



**GOVERNMENT OF JAMAICA**

**HANDBOOK  
OF  
PUBLIC SECTOR  
PROCUREMENT  
PROCEDURES**

**VOLUME 4 of 4**

**PROCEDURES FOR THE PROCUREMENT OF  
GENERAL INSURANCE SERVICES**



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## DEFINITIONS

Accountable Officer	In accordance with Section 16 of the FAA Act, an Accountable Officer is any Public Officer, including an Accounting Officer, concerned with or responsible for the collection, receipt, custody, issue or payment of public money or other public property
Accounting Officer	In accordance with Section 16 of the FAA Act, an Accounting Officer is any person designated as such by the Minister and charged with the duty of accounting for expenditure on any service in respect of which money has been appropriated.
Actuary	<p>An Actuary is defined as any accredited member of an Actuarial Organization, recognized by the International Actuarial Association (IAA). An accredited member is one who has attained any of the approved designations granted by such Actuarial organizations.</p> <p>The Ministry of Finance registers Actuarial firms for inclusion on the approved list of firms for assessing Insurance Tenders.</p>
Agent	An entity registered under the Insurance Act and Regulations to solicit insurance on behalf of specified Insurers. The Agent is an extension of the Insurer and can only represent the interest of its principal.
Aggregate Discount	Under this method, where an Insurer grants two or more different types and/or levels of discounts, the percentage for each discount granted is first summed and the total resulting percentage discount is then applied to the gross premium quoted.
Alternative Quotation	This is a quotation in respect of insurance coverage that represents any form of modification, whether by way of improvements, additions, deletions or otherwise, to either: (i) the coverage terms and conditions under the insurance policies; or (ii) the structuring of the policies requested in the Procuring Entity's Tender Specifications for Coverage.

## DEFINITIONS

### Average Clause

The Average Clause or Condition of Average is a policy provision in respect of Commercial and Residential Property insurance. It provides that if the Sum Insured at the time of a loss is less than the actual market or replacement value of the property at that time, then the insured will only recover a pro-rata share of the loss. That is, the Insurer will only pay for the portion of the loss (less any applicable deductible), as the Sum Insured bears to the actual value of the property. Under such circumstances, it is determined that the client is underinsured.

The Condition of Average is expressed as a percentage of the actual value of the property insured. For example, an 85% Condition of Average means that for full claims settlement, the Sum Insured must be at least 85% of the actual value of the property at the time of loss.

The Average Clause is essentially a penalty imposed if the Sum Insured does not match the replacement value, when the policyholder suffers a loss

### Broker

An entity registered under the Insurance Act and Regulations as an intermediary - The Broker negotiates and tries to find the buyer of insurance the best policy by comparing the merits of competing insurance companies to find the best deal for the client.

The Broker also represents the client to the Insurer and assists the client in getting claims settled speedily. Other services provided by the Broker include assisting the policyholder in the preparation of the Specifications for insurance tenders and in getting the claims data from the Insurer.

**It is important to note that the Broker does not sell insurance.**

## DEFINITIONS

### Claims Experience

The Claims Experience of an insurance portfolio over any given period represents a profile of losses which occurred over that period. The loss data should include the following:

- (a) date of Loss Event;
- (b) Risk Class under which the loss was recorded;
- (c) number of claims under Risk Class;
- (d) amount of claims made;
- (e) amount of claims settled/paid;
- (f) date of settlement;
- (g) amount of reserves held against a claim(s) made

## DEFINITIONS

Contractor	A provider or prospective provider of goods (under a goods contract), works (a contractor under a works contract) or services (under a services contract)
Day	Calendar day, unless otherwise specified.
Discount	A discount is a reduction in the premium given by an Insurer as a reward for not having made a claim against one's insurance policy. The most common one is the "no claim" discount received on premium. ( <i>See also Aggregate Discount and Step-Wise Discount</i> ).
Expiry Date	The date on which the contract of insurance terminates
Facultative Reinsurance	<p>A reinsurance policy that provides an Insurer with coverage for specific, individual risks that are unusual or so large that they are not covered under the insurance company's reinsurance treaties</p> <p>Each policy must be submitted to the Reinsurer(s) for consideration. Coverage would be provided at the discretion of the Reinsurer(s), upon review of the relevant underwriting information.</p>
Force Majeure	<p>An event which is beyond the reasonable control of a party, and which makes a party's performance of its obligations impossible, or so impractical as to be reasonably considered impossible in the circumstances</p> <p>Force Majeure includes but is not limited to: war, riots, civil disorder; earthquakes, fire, explosions; confiscation or any other action by Government agencies; storms, floods or other adverse weather conditions; strikes, lockouts or other industrial action (except where such strikes, lockouts or industrial action are within the power of the party invoking Force Majeure).</p>

## DEFINITIONS

General Insurance	<p>General Insurance or non-life insurance policies, (for example, automobile and homeowners policies), provide payments depending on the loss from a particular financial event. The classes of General Insurance Business in which a registered Insurer may engage in Jamaica are:</p> <ul style="list-style-type: none"><li>(a) Accident Insurance Business;</li><li>(b) Liability Insurance Business;</li><li>(c) Marine, Aviation and Transport Insurance Business;</li><li>(d) Motor Vehicle Insurance Business;</li><li>(e) Property Insurance Business; and</li><li>(f) Pecuniary Loss Insurance Business.</li></ul>
Government Asset	<p>Any item of economic value, owned by the Government (tangible and intangible property) that can be converted into cash</p>
Insurer	<p>A company registered under the Insurance Act and Regulations to provide indemnity under an insurance contract - The Insurer undertakes the responsibility to pay the stipulated amount to the policyholder on the occurrence of the insured event.</p>
“Like-for-Like” Quotation	<p>This is a quotation in respect of insurance coverage that is arranged exactly as requested in the Procuring Entity’s Tender Specifications for Coverage, as it relates to (i) the coverage terms and conditions under the insurance policies specified and (ii) the structuring of these policies.</p>
Limited Tender	<p>The Procuring Entity is not required to advertise its procurement opportunity, but is required to invite proposals from Brokers on the Ministry of Finance/Financial Services Commission’s Pre-qualified List.</p>
Local Competitive Bidding (LCB)	<p>The procurement opportunity is opened to all registered and pre-qualified insurance Companies and Brokers on the Ministry of Finance/Financial Services Commission’s Pre-qualification List.</p>
Pre-Qualified Broker/Insurer	<p>Status granted to Brokers/Insurers by the Financial Services Commission based on fulfillment of solvency criteria, compliance with statutory filing, financial viability and having satisfactory reinsurance, as per the prescribed requirements</p>

## DEFINITIONS

Procedures	Procedures are prescribed means of accomplishing policy. Their intent is to provide GoJ personnel with the guidelines and where appropriate, the specific action sequences to ensure uniformity, compliance and control of all policy-related activities.
Procurement	For GoJ purposes, <i>Public Sector Procurement</i> is the acquisition of goods, services and works, by any method, using public funds, and executed by the Procuring Entity or on its behalf.
Procurement Contract	A contract between the Procuring Entity and a Broker/Insure resulting from procurement proceedings.
Procurement Officer	A person with the authority to conduct procurement activities on behalf of the Procuring Entity, as delegated by the Accounting Officer
Procurement Plan	A plan that aligns a Procuring Entity's policies with its resources, through an annual and projected multi-year operational schedule, taking into account all lead times of the procurement process. There are two levels of procurement plans: (a) annual procurement plans and (b) project-specific procurement plans.
Procurement Planning	The process by which the efforts of all personnel responsible for procurement are co-ordinated and integrated to produce a procurement plan for fulfilling the Procuring Entity's needs in a timely manner and at a reasonable cost
Procuring Entity	Any Government Ministry, Department, Statutory Organization, Executive Agency, Local Government Authority, Public Company or any other Agency in which the Government owns controlling interest, that is at least 51%, or in which the Government is in a position to influence the policy of the entity. This definition also applies to Government-approved authorities acting on behalf of the Procuring Entity.
Professional Indemnity Insurance	<p>Professional Indemnity Insurance provides cover for claims brought against Brokers by the policyholder due to their professional negligence.</p> <p>It is a type of insurance designed to protect professional from claims made against them by clients.</p>

## DEFINITIONS

Quotation	This refers to the price and conditions or terms offered by an Insurer to a customer, whether through a Broker or directly to the customer. This price may be expressed as a Premium Rate per 100 or per 1,000 of the Sum Insured or Insurable Limit, or as a Flat Premium amount. Any explicit loadings, participation level stipulated, or discounts granted in respect of the Premium Rate or Flat Premium also constitute part of the quotation.
Services	Any object of procurement other than goods or works
Shall	For the purposes of this Handbook, the term “shall” signifies a mandatory action.
Split Policies	Risks that are shared by two or more Insurers
Step-Wise Discount	Under this method, each discount granted is calculated in order, taking one at a time. That is, one discount is applied first, then the second discount is applied to the Net Premiums derived after taking account of the first discount. This method produces a lower total discount than under the Aggregate Method.
Stock Declaration Deposit Premium	<p>Stock Declaration Deposit Premium is the premium paid by the Insured for stock described in the schedule (n.b. the schedule is usually an estimate based on past experience).</p> <p>Each month, the Insured is required to declare the value and quantity of the stock.</p> <p>Stock Declaration Deposit Premium is for risks where it is not possible to determine the Sum Insured beforehand because of the variability of the risk. (For example, coffee to be reaped.)</p>
Unregistered Insurer	<p>One that is deemed as carrying on insurance business, as determined by regulations applicable to a foreign country, but not registered in Jamaica to carry on insurance business</p> <p>For GoJ insurance tenders, locally registered (i.e. approved by the Financial Services Commission) Brokers/Insurers are allowed to place insurance business with unregistered Insurers, subject to the conditions outlined in the Financial Services Commission Bulletin<sup>1</sup>.</p>

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<sup>1</sup> See Appendix I

# SECTION 1

## PROCURING GENERAL INSURANCE SERVICES

### 1.1 GENERAL PROCEDURES

These procedures apply to the procurement of **General Insurance** placement services.

The Ministry of Finance is responsible for all policy matters relating to the procurement of insurance for Government Entities. For administrative purposes the Ministry has categorized Procuring Entities according to their annual premium values.

