nurcha Development Finance (Pty) Ltd (NDF).

3 TERM OF THE APPOINTMENT

The term of the appointment is for a period of three years (3) effective from 01 June 2019.

4 BACKGROUND

4.1 National Housing Finance Corporation

The NHFC was established by the National Department of Human Settlements as a development finance institution (DFI) in 1996, with the principle mandate of broadening access to affordable housing finance for the low- and middle-income households.

NHFC is a registered state owned company. As a Schedule 3A national public entity, the NHFC adheres to the regulatory framework of the Public Finance Management Act (PFMA) of 1999.

The NHFC provides wholesale funding in the affordable housing market mainly to social housing institutions, non-banking retail intermediaries, building contractors privately owned property developers and investors. It provides loans and other forms of wholesale funding (equity and quasi equity) to certain niche businesses that operate in the affordable housing market.

Effective from 01 October 2018, the company amalgamated with National Urban Reconstruction and Housing Agency SOC NPC (NURCHA) and Rural Housing Loan Fund SOC NPC (RHLF). NURCHA and RHLF donated their respective assets and liabilities to the NHFC in terms of donation agreements.

The company has always outsourced its insurance brokerage services and the contract with its current service provider expires 31 May 2019

At the end of March 2018, the consolidated financial statements reflected a total assets of approximately R3.5 billion. When the assets of RHLF and NURCHA are added to this the total asset value is approximately R4 billion as at February 2019.

The staff complement of the NHFC comprises of approximately 118 staff with offices in Johannesburg, Cape Town, Port Elizabeth, and Durban.

The company has recently obtained a valuation of all its assets for insurance purposes and the report will be made available to the successful bidder, during the final stages of the tender.

Below are different types of cover that NHFC require:

- Multiperil (Non Motor) - which include office content, business interruptions, money, business all risk, general and tenants liability, employer's liability, accidental damage, electronic equipment, third party liability. Assume maximum value of R 240 000 000
- Multiperil (Motor) - for 2 cars owned by NHFC assumed value R270 000 cover (Retail value);
- Sasria motor and non- motor - as per underlying covers (Retail value);
- Group Personal Accident - to cover the 118 employees currently employed by NHFC for Accidental Death. Assume value of 3 x Annual Earnings ; Directors' and Officers' Liability. Currently 10 directors. Assume R 150 000 000;
- Employment Practices Liability - Assume value of R 20 000 000
- Crime and Civil Liability - Assume value of R100 000 000
- Home Owner's insurance for a retail mortgage book owned by NHFC. This will be charged to the mortgagees
- Professional Indemnity for Project Management only

5 SCOPE OF WORK AND TECHNICAL REQUIREMENTS

The successful service provider will be expected to provide NHFC with insurance brokerage services, claims support and general advisory services in the following areas:

- 5.1** Multiperil (Non Motor) - which include office content, business interruptions, money, business all risk, general and tenants liability, employer's liability, accidental damage, electronic equipment, third party liability. Assume maximum value of R 240 000 000;
- 5.2** Multiperil (Motor) - for 2 cars owned by NHFC assumed value R270 000 cover (Retail value);
- 5.3** Sasria motor and non- motor - as per underlying covers (Retail value);
- 5.4** Group Personal Accident - to cover (118) employees as employed by NHFC in 2019 for Accidental Death. Assume value of 3 x Annual Earnings;
- 5.5** Directors' & Officers' Liability. Currently 10 directors. Assume R 150 000 000;
- 5.6** Employment Practices Liability - Assume value of R 20 000 000
- 5.7** Crime and Civil Liability - Assume value of R100 000 000

5.8 Home Owner's insurance for a retail mortgage book owned by NHFC. This will be charged to the mortgagees

5.9 Professional Indemnity for Project Management only

6 REFERENCE DOCUMENTS

- 2018 Integrated Annual Reports for NHFC, RHLF and NURCHA.

7 APPOINTMENT, COMMENCEMENT AND DURATION

The service provider will be appointed for the period of three years on 01 June 2019 subject to annual performance review.