**Table 1: Categorization of Procuring Entities**

Category	Annual Premium Threshold
A	Up to \$1.5 Million
B	Above \$1.5 Million to \$5 Million
C	Above \$5 Million to \$15 Million
D	Above \$15 Million to \$40 Million
E	Above \$40 Million

Tender Invitations to Brokers/Insurers registered and pre-qualified with the Financial Services Commission should be advertised in a daily circulated, national newspaper for Procuring Entities in categories C, D and E. Although categories A and B are not required to advertise, Procuring Entities shall invite participation by using the Limited Tender method. Notwithstanding this, on a biannual basis, the Ministry of Finance prepares schedules of Government Entities which will be going to tender. These schedules are circulated to all registered and pre-qualified Brokers and Insurers; approved Actuarial Consultants; the Brokers' Association; and the Insurance Association of Jamaica.

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For the assessment of tenders, Government Entities are required to procure the services of one of the Actuaries on the Ministry of Finance's approved list. By issuing invitations to those on the Ministry's approved list, the Entity then makes a selection from the responses received based on cost-effectiveness. The appointed Actuary must be present at the tender closing and opening exercises.

The Procuring Entity is not obligated to accept the lowest financial proposal from a Broker/Insurer, for the following reasons:

- (a) Proposed Insurers must conform to the Insurance Act and Regulations, and the conditionalities imposed thereunder.
- (b) The acceptability of the Broker for a three (3)-year period will be in relation to:
  - (i) the financial viability of the Broker and any proposed Insurers;
  - (ii) meeting the conditions imposed through the registration process under the Insurance Act and Regulations;
  - (iii) the professional competence and capability of the staff; and
  - (iv) meeting the requirement for the prescribed level of professional indemnity stipulated by the Procuring Entity.
- (c) The practicability of effecting placement among registered Insurers and/or the need to effect such placement among unregistered Insurers; and
- (d) the adequacy and appropriateness of proposed coverage, having regard to the nature of the risks, the experience of the portfolio and the availability of more suitable cost-effective coverage.

## **1.2 FACULTATIVE REINSURANCE**

Brokers who will be arranging facultative reinsurance overseas will be required to obtain the appropriate licence from the Financial Services Commission (FSC). In addition, they will be required to apply for permission and provide evidence that no cover is available locally, before the FSC can grant approval (See Appendix I).

### 1.3 **AGENT**

An Agent is registered under the Insurance Act and Regulations to solicit insurance on behalf of specified Insurers. The Agent is excluded from the Tender system, as the agency system represents a distributive mechanism, whereby Insurance companies, in the absence of a developed branch network can offer their services to the insuring public over widely dispersed areas. As such, the Agent represents a local sales outlet for Insurers.

Agents as an extension of the Insurer, seek to represent their principals' interests, quite apart from their own. The Agent's role is, therefore, limited. The Agent is not intended to act as a Broker in offering professional advice on the insurance needs of his/her clients, and the placement of business among **competing Insurers**, as in so doing, he/she would be acting contrary to the stipulations of the Insurance Act. The Insurance Act precludes the Agent from acting as a Broker. Since the Agent is limited in its role and would not be able to obtain quotations on the most competitive basis, it is excluded from the tender system.

### 1.4 **BROKER**

The Insurance Tender System involves both the pre-qualified Brokers and Insurers. Brokers are utilized based on the need for:

- (a) impartial advice related to the interest of each Procuring Entity on the nature and the extent of risks to be covered;
- (b) the creation of a system which would assure a competitive arrangement hence, the best possible price for the services purchased; and
- (c) the removal of influence of persons in Procuring Entities, who would want to place business on a continuous basis with a particular Broker or Insurer, because of their affiliation to that particular Broker or Insurer.

## 1.5 INSTRUCTIONS TO PROCURING ENTITIES

- (a) For the sake of good order, and so as to facilitate full examination of all their insurance requirements, Procuring Entities should arrange for a common renewal date for all insurance policies. Multiple expiry dates do not facilitate the efficient management of insurance portfolios.
- (b) It is extremely important that Procuring Entities initiate the insurance procedure early so that there will be adequate time for decisions to be taken on the placement of insurance. The timeframes given in the Procedures are the minimum time periods that should be allowed, and where complex risks and/or overseas placements are involved, due consideration should be given to such matters.
- (c) Efforts should be made to obtain in good time, the likely totals for the annual renewal premiums for the insurance portfolio, so that the premium category may be ascertained beforehand, and the required steps taken as set out in the Procedures. This is also important for the Ministry of Finance to develop its biannual lists of Procuring Entities scheduled to go to tender.
- (d) Procuring Entities are required to assess the performance, i.e. level of professional service rendered by the Holding Broker, on an annual basis. Reports should be prepared, using the **Broker's Evaluation Form at Appendix VI**, and should form a part of the procurement record. Copies of the reports shall be sent to the Permanent Secretary under whose portfolio the Procuring Entity falls, as well as the Consulting Actuary and the Ministry of Finance.
- (e) Two (2) identical copies of each tender should be requested. One (1) copy shall be sent to the Consulting Actuaries for evaluation and the other copy should be kept as part of the Procuring Entity's confidential records. All quotations should be supported by copies of signed, stamped and dated Brokers' slips or other documentary evidence of authentication. The appointed Actuary must be present at the tender closing and opening exercises.

- (f) Tenders received should be kept under the strictest control to ensure that the utmost confidentiality is maintained. **The contents of tenders should not be disclosed to any unauthorized person.**
- (g) Procuring Entities should note that the contents of the tenders and the details of the Actuarial Reports are confidential and shall not be disclosed to any unauthorized person(s). It should also be noted that it creates an unfair advantage to reveal an Alternative Proposal developed by a Bidder.
- (h) The cost of the assessment of the tender shall be borne by the Procuring Entity.
- (i) Procuring Entities shall ensure that all Bidders are given equal opportunity in the tendering process, for example, by insisting on strict adherence to the closing date and time for submission of tenders, and by preventing alteration to the proposals thereafter.
- (j) Procuring Entities shall ensure that the appointed Broker signs a contract (see Appendix VII for sample contract)

### **1.5.1 VALUATION OF ASSETS**

Procuring Entities should ensure that valuations are done for the insurable assets, prior to issuing invitations to tender. Failure to present correct values may result in the application of the *Average Clause* in the event of a claim.

### **1.5.2 DOCUMENTS TO BE SUBMITTED TO THE APPOINTED ACTUARY**

It is important that Procuring Entities engage the services of one of the approved Actuaries prior to the closing date of the tender, and ensure that the following documents are submitted to him/her before this date:

- (a) a copy of the of the Procuring Entity's insurance Specifications for the upcoming year<sup>†</sup>;

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<sup>†</sup> See Appendix IV

- (b) details of the Claims Experience for the last three (3) years;
- (c) a summary of the insurance placed over the past three (3) years, indicating the risks, the Insurers, and the respective annual premiums; and
- (d) the completed Broker's Evaluation Form.<sup>‡</sup>

### **1.5.3 SPECIALIST INSURANCE SECTOR COMMITTEE**

The Specialist Insurance Sector Committee is comprised of persons with training and skills in insurance. The Ministry of Finance has responsibility for nominating persons to this Committee, which shall host its meeting at that Ministry.

The NCC's review of the Procuring Entity's recommendations for insurance placement is facilitated through the operation of the Specialist Insurance Sector Committee. One of the primary roles of the Committee is to facilitate the speedy processing of recommendations for awards of three year contracts to suitable Brokers. Additionally, the Committee will perform the following functions, among others:

- (i) ensure that procurement procedures were adhered to;
- (ii) where facultative placement was obtained overseas, ensure that the requisite approval was obtained;
- (iii) determine the validity of claims from Brokers of "Blocking of the Market"; (iv) ensure that Brokers/Insurers recommended for appointment are in full compliance with their registration conditions; and
- (v) examine market conduct in relation to Insurers' response to Brokers. That is, submissions will be examined to ensure equitable treatment of Brokers' requests and to detect whether there is any evidence of collusion to afford preferential treatment to any one or more Brokers.

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<sup>\*</sup> See Appendix VI

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Annual insurance premium in excess of **\$15 Million** shall be submitted to the Specialist Insurance Sector Committee for endorsement. Cabinet must approve annual premium in excess of **\$40M**. Although the Broker's contract is for three (3) years, the premium quoted by an Insurer is valid for **one (1) year**. At the end of each contract year, the Broker must return to the market to seek the best rates and terms based on the prevailing circumstances. Renewal rates are influenced by the Procuring Entity's Claims Experience and by external factors, such as reinsurance. As a result, it is not possible to forecast the amount of future premiums, or which company will be the Insurer. Procuring Entities, therefore, should **not** multiply the first year's premium to arrive at the cost for the three (3)-year contract, as this would be misleading. Furthermore, if pre-approval is granted, the Broker would have no reason to return to the market and the objective of obtaining the most competitive price would not be fulfilled.

In the case where the first year's premium is below the threshold requiring Cabinet's approval, but in the second year the premium falls within that category, a Cabinet Note must be submitted outlining the situation.

#### **1.5.4 NEW ENTITIES**

A **new** entity or an entity insuring its assets for the first time should contact the Ministry of Finance for the list of Pre-qualified Brokers. The entity shall select one Broker from the Ministry of Finance/Financial Services Commission's Pre-qualified List, which will go to the insurance market to obtain the most competitive premium rates and terms. The Procuring Entity can utilize the services of one of the Actuarial firms on the MOF/FSC's approved list. After the annual premium is paid to the Broker, the entity should submit a premium summary to the Ministry of Finance on the Form attached at Appendix II. The placement will be for one (1) year, after which the entity will be required to go to tender. For thresholds above **\$40M**, Cabinet's approval will be required.

## **1.6 TENDER BRIEFING SESSION AND SITE INSPECTION**

- (a) The purpose of the Tender Briefing Session is to allow prospective Brokers to query any aspect of the portfolio to be insured, and for the Procuring Entity to answer general questions on the scope of the portfolio.
- (b) Tender Briefings may be required for portfolios that are complex, high risk or high value. Briefing Sessions should be scheduled to allow sufficient time for prospective respondents to familiarize themselves with the Tender Documents and make arrangements to attend the session. Adequate time should also be allowed following the Briefing Session to provide respondents with the opportunity to clarify any issues with the Procuring Entity, prior to the close of tender.
- (c) All questions and responses from the Briefing Session are to be recorded and distributed to each Bidder. Any amendment or clarification of an issue should be circulated to all the Bidders via a formal written addendum, without making any reference to which Bidder sought the clarification.
- (d) In the event that a site visit is necessary, a date should be set and all the Bidders invited to attend.

## **1.7 TENDER OPENING**

The Tender Officer has a responsibility to ensure that the tender is conducted in a manner that will enhance the integrity of the system. Prior to the tender closing/opening exercise, the Tender Officer should ensure that:

- (a) a ruler, red ink pen, a pair of scissors, the Tender Register and Tender Receival Forms are on hand for use.
- (b) the Tender Box is clearly labelled and the locks and appropriate keys are in place. Some tenders are excessively large and cannot be dropped into the Tender Box in the usual manner. In such cases, the Box must be opened;

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- (c) on arrival, each Bidder's package is numbered before placing in the Tender Box. If more than one package is submitted by a Bidder, each package should be given the same number. This number, along with the time, date, name of the bidding Broker and the number of packages shall be recorded on the Tender Register<sup>§</sup>;
- (d) the Tender Register is signed by each Bidder's representative upon his/her arrival;
- (e) a clock is prominently placed in close proximity to the Tender Box and is set to reflect the time indicated by the "117" operator;
- (f) a horizontal line is drawn (using a red ink pen) immediately below the last Bidder's particulars, at the exact hour stipulated as the deadline for the receipt of tenders;
- (g) the Tender Box is promptly removed thereafter to the area designated for the opening of tenders;
- (h) persons are assigned and available to remove the Tender Box immediately to the area advertised/circulated for the Tender Opening;
- (i) neither the Bidders nor their representatives come into physical contact with the Tender Box or the tenders at any time during the opening process;
- (j) at least four (4) persons from the Procuring Entity are assigned to open, record, verify and observe the Tender Opening procedures;
- (k) the Consulting Actuary or his/her representative peruse the tenders for the eligibility documents, which should be recorded on the Tender Receipt Form (See Appendix XI);
- (l) one (1) Tender Receipt Form is used to record the required documents for each Broker and that the representatives from the Procuring Entity, the

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<sup>§</sup> See Appendix V

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Ministry of Finance, the Consulting Actuary and any other official, sign in the appropriate sections;

- (m) the Bidders and/or their representatives sign the Bidders' Attendance Register; and
- (n) the tender opening is done fifteen minutes after the closing of tender.

### **1.7.1 ACTUARIAL REPRESENTATIVE**

The Actuarial Representative shall be present at the tender closing and opening exercises to observe and conduct preliminary eligibility assessment.

### **1.8 PLACEMENT PERIOD**

Once a Tender process has been completed, placement will be made with the successful Broker for a period of three (3) years. Before appointment, the Brokers must sign a contract (see Appendix VIII). The Insurer will be appointed for one (1) year and it is incumbent on the Holding Broker to go to the market annually to obtain the best coverage for the Procuring Entity. The Procuring Entity shall ensure that this is done and that a clause to this effect is included in the Broker's contract.

## **1.9 FEES: INSURANCE TENDER**

Fees are not allowed under the insurance Tender System, as this would run counter to one of the primary principles, that of transparency, on which the Tender System hinges. The standard practice for Insurers is to include a commission as part of the regular premium. This leaves no room for manipulation as all Brokers are entitled to the same commission.

Fees can, therefore, be charged where a Broker has provided additional services, such as risk management or hazard management. In these instances, there should be full disclosure of fees, prior to the rendering of these services.

Section 144 (7) of the **Insurance Regulations** indicates that a fee can be charged for services in the form of “advice, counsel or opinion” but does not so indicate for “solicitation” or “negotiation”. By implication, “solicitation” and “negotiation” of insurance contracts will be paid for on a commission basis.

## **1.10 OVERSEAS COMPANIES**

Quotations from overseas Insurance Companies/Brokers shall be submitted through a local Broker/Insurer which is registered and pre-qualified by the Financial Services Commission.

In the event of facultative placement with Unregistered Insurers, local registered and pre-qualified Brokers must obtain the permission of the Financial Services Commission (see Attachment # 1) and submit evidence of the same within seven (7) of notification of the award of contract.

## SECTION 2 PREMIUM THRESHOLDS

### 2.1 PREMIUM ABOVE \$40 MILLION

Procurement Method	Procedures
<p><b>Local Competitive Bidding (LCB)</b></p> <p><b>Above \$40 MILLION</b></p> <p><i>Open to all registered and pre-qualified Brokers/Insurers on the MoF/FSC'S List</i></p> <p><b>Insurers are required to provide Brokers with quotations for the Like-for-Like and Alternative Programmes.</b></p>	<p><b><u>CATEGORY E</u></b></p> <p>1) Procuring Entities shall conduct a Local Competitive Bidding (LCB), the results of which are to be assessed by an approved Actuarial Consulting Firm and recommendations for award made to the Entity and copied to the MoF. The award recommendation shall be approved by the Permanent Secretary, endorsed by the NCC and sent to MoF for comments before Cabinet gives its approval.</p> <p><b><u>PROCEDURE</u></b></p> <p>2) At least one advertisement should be placed in a national, daily circulated newspaper a minimum of <b><u>fourteen (14) weeks</u></b> before the closing date of the tender. (See advertisement format at Appendix III).</p> <p>3) Procuring Entities should state the level of professional indemnity that Brokers are required to have.</p> <p>4) Specifications of the insurance coverage required should be prepared, in consultation with the Holding Broker and the Procuring Entity's insurance adviser, (if any). (See Specifications format at Appendix IV). The Claims Experience (for the three (3)-year contract period) should be prepared by the Insurer(s). Where appropriate, a Briefing Session (see Section 1; paragraph 1.6) for prospective Bidders should be held.</p> <p>5) Procuring Entities shall request quotations for one (1) Like-for-Like proposal and stipulate the number of Alternative proposals that Brokers are required to submit in their tender packages.</p>

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PREMIUM THRESHOLDS

Procurement Method	Procedures
<p>Local Competitive Bidding (LCB)</p> <p>Above \$40M (cont'd)</p>	<p>6) Arrangements should be made, prior to the advertisement, to have the Procuring Entity's assets assessed by an appropriate valuator/assessor, to ensure that the asset values are current. Failure to obtain correct values for the insured items may result in the application of the Average Clause, in the event of a claim.</p> <p>7) A covering letter, along with the appropriate Form describing the performance of the Holding Broker for the past three (3) years should be forwarded to the Permanent Secretary, the appointed Consulting Actuary and the Procurement and Asset Policy Unit in the Ministry of Finance.</p> <p>8) Letters inviting tenders/proposals, as well as guidelines for assessment, grounds for disqualification, claims experience and the Specifications, should be included in the tender package and distributed to the following:</p> <ul style="list-style-type: none"> <li>(a) all interested pre-qualified Brokers/Insurers;</li> <li>(b) the appointed Consulting Actuary; and</li> <li>(c) the Procurement and Asset Policy Unit of the MoF.</li> </ul> <p>9) On the closing date (at least ten (10) weeks before the expiry of the insurance contract), at the specified time (3:00 p.m.) arrangements for the receipt of the proposals/tenders should be effected. After the Opening (3:15 p.m. on the closing day), tenders should be forwarded <b><u>immediately</u></b> under <b>CONFIDENTIAL</b> cover to the appointed Consulting Actuary for assessment and recommendation.</p> <p>10) A review of the Actuarial report should be carried out by the Procuring Entity and a recommendation made to the Permanent Secretary of the Portfolio Ministry. The reason(s) for the selection of the recommended Broker and the rejection of the others, should be fully provided. This is to be effected at least seven (7) weeks before the existing insurance contract's expiry date.</p>

SECTION 2  
PREMIUM THRESHOLDS

Procurement Method	Procedures
<p><b>Local Competitive Bidding (LCB)</b></p> <p><b>Above \$40M (cont'd)</b></p>	<p>11) The Ministry/Procuring Entity should prepare the Permanent Secretary's comments/endorsement, as well as the Insurance Placement Transmittal Form (see Appendix VII) at least six (6) weeks before the expiry of the contract, giving detailed reasons for the selection. A summary of the Consulting Actuary's assessment and recommendations should also be attached and forwarded to the Specialist Insurance Sector Committee.</p> <p>12) The Portfolio Ministry should prepare the Draft Cabinet Submission at least six (6) weeks before the insurance contract's expiry date, detailing reasons for the selection.</p> <p>13) A copy of the Draft Cabinet Submission should be forwarded to the Ministry of Finance five (5) weeks before the insurance contract's expiry date, for appropriate comments to be incorporated therein.</p> <p>14) The Portfolio Ministry should prepare the final Cabinet Submission and forward it to the Cabinet Secretariat at least four (4) weeks before the insurance coverage is due to be renewed.</p> <p>15) The Cabinet Decision should be made available at least two (2) weeks before the renewal date, and communicated to: -</p> <ul style="list-style-type: none"> <li>(a) the Portfolio Ministry, for the information to be sent to the Procuring Entity; and</li> <li>(b) the Ministry of Finance.</li> </ul> <p>16) The Procuring Entity shall issue a letter of appointment to the successful Broker/Insurer and advise the other Bidders, in writing, of the result of their tenders.</p> <p>The following are to be submitted to the Procurement and Asset Policy Unit within <b><u>twenty-one (21) days</u></b> of the insurance renewal date:</p> <ul style="list-style-type: none"> <li>(a) copies of letters of appointment/rejection of Brokers/Insurers; and</li> <li>(b) details of the insurance placed, using the format at Appendix II.</li> </ul>