8 PROJECT MANAGEMENT

8.1 Performance of assignments

Assignments are to be performed in line with the South African Insurance Acts (short-term and long-term, FAIS Act and any other applicable legislation. All working papers and reports must be retained, at the brokerage's expense, for a minimum of five years (5) from date of date of appointment unless the company/individual is notified in writing by the NHFC of the need to extend the retention period. The service provider will be required to make working papers available, upon request by the NHFC or any authorised representative of the company.

8.2 Timing of assignments

The performance of each assignment shall be in accordance with the Service Level Agreement as agreed to by all the parties.

8.3 Quality assurance

The service provider shall ensure that all work conforms to all applicable insurance and brokerage Standards. Such work shall further be subject to external quality assurance in line with the company standards.

8.4 Monitoring progress of assignment

On a mutually agreed basis, the service provider shall be expected to meet with the company's Chief Risk Officer or other nominates employee for renewal presentations, claims administration process or to discuss any matters relevant to company's insurance.

8.5 Reporting of Results

The insurance report (s)/ renewal presentation should be addressed to the Chief Risk Officer or nominated employee.

9 FINANCIAL PROPOSAL

Financial Proposal (to be submitted in a separate envelope)

The Financial Proposal must indicate the proposed annual cost for the service which gives an indication of the following:

- Overall fixed price inclusive of VAT and disbursements;
- Breakdown of anticipated out-of-pocket expenses (disbursements); and
- Fees must be quoted at an inclusive rate for the different levels of proposed resources to be utilised, as listed below.
- Budget must be based on a rolling three year period with the 1st year budget detailed.
- Fees for handling claims, if separate from above

10 BID EVALUATION CRITERIA

The proposal will be evaluated in terms of the Preferential Procurement Policy Framework Act 2000 and the Preferential Procurement Regulation of 2017

The evaluation of bid responses will be conducted in three (3) phase as follows:

Phase 1: Eligibility/Pre-qualification criteria

Bidders will be evaluated according to pre-qualification requirements which include the submission of mandatory information or documentation. Bidders that fail to meet the pre-qualification requirements of the bid will not be considered further for evaluation.

The bidder must meet the following pre-qualification requirements:

- a) The bidder must be registered with either the Council of International Insurance Broking Associations (CIIBA) or Insurance Institute of South Africa (IISA)
- b) The firm must be registered on the National Treasury supplier database at the time of submitting the proposal.

Failure to comply with the above pre-qualification requirements will lead to the disqualification of the bid.

Phase 2: Technical/ functional evaluation

The minimum qualifying score for functionality is 70% (70 points). All bids that fail to achieve the minimum qualifying score on functionality shall not be considered for further evaluation on Price and BEE.

Category	Criteria	Points	Total Points
1.	Experience and Expertise of Key Personnel		20
a.	Director with a minimum of 5-10 years' experience (Detailed CV's, qualification and copies of certificates must be submitted), including FAIS Exams and proof of affiliation with Financial Intermediaries Federation of South Africa (FIFSA), Council of International Insurance Broking Associations (CIIBA), Insurance Institute of South Africa (IISA) or any related industry body.	5	
b.	Accounts executive (specialised services) with a minimum of 5 - 7 years' experience (Detailed CV's, qualification and copies of certificates must be submitted), including FAIS Exams and proof of affiliation with Financial Intermediaries Federation of South Africa (FIFSA), Council of International Insurance Broking Associations (CIIBA), Insurance Institute of South Africa (IISA) or any related industry body.	5	
c.	Claims Manager with a minimum of 3-5 years' experience (Detailed CV's, qualification and copies of certificates must be submitted)	10	
2.	Track Record		20
a.	Experience in insurance brokerage services (at least 5 signed reference letters to be submitted from Companies where similar service has been conducted). Proof of company success rate should be attached for track record.	8	
b.	Experience in providing insurance brokerage services for public entities (state owned). At least 3 signed reference letters to be submitted from Companies where insurance brokerage services has been provided).	12	
3.	Approach and Methodology		45
a.	Provide a project plan which reflects detailed methodology and process to be followed when sourcing insurance for the company.	15	
b.	Able to demonstrate understanding of brokerage services, insurance industry, clear timelines, targets and engagement strategy.	10	
c.	Able to demonstrate understanding of insurance claims administration process, clear timelines, targets and engagement strategy.	20	

Category	Criteria	Points	Total Points
4.	Skills development		5
a.	Able to demonstrate that at least one team member of the bidder is in training or a development programme	5	
5.	Independence and objectivity		10
a.	The proposed brokerage fee does not exceed 25% of the insurance brokerage company's total turnover. Most recent annual financial statements of the bidder	10	
	TOTAL		100

Phase 3: Price and B-BBEE evaluation

All bids that achieve the minimum qualifying score of 70% (70 points) for Functionality, (acceptable bids) will be evaluated further in terms of the 80/20 preference point system. The preference point's claim is in terms of the Preferential Procurement Regulations 2017.