## 2.2 PREMIUMS ABOVE \$15 MILLION TO \$40 MILLION

Procurement Method	Procedures
<p><b>Local Competitive Bidding (LCB)</b> <b>Above \$15M up to \$40M</b></p> <p><i>Open to all registered and pre-qualified Brokers/Insurers on the MoF/FSC's List</i></p> <p><b>Insurers are required to provide Brokers with quotations for the Like-for-Like and Alternative Programmes.</b></p>	<p><b><u>CATEGORY D</u></b></p> <p>1) Procuring Entities shall conduct a Local Competitive Bidding (LCB), the results of which are to be assessed by an approved Actuarial Consulting Firm, and recommendations made to the Procuring Entity and copied to the MoF. The Permanent Secretary's approval letter must be attached to the Transmittal Form (see Appendix VII) before submission to the Specialist Insurance Sector Committee for the NCC's endorsement.</p> <p><b><u>PROCEDURE</u></b></p> <p>2) At least one advertisement should be placed in a national, daily-circulated newspaper a minimum of twelve (12) weeks before the closing date of the tender (see format at Appendix III).</p> <p>3) Specifications of the insurance coverage required should be prepared in consultation with the Holding Broker and the Procuring Entity's insurance adviser (if any). (See format at Appendix IV). The Claims Experience (for the three (3)-year contract period) should be prepared by the Insurer(s). Where appropriate, a Briefing Session (see Section 1, paragraph 1.6) should be held for prospective Bidders.</p> <p>4) Procuring Entities shall request quotations for one (1) Like-for-Like proposal and stipulate the number of Alternative proposals Brokers are required to submit in their tender packages.</p> <p>5) Arrangements should be made, prior to the advertisement, to have the Procuring Entity's assets valued/assessed by an appropriate valuator/assessor, in order to ensure that the values of the assets are current. Failure to obtain correct values of the insured items may result in the application of the Average Clause in the event of a claim.</p>

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PREMIUM THRESHOLDS

Procurement Method	Procedures
<p><b>Local Competitive Bidding (LCB)</b></p> <p><b>Above \$15M up to \$40M (cont'd)</b></p>	<p>6) A covering letter, along with the completed Broker Evaluation Form (see Appendix VI), describing the performance of the Holding Broker for the past three (3) years, should be forwarded to the Permanent Secretary, the appointed Consulting Actuary and the Procurement Asset and Policy Unit of the Ministry of Finance.</p> <p>7) Tender packages, including letters inviting proposals, guidelines for assessment, grounds for disqualification of tenders, and Specifications should be distributed to:</p> <ul style="list-style-type: none"> <li>(a) all interested pre-qualified Brokers/Insurers;</li> <li>(b) the appointed Consulting Actuary; and</li> <li>(c) the Procurement and Asset Policy Unit of the Ministry of Finance.</li> </ul> <p>8) On the closing date of the tender (at least eight (8) weeks before the insurance contract's expiry) at the specified time (3:00 p.m.), arrangements for the receipt of proposals/tenders should be made. After the Opening (3:15 p.m. on the closing day), tenders should be forwarded <u>immediately</u> under <b>CONFIDENTIAL</b> cover to the appointed Consulting Actuary for assessment and recommendation.</p> <p>9) A review of the Consulting Actuary's report should be carried out by the Procuring Entity and a recommendation made to the Permanent Secretary of the Portfolio Ministry. The reason(s) for selection of the recommended Bidder and rejection of the other Bidder(s) should be fully provided. This is to be completed at least six (6) weeks before expiry of the existing insurance contract.</p> <p>10) The Portfolio Ministry should prepare the Permanent Secretary's comments/endorsement, as well as the Transmittal Form (see Appendix VII) for the Specialist Insurance Sector Committee at least five (5) weeks before the insurance contract's expiry date, giving detailed reasons for the selection, and attaching a summary of the Consulting Actuary's assessment and recommendations.</p>

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PREMIUM THRESHOLDS

Procurement Method	Procedures
<p><b>Local Competitive Bidding (LCB)</b></p> <p><b>Above \$15M up to \$40M (cont'd)</b></p>	<p>11) Procuring Entities should issue a letter of appointment to the successful Broker/Insurer and advise the other Bidders in writing, of the results of their tenders.</p> <p>The following are to be submitted to the Procurement and Asset Policy Unit within <u>twenty-one (21) days</u> of the insurance renewal date:</p> <ul style="list-style-type: none"> <li>(a) copies of letters of appointment/rejection of Brokers/Insurers; and</li> <li>(b) details of the insurance placed, using the format at Appendix II.</li> </ul>

**2.3 PREMIUMS ABOVE \$5 MILLION TO \$15 MILLION**

Procurement Method	Procedures
<p><b>Local Competitive Bidding (LCB)</b></p> <p><b>Above \$5M up to \$15M</b></p> <p><i>Open to all registered and pre-qualified Brokers/Insurers on the MoF/FSC's List</i></p> <p><b><i>Insurers are required to provide Brokers with quotations for the Like-for-Like and Alternative Programmes.</i></b></p>	<p><b><u>CATEGORY C</u></b></p> <p>1) Procuring Entities shall conduct a Local Competitive Bidding (LCB). The Proposals are to be assessed by an approved Actuarial Consulting Firm and recommendations made to the Procuring Entity and copied to the MoF. The final approval for placement shall be given by the Permanent Secretary, his designate (Central Government) or the Board of Directors (Agencies).</p> <p><b><u>PROCEDURE</u></b></p> <p>2) At least one advertisement should be placed in a national, daily circulated newspaper a minimum of ten (10) weeks before the closing date of the tender (see format at Appendix III).</p> <p>3) Specifications of the insurance coverage required should be prepared in consultation with the Holding Broker (see format at Appendix IV). The Claims Experience (for the three (3)-year contract period) should be prepared by the Insurer(s). Where appropriate, a Briefing Session (see Section 1, paragraph 1.5) for prospective Bidders should be held.</p>

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Procurement Method	Procedures
<p><b>Local Competitive Bidding (LCB)</b></p> <p><b>Above \$5M up to \$15M (cont'd)</b></p>	<p>4) Procuring Entities shall request quotations for a Like-for-Like proposal and stipulate the number of Alternative proposals Brokers are required to submit in their tender packages.</p> <p>5) Tender packages including - letters inviting proposals, as well as guidelines for assessment, grounds for disqualification of tenders, Specifications, etc. should be included in the tender package and distributed to:</p> <ul style="list-style-type: none"> <li>(a) all interested pre-qualified Brokers/Insurers;</li> <li>(b) the appointed Consulting Actuary; and</li> <li>(c) the Procurement and Asset Policy Unit of the MoF.</li> </ul> <p>6) A covering letter, along with the completed Broker Evaluation Form (see Appendix VI) describing the performance of the Holding Broker for the past three (3) years should be forwarded to the Permanent Secretary, the appointed Consulting Actuary and the Procurement and Asset Policy Unit of the Ministry of Finance.</p> <p>7) On the closing date of the Tender (at least six (6) weeks before the insurance contract's expiry date) at the specified time (3:00 p.m.) arrangements should be made for receipt of proposals/tenders.</p> <p>8) After the opening (3:15 p.m. on the closing day) proposals should be forwarded <b>immediately</b> under '<b>confidential</b>' cover to the Consulting Actuary for assessment and recommendations.</p> <p>9) A review of the Consulting Actuary's report should be carried out and a recommendation made to the Permanent Secretary, his designate (Central Government), or Board of Directors (Agencies) as to the placement of the insurance for the Entity.</p>

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Procurement Method	Procedures
<p><b>Local Competitive Bidding (LCB)</b></p> <p><b>Above \$5M up to \$15M (cont'd)</b></p>	<p>10) After the approval is given, the Procuring Entities should issue a letter of appointment to the successful Broker/Insurer and advise the other Bidders in writing of the result of their tenders.</p> <p>The following are to be submitted to the Procurement and Asset Policy Unit within <u>twenty-one (21) days</u> of the insurance renewal date:</p> <ul style="list-style-type: none"> <li>(a) copies of letters of appointment/rejection of Brokers/Insurers; and</li> <li>(b) details of the insurance placed, using the format at Appendix II.</li> </ul>

**2.4 PREMIUM ABOVE \$1.5 MILLION UP TO \$5 MILLION**

Procurement Method	Procedures
<p><b>Limited Tender</b></p> <p><b>Above \$1.5M up to \$5M</b></p> <p>No advertisement is required.</p> <p>Letters of invitation should be sent to all Brokers on the Pre-qualified List.</p> <p>The letters must advise of the closing date of the tender and the date of availability of the tender package.</p> <p>Interested Brokers should collect tender packages.</p>	<p><b><u>CATEGORY B</u></b></p> <p>1) Procuring Entities shall conduct Limited Tender. The proposals are to be assessed by an approved Actuarial Consulting Firm and recommendations made to the Procuring Entity and copied to the MoF. The Permanent Secretary, his designate (Central Government) or the Board of Directors (Agencies) must give the approval for the placement.</p> <p><b><u>PROCEDURE</u></b></p> <p>2) Specifications of the insurance coverage required should be prepared in consultation with the Holding Broker. (See format at Appendix IV). Claims Experience (for the three (3)-year contract period) is to be provided by the Insurer(s). Where appropriate, a Briefing Session for prospective Bidders should be held. (See Section 1, paragraph 1.6 on Briefing Session).</p>

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PREMIUM THRESHOLDS

Procurement Method	Procedures
<p>Limited Tender</p> <p>Above \$1.5M up to \$5M (cont'd)</p>	<ol style="list-style-type: none"> <li>3) Letters advising of the upcoming insurance placement opportunity and the date when the tender package will be available are to be sent to ten (10) Brokers on the Ministry of Finance/Financial Services Commission's Pre-qualified List.</li> <li>4) Procuring Entities shall request that Brokers submit a Like-for-Like proposal, and a maximum of three (3) Alternative Proposals.</li> <li>5) Tender packages, including letters inviting proposals, the guidelines, Specifications, grounds for disqualification and Claims Experience, should be sent to:               <ol style="list-style-type: none"> <li>(a) all interested Pre-qualified Brokers;</li> <li>(b) the appointed Consulting Actuary; and</li> <li>(c) the Procurement and Asset Policy Unit of the MoF.</li> </ol> </li> <li>6) A covering letter, along with the Broker Evaluation Form (see Appendix VI), outlining the performance of the Holding Broker for the past three (3) years, should be forwarded to the Permanent Secretary, the appointed Consulting Actuary and the Procurement and Asset Policy Unit of the Ministry of Finance.</li> <li>7) On the closing date of the tender (at least six (6) weeks before the insurance contract's expiry date), at the specified time (3:00 p.m.) arrangements should be made for the receipt of tenders. After the opening (3:15 p.m. on the closing day), tenders should be forwarded <b><u>immediately</u></b> under <b>CONFIDENTIAL</b> cover to the appointed Consulting Actuary for assessment and recommendations.</li> <li>8) A review of the Actuarial Report should be carried out and a recommendation made to the Permanent Secretary, his designate (for Central Government) or the Board of Directors (Agencies) as to the placement of the insurance for the Entity.</li> </ol>

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PREMIUM THRESHOLDS

Procurement Method	Procedures
<p>Limited Tender</p> <p>Above \$1.5M up to \$5M (cont'd)</p>	<p>9) After approval is given, the Procuring Entity should issue a letter of appointment to the successful Broker/Insurer and advise the other Bidders, in writing, of the results of their tenders.</p> <p>The following are to be submitted to the Procurement and Asset Policy Unit within <b><u>twenty-one (21) days</u></b> of the renewal date:</p> <p>(a) copies of the letters of appointment/rejection of Brokers/Insurers; and</p> <p>(b) details of the insurance placed, using the format at Appendix II.</p>

## 2.5 PREMIUM UP TO \$1.5 MILLION

Procurement Method	Procedures
<p>Limited Tender</p> <p>Above \$1M up to \$1.5M</p> <p>No advertisement is required.</p> <p>Write letters of invitation to the six (6) selected Brokers from the Pre-qualified List.</p> <p>The invitations must advise of the closing date and the date of availability of the tender packages.</p> <p>Interested Brokers should collect tender packages.</p>	<p><b><u>CATEGORY A</u></b></p> <p>1) Procuring Entities shall conduct a Limited Tender. The proposals are to be assessed by an approved Actuarial Consulting Firm and recommendations made to the Procuring Entity and copied to the MoF. The Permanent Secretary, his designate (Central Government) or the Board of Directors (Agencies) shall give the approval for the placement of the insurance.</p> <p><b><u>PROCEDURE</u></b></p> <p>2) Specifications of the insurance coverage required should be prepared, in consultation with the Holding Broker. (See format at Appendix IV). Claims Experience (for the three (3)-year contract period) is to be provided by the Insurer(s). Where appropriate a Briefing Session for prospective Bidders should be held. (See Section 1, paragraph 1.6 on Briefing Session).</p> <p>3) Procuring Entities shall request that Brokers submit a Like-for-Like proposal and a maximum of three (3) Alternative Proposals.</p>

SECTION 2  
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Procurement Method	Procedures
<p><b>Limited Tender</b></p> <p><b>Above \$1M up to \$1.5M (cont'd)</b></p>	<p>4) Letters of invitation advising of the upcoming insurance placement opportunity and the date of availability of the tender packages are to be sent to <b>six (6) selected Brokers</b> from the Ministry of Finance/Financial Services Commission's Pre-qualified List.</p> <p>5) Tender packages including - letters inviting proposals, as well as the guidelines; Specifications; grounds for disqualification; etc. shall be sent to:</p> <ul style="list-style-type: none"> <li>(a) the interested Pre-qualified Brokers;</li> <li>(b) the Consulting Actuary appointed; and</li> <li>(c) the Procurement and Asset Policy Unit of the MoF.</li> </ul> <p>6) A covering letter, along with the completed Broker Evaluation Form (see Appendix VI), outlining the performance of the Holding Broker for the past three (3) years should be forwarded to the Permanent Secretary, the appointed Consulting Actuary and the Procurement and Asset Policy Unit at the Ministry of Finance.</p> <p>7) On the closing date (at least five (5) weeks before the insurance contract's expiry date) at the specified time (3:00 p.m.), arrangements for the receipt of tenders should be effected. After the opening (3:15 p.m. on the closing day), tenders should be forwarded <b>immediately under confidential</b> cover to the appointed Consulting Actuary for assessment and recommendations.</p> <p>8) A review of the Actuarial Report should be carried out and a recommendation made to the Permanent Secretary, his designate (for Central Government) or the Board of Directors (Agencies) as to the placement of the insurance.</p>

SECTION 2  
PREMIUM THRESHOLDS

Procurement Method	Procedures
<p><b>Limited Tender</b>  <b>Above \$1M up to \$1.5M (cont'd)</b></p>	<p>9) After approval is given, Procuring Entities should issue a letter of appointment to the successful Broker/Insurer and advise the other Bidders in writing of the results of their tenders.</p> <p>The following are to be submitted to the Procurement and Asset Policy Unit within <b><u>twenty-one (21) days</u></b> of insurance renewal date:</p> <ul style="list-style-type: none"> <li>(a) copies of the letters of appointment/rejection of Broker/Insurer; and</li> <li>(b) details of the insurance placed using the format at Appendix II.</li> </ul>
<p><b>Limited Tender</b>  <b>Above \$500,000 up to \$1.5M</b></p>	<ol style="list-style-type: none"> <li>1) The Specifications of the insurance coverage required should be prepared in consultation with the Holding Broker (see format at Appendix IV). The Claims Experience for the expiring contract period is to be provided by the Insurer(s).</li> <li>2) Letters of invitation advising of the upcoming insurance placement opportunity and the date of the availability of the tender package are to be sent to <b>three (3) Brokers</b> on the Ministry of Finance/Financial Services Commission's Pre-qualified List.</li> <li>3) Procuring Entities shall request that Brokers submit a Like-for-Like proposal and two (2) Alternative proposals.</li> <li>4) The tender packages shall include: <ul style="list-style-type: none"> <li>(a) Specifications;</li> <li>(b) Claims Experience for the three (3)-year contract period;</li> <li>(c) guidelines; and</li> <li>(d) grounds for disqualification.</li> </ul> </li> <li>5) A covering letter, along with the appropriate Form (see Appendix VI) describing the performance of the Holding Broker for the past three (3) years should be forwarded to the Permanent Secretary, the appointed Consulting Actuary and the Ministry of Finance.</li> </ol>

SECTION 2  
PREMIUM THRESHOLDS

Procurement Method	Procedures
<p><b>Limited Tender</b></p> <p><b>Above \$500,000 up to \$1.5M (cont'd)</b></p>	<p>6) On the closing date of the tender (at least five (5) weeks before the insurance contract's expiry date) at the specified time (3:00 p.m.), arrangements should be made for the receipt of tenders. After the opening (3:15 p.m. on the closing day), tenders should be forwarded <b><u>immediately</u></b> under <b>CONFIDENTIAL</b> cover to the appointed Consulting Actuary for assessment and recommendations.</p> <p>7) A review of the Actuarial Report should be carried out and a recommendation made to the Permanent Secretary, his designate (for Central Government) or the Board of Directors (Agencies) as to the placement of the insurance.</p> <p>8) After the approval is given, Procuring Entities should issue a letter of appointment to the successful Broker/Insurer and advise the other Bidders, in writing, of the results of their tenders.</p> <p>The following are to be submitted to the Procurement and Asset Policy Unit within <b><u>twenty-one (21) days</u></b> of renewal date:</p> <ul style="list-style-type: none"> <li>(a) copies of the letters of appointment/rejection of Brokers/Insurers; and</li> <li>(b) details of the insurance placed, using the format at Appendix II.</li> </ul>
<p><b>Direct Contracting</b></p> <p><b>Up to a maximum of \$500,000</b></p>	<p>1) Procuring Entities shall contact any registered and pre-qualified Broker on the Ministry of Finance/Financial Services Commission's Pre-qualified List. The Broker must go to the market and obtain the best terms and rates for the Entity.</p> <p>2) <b>The Procuring Entity is not required to use the services of an Actuary.</b></p> <p>The following are to be submitted to the Procurement and Asset Policy Unit of the Ministry of Finance within <b><u>twenty-one (21) days</u></b> of insurance renewal date:</p> <ul style="list-style-type: none"> <li>(a) copies of the letters of appointment/rejection of Broker/Insurer; and</li> <li>(b) details of the insurance placed, using the format at Appendix II.</li> </ul>

## SECTION 3 BROKER/INSURER INSTRUCTIONS

### 3.1 BROKERS

- (a) Applications for permission regarding overseas facultative placement with unregistered Reinsurers shall be submitted in writing to the Financial Services Commission (FSC) by the Insurer/Broker, no later than seven (7) days after the notification of the award of contract. Applications should be accompanied by the required supporting documentation detailed at Appendix I. It should be noted that placement with Lloyds of London does not require FSC approval.
- (b) Brokers seeking to place facultative reinsurance business overseas shall be registered with the Financial Services Commission as Facultative Brokers and shall do facultative placement in accordance with the Insurance Act and Regulations, 2001 and Facultative Placement guidelines published by the Financial Services Commission (FSC);.
- (c) Brokers proposing facultative placement shall include the following information in the tender package:
  - i) Name and address of Unregistered Insurers;
  - ii) Name of Regulators in the jurisdiction(s) in which the Unregistered Insurers are domiciled;
  - iii) Rating received by the Unregistered Insurers, from international rating agencies (where applicable);
- (d) Tender proposals submitted must be complete; coverage should be proposed for the entire portfolio as requested by the Procuring Entity in its Specifications, and not only for some risks.
- (e) Each tender must contain a summary of the risks, as indicated at Appendix X.
- (f) Pre-qualified Brokers/Insurers will be required to submit with their tenders, a valid Tax Compliance Certificate (TCC) indicating that they are tax compliant at

the time of tender, as well as a valid National Contracts' Commission (NCC) Certificate for the provision of insurance services.

- (g) The successful Broker will be required to submit proof of professional indemnity at the level prescribed by the Procuring Entity, prior to the award of contract.

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BROKER/INSURER INSTRUCTIONS

- (h) **Alternative proposals** with coverage and terms varying from the specified (Like-for-Like) will be considered. Brokers should re-enter the market to negotiate more cost-effective premium rates than the early market response on the Like-for-Like basis. Brokers are also required to submit the Alternatives requested by the Procuring Entity.
- (i) Recommendations for the award of the insurance contract will not necessarily be made in respect of the lowest tender, but for the best overall proposal.
- (j) All tenders **must** contain Brokers' Slips, which are signed, stamped and dated, to substantiate the Insurers' quotations. In the case of overseas placement, all local Brokers are required to obtain from their overseas correspondent Brokers, supporting Brokers' Slips signed by **at least** the Lead Underwriter. Without, signed stamped and dated Broker's Slips the quotations provided will be deemed invalid.
- (k) On presentation of tender package(s), Bidders are required to sign the Tender Register (See Appendix V).
- (l) Late tenders will not be accepted; and Bidders have no right of recourse in this regard.
- (m) No documentation will be accepted from the Broker, by the Procuring Entity, after the close of the tender.
- (n) Each Broker is required to submit **two identical** copies of the proposals in the tender packages.
- (o) When the risk is being shared between/among two (2) or more Insurers (Split policies), Brokers are required to provide documentary evidence indicating that each Insurer is aware of, and is in agreement with the rates and terms quoted.