As per the table below, price is evaluated over 80 points and preference points over 20:

Price Assessment	80 Points
TOTAL	80
Preferential Elements	20 Points
B-BBEE 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

11 COMMERCIAL OBLIGATIONS

This section of the document outlines the general commercial process and obligations of the service provider.

11.1 Contracting

A contract will be concluded between NHFC and the successful service provider which will incorporate the following:

- The letter of acceptance to the successful bidder
- The original tender documents;
- The proposal of the successful service provider, and
- Terms and conditions as stipulated above and general contract terms and conditions.

11.2 Material Rights

The product of this project will be confidential information, and will be the property of the NHFC and no disclosure of information to other parties will be made without prior written approval of the NHFC.

11.3 Rules of Bidding

- The NHFC reserves the right to amend or cancel this RFP at any time, at its sole discretion;
- The NHFC is not bound to accept any of the proposals submitted, and reserves the right to call for best and final offers from the short-listed bidders before final selection;
- The NHFC reserves the right to call for interviews with short-listed bidders before final selection;
- The NHFC reserves the right to negotiate price with the preferred bidder;
- An eligible Bidder, if requested, must be prepared to present evidence of experience, ability, service facilities, and financial standing necessary to satisfactorily meet the requirements set forth or implied in this proposal;
- NHFC reserves the right to award a contract in part, to reject any and all quotations in whole or in part, to waive technical defects, irregularities and omissions, at its sole discretion;
- The successful bidder (s) may be required to sign a Service Level Agreement (SLA), in terms of which the service provider's performance will be measured and managed.
- Late submissions will not be considered.

12 PROPOSAL COMPLIANCE REQUIREMENTS

This section contains the requirements for Proposal Compliance; all submissions must consist of a Technical and a Financial Proposal as explained below:

a. Procedural Matters

i. Documents to be submitted:

- Company profile and Technical Proposal
- Financial Proposal (Separate document)
- Name of Principal Applicant (Must be authorised to act on behalf of the Company) and contact details including telephone, fax numbers and email address.
- BBEE Credentials Certified copy of Valid BEE Certificate or Affidavit, if wanting to be scored on B-BBEE
- Valid Tax Clearance Certificate. Bids where consortium / joint-ventures / sub-contractors / partners are involved, each party must submit a separate proof of Tax Clearance Certificate / Unique PIN.
- Copies of any Shareholders agreement
- Audited financial statement of the bidder
- ID copies of Shareholder/Directors
- A copy of the current memorandum association and articles of association of the company or constitutional documents of the company
- Submission of Signed and Completed Standard Bid Documents (SBD) Forms
- Vat registration evidence
- Declaration of interest
- Declaration statement

ii. Copies

Three hard copies and a soft copy (CD/USB) must be submitted in a sealed envelope, appropriately addressed.

iii. Submission Address

Proposal, endorsed with **RFP: FM/03/19** must be hand delivered to:

NHFC Tender Box
 The Isle of Houghton
 Old Trafford 3, 1st Floor
 11 Boundary Road
 Houghton
 Johannesburg

Attention Ms. Pumza Nsukwini

iv. Submission Date

The Proposal (design and quotation) must reach the NHFC **by 06 May 2019, 11h00 am.**

v. Proposal Cost

The cost of compiling a Proposal is and remains the prospective service provider's own cost and will not be paid for by NHFC.

vi. Contacts

The contact person for information pertaining to the RFP proposal is Mrs. Pumza Nsukwini, telephone numbers 011-644 9800 fax number 011 484 0204 and e-mail pumzan@nhfc.co.za.