- (p) Brokers are reminded that they are subject to the same rules when placing risks overseas. Evidence of failure to adhere to fair market practice (for example attempts by a Broker to block the market or preferential treatment between broker and insurer), will result in disqualification of the Broker's proposals.

### **3.2 INSURERS**

- (a) Insurers should ensure that their quotations are clear so as not to give rise to queries. They should, therefore, refrain from the following:
- i. providing different rates, discounts, or loading to Brokers for the identical risks, or failing to justify special arrangements offered exclusively to a particular Broker;
  - ii. varying the conditions indicated to different Brokers in respect of minimum/maximum participation in a risk or submitting quotations tied to the acceptance of other risks; and
  - iii. failing to state clearly or consistently, the policies to be included in a Package arrangement.
- (b) Insurers should indicate explicitly whether premiums are subject to a minimum value, and if so, whether they are adjustable (e.g. on subsequent declarations of insured values, stock levels, etc.).
- (c) Insurers should indicate explicitly how rates are to be applied, to which values, etc.
- (d) Insurers shall comply with proper market practice, as failure to do so will result in disqualification of their tenders. For example, adding an insignificant modification in terms or programme structure to justify quoting lower premium rates will lead to disqualification of the affected proposal.
- (e) Where an Insurer "No Quotes" unconditionally to Brokers, but later decides that the company is open to proposals, he must advise all Brokers. In order to facilitate the monitoring of this aspect of the tender, Brokers are requested to submit their unconditional "No Quote" Brokers' Slips from the insurance

companies with their tenders, so that the Consulting Actuaries will be in a position to know which companies “No Quoted” unconditionally.

### **3.3 GROUND FOR REJECTION OF PROPOSALS**

- (a) Ambiguous quotations/rates, that would give rise to doubt in the interpretation of the proposal - For example: (i) In a tender proposal a Broker/Insurer may stipulate a rate of 10%, and it is not clear as to whether this is applicable to the Sum Insured or Declared Value. (ii) At the request of the Broker, the Insurer gives a number of different types of discounts but there is no explanation as to how these discounts should be applied- i.e. aggregated or step-wise;
- (b) Unspecified limits of cover (particularly for Motor Vehicle Third Party, Employers’ Liability, Public Liability, & Fidelity Guarantee risks) - If the cover proposed is “unlimited”, then this should be clearly indicated;
- (c) Multi-options for some of the risks are presented, but without the Broker submitting complete sets of proposals;
- (d) Absence of signed, stamped and dated Brokers’ Slips;
- (e) Lack of supporting documentation for special arrangements (such as Package Discounts etc);
- (f) Varying the rates, terms and conditions as quoted by the Insurer;
- (g) Failure to meet the Procuring Entity’s specified requirements on coverage (particularly on important limits of cover, extensions etc);
- (h) Failure to meet the Insurers’ conditions regarding minimum/maximum levels of participation, or quotations tied to acceptance of other risks;

**SECTION 3**  
**BROKER/INSURER INSTRUCTIONS**

- (i) Failure to provide satisfactory evidence that 100% cover has been secured for a risk, or that all participants in a co-insurance or multi-policy arrangement have agreed to the rates and terms;
- (j) Omission of risks, premium or proposed Insurers;
- (k) Arithmetic errors e.g. adding US\$ to J\$ without converting to a common currency;
- (l) Failure to include valid Tax Compliance Certificates (TCCs) for the participating Brokers/Insurers;
- (m) Failure to include a valid certificate of registration from the National Contracts' Commission for the provision of insurance services;
- (n) Failure to submit two (2) copies of the tender that are identical in every respect;
- (o) Failure to include the commission for overseas proposals, as well as the local commission; and
- (p) Where an Insurer "No Quotes" unconditionally to Brokers, but later gives quotations to one Broker and fails to advise other Brokers that the Company is open to proposals, the tender of the Broker to whom the quotation was given, shall be disqualified.

### 3.4 ROLE OF THE ACTUARY

The role of the Consulting Actuary is to assess the proposals presented in response to Insurance Tender Notices extending invitations to Brokers/Insurers registered and pre-qualified by the Financial Services Commission. The Consulting Actuary also makes recommendations to the Procuring Entity for the award of the insurance contract.

In doing the assessment, the Actuary shall:

- (a) check that Brokers and Insurers have complied with all the requirements under the guidelines outlined in this Handbook and the Insurance Act and Regulations, and where appropriate, disqualify proposals;
- (b) ascertain if Tax Compliance Certificates have been submitted and whether they are valid;
- (c) determine whether the proposal is complete; that is, whether coverage is proposed for all risks/items outlined in the Procuring Entity's Specifications;
- (d) determine if Insurers show preferential treatment to any particular Broker(s);
- (e) verify if premium rates and the terms of coverage proposed by the Broker are authentic (i.e. if Brokers' Slips are signed, stamped and dated by the Insurer whose rates and terms are being proposed).
- (f) ascertain whether the Insurer's terms were modified in the proposals, and if so, whether the Insurer agreed to the modification and had informed the market as required; example, untying of risks previously tied by the Insurer.
- (g) determine if premiums calculated by the Brokers are consistent with the sums insured stated in the Specifications; and whether the premium rates are applicable to the respective risks, as quoted by the Insurer.
- (h) check the premiums calculated by the Brokers and make adjustments as necessary for
  - i. sums insured inconsistent with the Specifications;

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BROKER/INSURER INSTRUCTIONS

- ii. incorrect application of premium rates quoted by Insurer;
  - iii. incorrect application of discounts; and
  - iv. arithmetic errors;
- (i) ascertain if the Insurer’s quotations and terms to Brokers are equitable in comparison to the current market rates;
  - (j) analyze the terms of coverage under each proposal with reference to the Specifications in order to identify the advantages and disadvantages to the Procuring Entity;
  - (k) compare proposals to determine which offers the best and/or most appropriate coverage at the most economical premium; and
  - (l) report on any evidence or supporting documentation of attempt by Brokers/Insurers to “Block the market”

### **3.5 TREATMENT OF INSURANCE DISCOUNTS**

#### **3.5.1 PROMPT PAYMENT DISCOUNTS**

Prompt Payment Discounts should not be included in the summary of quoted premiums, but availability of these discounts should be indicated in the recommendations.

#### **3.5.2 DISCOUNT(S) OFFERED BY AN INSURER TO ONE BROKER**

Efforts should be made to ensure that equal discounts are given to all Brokers where they satisfy the required conditions. If this is not done, the Consulting Actuary shall make the necessary adjustment(s). For example, eight (8) Brokers asked *JKL Insurance Company* for a discount in respect of the Like-for-Like proposal for a particular Procuring Entity’s Insurance Tender. In response, *JKL* gave seven (7) of the Brokers a quotation discounted by 12.5 percent, but to the eighth Broker, the discount quoted was 12 percent, for the same package. On the

grounds of equity, the Actuary shall apply the 12.5 percent discount to the Broker quoted the lesser discount.

### **3.5.3 ADMINISTRATIVE DISCOUNT**

Administrative discounts are not taken into account, except where the Insurer agrees to transfer a particular administrative function to the Broker and, therefore, grants the discount on these terms.

### **3.5.4 LONG TERM AGREEMENT DISCOUNT**

Long Term Agreement Discounts will not be considered in the assessment, as these would run counter to the policy of requiring the Broker to return to the market on each policy anniversary to obtain the best rates and terms.

## **3.6 STOCK DECLARATION DEPOSIT PREMIUM**

The expected annual premium must be used by the Actuary in computing the total premium. Since it is likely that the actual premium which would become payable would be higher than the expected annual premium, it is therefore important that the assessment is based on expected annual premium and not on any other premium rate proposed by the Insurer. Using a discounted premium proposed by one Insurer would place that proposal in a more favourable position than others which used the expected annual premium.

### **3.7 OVERSEAS QUOTATIONS**

#### **3.7.1 REQUIREMENT OF 100% CONFIRMATION**

The Broker's Slip should be signed by **at least** the Lead Underwriter. Confirmation of participating Insurers could be accepted after the closing date of the tender, but the Consulting Actuary shall ensure that there is no change in the terms that were included in the tender at the time of closing.

#### **3.7.2 INCLUSION OR EXCLUSION OF COMMISSION IN OVERSEAS QUOTATIONS**

Brokers are required to state their commission - that is, the sum of the local commission, as well as the sum of the overseas commission. Those failing to comply with this requirement shall be disqualified.

### **3.8 SPLIT POLICIES**

When the risk is being shared between/among two (2) or more Insurers (Split policies), Brokers are required to provide documentary evidence indicating that each Insurer is aware of, and is in agreement with the rates and terms that may be quoted.

### **3.9 BLOCKING THE MARKET**

At times, the International Holding Insurer may not be willing to work with any other Broker, except the Local Holding Broker, because of a perception that this Local Holding Broker is guaranteed placement of a Procuring Entity's portfolio. Where this perception exists, overseas Insurers are reluctant to quote on the business. Some Local Holding Brokers use this to further their self-interest. In this regard, the Holding Broker locks himself into an arrangement with the Overseas Holding Insurer/Reinsurer, and other Brokers are unable to obtain quotations from the Holding Insurer/Reinsurer or other Insurers/Reinsurers - a situation referred to as "blocking the market."

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This problem is compounded when the risk is highly specialized and the market is limited to one or two Reinsurer(s) offering coverage for the particular risk. To minimize this, Procuring Entities with portfolios requiring specialized risk coverage from the overseas market, are required to **issue letters of authorization** for the release of quotations, to the Holding Overseas Insurer/Reinsurer(s). Where there is an allegation that the Holding Broker has attempted to “block the market,” the matter must be reported to the Financial Services Commission, and copied to the Ministry of Finance and the Specialist Insurance Sector Committee.

## SECTION 4 OTHER VOLUMES OF THE HANDBOOK

Procedures for the various categories of procurement can be found in Volumes 1, 2 and 3 of this Handbook. These documents are available on the Ministry of Finance's website at [www.mof.gov.jm](http://www.mof.gov.jm).

### **Volume 1:**

[General Provisions](#)

### **Volume 2:**

[Procedures for the Procurement of Goods, General Services and Works](#)

### **Volume 3:**

[Procedures for the Procurement of Consulting Services](#)

# APPENDICES

# APPENDIX I

## FINANCIAL SERVICES COMMISSION



### INFORMATION BULLETIN

#### Procedure for Placing Insurance Business with Unregistered Insurers

***Section 20 of the Insurance Act, 2001 and Part XIII of the Insurance Regulations, 2001 allow locally registered insurance entities to place insurance business with unregistered foreign insurance companies under certain specified conditions. Three important conditions are that:***

- ***The insurance cover must not be available in Jamaica,***
- ***The Financial Services Commission must approve the transaction, and***
- ***The applicant must meet the prescribed requirements.***

***Below are the detailed requirements for the placement of this type of insurance.***

---

#### **Insurance and Co-Insurance**

**Applies to:** Facultative Placement Brokers (“FPB”) only.

#### **1. Procedure for Placing Business**

Before placing business with an unregistered Insurer, a FPB or a locally registered insurance company (company) must do the following:

- i) Conduct a diligent search to determine if the full amount or type of insurance can be placed with an Insurer or co-insured with another Insurer registered in Jamaica to sell that class of business. This requires obtaining documentation from all Insurers locally registered to transact the class of business in question, indicating the level of risk they are willing to take.

- ii) Determine through proper due diligence, that the selected unregistered Insurer meets the FSC's eligibility requirements as set out in Regulations 143, 145 and 146 of the Insurance Regulations, 2001 which are summarized below.
- iii) Apply to the FSC for permission to place the contract with the unregistered Insurer, providing evidence of the diligent search (referred to in a) above), the due diligence on the eligibility requirements and any other documents that would assist the Commission in reaching a decision.

Upon approval by the FSC, the Broker or company may proceed with placing the entire business or that portion of the business for which cover cannot be found in Jamaica.

## **2. Eligibility Requirements - Unregistered Insurer**

An unregistered Insurer must provide evidence to the FPB of meeting the eligibility requirements. These requirements include:

- a) Meeting the fit and proper criteria as defined under the Act - Section 2(3). This includes the completion of Fit and Proper questionnaires on the directors and senior managers.
- b) Being authorized to sell insurance in its domiciliary jurisdiction.
- c) Being authorized to write the class or type of insurance in question in its domiciliary jurisdiction.
- d) Meeting the capital and surplus requirement. This requires the company to have capital and surplus or its equivalent under the laws of its domiciliary jurisdiction which equals the greater of:
  - (a) the minimum capital and surplus requirement under the Insurance Act, 2001 or
  - (b) an amount as prescribed by Regulation 28 in the case of general Insurers or Regulation 29 in the case of long-term Insurers
- e) Meeting any other requirement that may be prescribed by the FSC from time to time.

## **3. Withdrawal of Eligibility**

The FSC may declare an unregistered insurance company ineligible and notify each FPB, if the Commission believes that the Insurer:

- (a) Is in an unsound financial position
- (b) Has acted in an untrustworthy manner
- (c) No longer meets the standards set out in Section 11 of the Insurance Act
- (d) Has willfully violated the laws of Jamaica, or
- (e) Does not conduct a proper claim practice

#### **4. Actions Against Eligible Unregistered Insurers**

An eligible unregistered Insurer may be sued upon a cause of action arising in Jamaica under a facultative insurance placements contract made by it or evidence of insurance issued or delivered by the FPB. Policies issued by the eligible unregistered Insurer must contain a provision stating the substance of this regulation and must also designate a person to whom the Commission must send all correspondence.

#### **5. Duties of the Facultative Placement Broker and Local Insurance Company**

a) No contract of insurance placed by a FPB shall be binding on the policyholder and no premium is due and payable until the FPB has notified the policyholder in writing, in a form acceptable to the Commission, that:

- (i) the Insurer with which the FPB places the insurance is not registered with the Commission and is not subject to its supervision; and
- (ii) in the event of insolvency of the Insurer the policyholder may have to pursue losses in another jurisdiction.

#### **b) Certificate, Cover Note, Binder or other Evidence of Insurance**

Once the insurance is approved, if the policy is not readily available, the certificate, cover note or binder containing certain information, must be delivered within 30 days to the policyholder or to the producing Broker. This information must include:

- i) For facultative placements - The name of the FPB and the following legend in bold ten-point type: “**This is evidence of insurance procured under Section 20 of the Insurance Act, 2001 and Part XIII of the Insurance Regulation, 2001. The Insurer(s) is/(are) not regulated by the Commission**”;
- ii) The description and location of the property insured and its location;
- iii) General description of the coverage including material limitations, the premium, the rate and the taxes applicable;
- iv) Name and address of the policyholder, the FPB, the Insurer or Insurers, the proportion of the risk assumed by each Insurer and the registration number of the FPB;
- v) Copies of any other agreements, conditions, endorsements, exclusions, clauses or any other material facts that would normally be included in the policy.

Once the policy is available, in addition to the information required for the certificate, cover note or binder, the policy must also designate the person in Jamaica to whom the Commission shall mail process.

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If after the delivery of any evidence of the insurance there is:

- Ñ a change in the identity of the Insurer(s), or
- Ñ a change in the proportion of risk assumed by the Insurer(s) or
- Ñ any other material change in coverage, or
- Ñ a change in any other material as to the insurance coverage

then, within seven days of the change, an endorsement to the original document or an appropriate substitute for same showing the current status and Insurers should be delivered to the policyholder or the producing Broker.

c) Filing Requirements

Within thirty (30) days of placing insurance with an unregistered Insurer, a report must be filed with the FSC. This report must include:

- Ñ the name and address of the policyholder;
- Ñ the identity of the Insurer(s);
- Ñ the description of the subject and location of the risk;
- Ñ the premium;
- Ñ any other pertinent information that the Commission may reasonably require; and
- Ñ the effective date and terms of the insurance contract.

The affidavit must also be filed at the same time (See prescribed format attached).

By the end of the month following the end of each quarter, two (2) copies of a report showing business placed with unregistered Insurers in the quarter must be filed with the FSC. This report must contain aggregate gross premiums written, aggregate return premiums and the amount of aggregate taxes remitted to the government.

d) Records

The following records on unregistered insurance placed must be maintained for a minimum of five (5) years following the **termination** of the contract and be available for examination at all times:

- Ñ A copy of the notice informing the policyholder that:
  - (a) the Insurer is not registered with the Commission nor is subject to its supervision; and
  - (b) in the event of insolvency of that Insurer, the policyholder may have to pursue losses in another jurisdiction.

**Please note that this notice is required before the contract can be binding upon the policyholder and before any premiums are due and payable.**

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- Ñ A copy of the quarterly report filed with the FSC.
  
- Ñ A complete and true record of the insurance contract which includes a copy of the policy, certificate, cover note, any other evidence of insurance, any correspondence relating to the insurance and the application in accordance with Regulation 155(1).

**It is important to note that the Commission, by granting permission to an entity to place insurance business with an unregistered Insurer, does not assume any liability towards the applicant in relation to the insurance contract concerned or its placement [see Section 20 (3) of the Insurance Act].**

**This bulletin contains the general provisions for placing business with unregistered Insurers. It does not replace the need for a careful review of the applicable provisions in the Insurance Act, 2001 and the Insurance Regulations, 2001.**

All questions regarding this information bulletin on placing business with unregistered Insurers should be directed to:

Mr. Leon Anderson  
Senior Director, Insurance  
The Financial Services Commission  
39-43 Barbados Avenue  
P.O. Box 325  
Kingston 5, Jamaica, W.I.  
Telephone (876) 906-3010  
Email: [andersonl@fscjamaica.org](mailto:andersonl@fscjamaica.org)

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**AFFIDAVIT**

**Pursuant to Regulation 149(f) Insurance Regulations, 2001**

**RE: Insurance Placement with an Uninsured Unregistered Insurance Company**

....., declares that it has employed  
(Name of Facultative Placement Broker or Company)

diligent efforts to place the coverage stated in the report, which this affidavit forms a part of, with a company registered in Jamaica but was unsuccessful in part or in whole. Diligent efforts included contacting, in writing, every local insurance company registered to transact the relevant class of business and receiving a written response as to their partial or total inability to do so.

The following companies were contacted and they indicated their inability to provide the required coverage:

NO.	INSURANCE COMPANY	DATE CONTACTED	% ABLE TO COVER	NO.	INSURANCE COMPANY	DATE CONTACTED	% ABLE TO COVER
1				8			
2				9			
3				10			
4				11			
5				12			
6				13			
7				14			

Further, the Client policyholder ..... was informed, in  
(name of policyholder)

writing, prior to placement of the insurance that:

1. the facultative placement Insurer(s) with whom the insurance was to be placed is not registered in Jamaica and is not subject to supervision by the Financial Services Commission or any other regulatory body in Jamaica; and
2. in the event of the insolvency of the facultative placement Insurer(s), claims may have to be pursued in other jurisdictions.

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I ..... declare that the information given above is  
(Name of Principal Officer)  
accurate and complete.

Dated the \_\_\_\_\_ day of \_\_\_\_\_  
(Date) (Month) (Year)

Signed by: \_\_\_\_\_ )  
\_\_\_\_\_ )  
\_\_\_\_\_ )  
\_\_\_\_\_ )

In the presence of: \_\_\_\_\_ )  
\_\_\_\_\_ )  
\_\_\_\_\_ )  
\_\_\_\_\_ )  
Justice of the Peace/ Attorney at Law Signature and Seal

**Intermediary Name:** \_\_\_\_\_

**Period Ending:** \_\_\_\_\_

**Date:** \_\_\_\_\_

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**FACULTATIVE INSURANCE PLACEMENTS**

No.	Facultative Placement Insurer	Type of Policy	Gross Premiums Written	Return Premiums From Facultative Insurer	Return Premiums Paid to Policyholder	Date Remitted to Jamaica
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
<b>TOTAL</b>						

To the best of my knowledge the above information represents an accurate account of facultative insurance placement transactions for quarter ending \_\_\_\_\_.

NAME: \_\_\_\_\_  
(Principal or officer)

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

## APPENDIX II SUMMARY OF INSURANCE

### ANNUAL SUMMARY OF INSURANCE PLACED

**SPECIFIC PERIOD OF COVER:** FROM        /        /        TO        /        /         
YYYY    MMM    DD    YYYY    MMM    DD

**NAME OF PROCURING ENTITY:** \_\_\_\_\_ **BROKER/INSURER:** \_\_\_\_\_

TYPE OF RISK	DETAILS	SUM INSURED/ WAGE ROLL	RATE(S)	MAIN INCLUSIONS EXCLUSION, NOTES	EXCESS, LIMITS, ETC.	INSURER	PREMIUM (Per Risk)
<b>TOTAL PREMIUM PAID</b>							

## APPENDIX III INSURANCE PLACEMENT

"[Insert Company Logo or delete]"  
**"[NAME OF PROCURING ENTITY]"**  
**TENDER NOTICE**  
**INSURANCE PLACEMENT**

Tenders are invited from pre-qualified registered insurance companies and Brokers with the Financial Services Commission (FSC) and which are on the National Contracts' Commission (NCC) register for insurance services to "[Procuring Entity]"

Pre-qualified Brokers and Insurers will be required to submit in their tenders:

- 1.copies of a valid Tax Compliance Certificate (TCC) indicating that they are tax compliant at the time of submission of tenders; and
- 2.copies of valid NCC registration
- 3."[Type in Other Critical Documentation or delete]"

Tender Documents may be obtained from:

**"[Post or Name of Officer]"**  
**"[Procuring Entity]"**  
**"[Procuring Entity Address]"**  
**[Click here and type City]**  
**"[Telephone Number]"**

Tender Packages will be available at a cost of "[Applicable Fees]" , which must be paid for in cash or by manager's cheque.

The period of placement will be for three (3) years with the successful Broker.

Cover is required for the following classes of insurance:-

**"[Insurance Classes]"**

Tenders should be deposited in the tender box at:

**"[Tender Box Location]"**  
**"[Procuring Entity]"**  
**"[Procuring Entity Address]"**  
**[City]**

**Each tender should contain a summary of the risk(s) and should be submitted in duplicate (two identical copies) in sealed envelopes bearing the name and seal of the Bidder and clearly marked and addressed as follows:-**

INSURANCE PLACEMENT FOR

**"[CLICK HERE AND TYPE PROCURING ENTITY]"**  
**"[Procuring Entity Address]"**  
**[City]**

Tenders should be deposited by **3:00 PM** on "[Submission Date]"

TENDERS SUBMITTED AFTER THIS TIME AND DATE WILL AUTOMATICALLY BE DISQUALIFIED.

Opening will be at 3:15 p.m. in:

**"[Bid Opening Location]"**  
**"[Procuring Entity]"**  
**"[Procuring Entity Address]"**  
**[City]**

Recommendations for award(s) will not necessarily be made to the lowest tender, but in respect of the best overall proposal(s).

# APPENDIX IV SPECIFICATIONS

## SPECIFICATIONS

(YEAR 20 --TO 20 --)

INSURED:

ADDRESS:

TYPE OF POLICY:

SCOPE OF COVER:

EXTENSION:

SCHEDULE:

(here or attached)

SUM INSURED/LIMIT OF INDEMNITY:

ESTIMATED ANNUAL TRANSIT/TURNOVER:

(where applicable)

EXCESS:

INSURER:

(indicating percentage holding)

CLAIMS EXPERIENCE:

(To be prepared by the Insurer(s))

**Note: The Specifications should be prepared by the Holding Broker in collaboration with the Procuring Entity. THIS FORM PROVIDES ONLY AN INDICATION of all the information which should be included in the Specifications.**



**APPENDIX VI**  
**BROKER'S EVALUATION FORM**

Ministry of Finance

Broker's Annual Evaluation Form

The performance of the Holding Broker should be evaluated each year for the three (3) years of the contract.  
Procuring Entities are, therefore, required to complete this form and submit it, through the Head of the Procuring Entity,  
to the Ministry of Finance, 30 National Heroes Circle, Kingston 4.

1. Name of Procuring Entity: \_\_\_\_\_

2. Address of Procuring Entity: \_\_\_\_\_

3. Name of Broker: \_\_\_\_\_

4. Period of Evaluation: From \_\_\_\_\_ To \_\_\_\_\_  
Month/Day/Year Month/Day/Year

5. Name of Insurer: \_\_\_\_\_

6. NCC Registration No: For Broker \_\_\_\_\_ For Insurer \_\_\_\_\_

7. Contract Description: \_\_\_\_\_

\_\_\_\_\_

8. Contract Year: From \_\_\_\_\_ To \_\_\_\_\_  
Month/Day/Year Month/Day/Year

\_\_\_\_\_

9. Scheduled Contract Date: \_\_\_\_\_ 9. Actual Contract Date: \_\_\_\_\_

10. Annual Premium: \_\_\_\_\_

11. Actual Premium, if different from amount stated at #10 \_\_\_\_\_

\_\_\_\_\_

12. Was the service delivered within the agreed time span? Yes  No

13 a). How do you rate the customer service level of the Broker? Very Good  Good  Fair  Poor

13 b). If poor, please explain: \_\_\_\_\_

\_\_\_\_\_

14. Were there instances of non-adherence to written specification? Yes  No

15. Were appropriate action(s) taken by the Broker to rectify the problem(s)? Yes  No

**APPENDIX VI  
BROKER'S EVALUATION FORM**

16. Was the scope of the contract modified? (i.e. any exclusion or deletion)      Yes  No

17. Please indicate if the premium increased during the year:      Yes  No

18. If yes, please state the amount by which the original sum increased: \_\_\_\_\_

19. Was the Broker paid on time? (Please complete payment schedule attached in appendix I)      Yes  No

20. During the execution of the contract were there complaints made by the Broker/Insurer of factors which he believed hindered him from providing efficient service?      Yes  No

If yes, please comment: \_\_\_\_\_

\_\_\_\_\_

21. Was there any claim (s) during the year?      Yes  No

22. If yes, please indicate below the reason(s) for the claim(s):

\_\_\_\_\_

\_\_\_\_\_

23. With regard to number 21 above, how was the service provided by the Broker?      Very Good  Good   
Fair  Poor

24. Would the entity be willing to enter into a contract with this Broker again for the provision of similar service of this magnitude?      Yes  No

25. Were all requests for information acknowledged and addressed?      Yes  No

26. Other General Comments:

\_\_\_\_\_

\_\_\_\_\_

.....  
Head of Procuring Entity

.....  
Signature

.....  
Date

.....  
Tender Officer

.....  
Signature

.....  
Date

**APPENDIX VI  
BROKER'S EVALUATION FORM**

**MOF Comments:**

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*Thank you for completing this evaluation. Kindly forward a copy to the Permanent Secretary under whose Ministry your Procuring Entity falls, and to the Ministry of Finance. If the Entity is going to tender, the Evaluation Forms for three (3) years must be sent to the appointed Consulting Actuary.*

**APPENDIX VI  
BROKER'S EVALUATION FORM**

Ministry of Finance  
Schedule of Payments Made to the Broker

DATE OF PAYMENT	AMOUNT PAID	CONTRACT DESCRIPTION
1.	\$	
2.	\$	
3.	\$	
4.	\$	
5.	\$	
6.	\$	
7.	\$	
8.	\$	
9.	\$	
10.	\$	
11.	\$	
12.	\$	
13.	\$	
14.	\$	

Please use additional sheets as needed.

**COMMENTS:**

---



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.....  
Head of Procuring Entity

.....  
Date

**APPENDIX VII**  
**INSURANCE PLACEMENT TRANSMITTAL FORM**

**INSURANCE PLACEMENT TRANSMITTAL FORM**

TO BE COMPLETED IN TRIPLICATE

THE FORM IS NOT TO BE ALTERED IN ANY WAY BY REPRODUCTION OR ANY OTHER MEANS

**THE COMPLETION OF ALL SECTIONS IS MANDATORY**

---

**SECTION A (To be completed by the Procuring Entity)**

---

1. Host: (Specialist Insurance Sector Committee)
  2. Procuring Entity: \_\_\_\_\_
  3. Name of Contract: \_\_\_\_\_
  4. Contract Type: \_\_\_\_\_
  5. Location and Description of Contract Activity: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  6. Tender Period: \_\_\_\_\_
  7. Contract Expiry Date: \_\_\_\_\_
  8. Contract Duration: \_\_\_\_\_
  9. Proposed Start Date: \_\_\_\_\_
  10. Procurement Method:      Local Competitive Bidding (LCB) [  ]      Limited Tender [  ]      Sole Source [  ]  
(Please state reasons at No. 13)
  11. Advertising Method:      Letter of Invitation [  ]      National Advertisement [  ]
  12. Was there a Public Opening of Tenders?    Yes [  ]    No [  ]    12a. Date of Opening: \_\_\_\_\_
  - 12b. Total Number of Tenders Received: \_\_\_\_\_    12c. Total Number of Responsive Tenders: \_\_\_\_\_  
(The name(s), tender sum, and reason for not being responsive should be stated at No. 13)
  13. Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  14. Names of first 3 Ranked Bidders      14a. Amount (J\$)      14b. Amount (J\$)
- 
- 
-





**APPENDIX VIII  
INSURANCE BROKER CONTRACT**

**INSURANCE BROKER'S CONTRACT**

**BETWEEN**

---

**AND**

**\_\_\_\_\_BROKERS JAMAICA LIMITED**

## AGREEMENT

THIS AGREEMENT is dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and made BETWEEN , \_\_\_\_\_, with offices at \_\_\_\_\_, in the Parish of Kingston, (hereinafter called "\_\_\_\_\_") of the One Part AND \_\_\_\_\_of \_\_\_\_\_, Kingston \_\_\_\_, in the Parish of St. Andrew (hereinafter called "the Broker") of the Other Part.

### WHEREAS

- A. The Broker carries on the business of an insurance policy Broker and is registered to carry on such business under the provisions of the Insurance Act.
- B. The \_\_\_\_\_ requires insurance to cover various risks in connection with its operations, which insurance shall be effected and shall come up for renewal on the \_\_\_\_\_ and on the \_\_\_\_\_ in each subsequent year (hereinafter called the "renewal period")
- C. By public notice/letter of invitation, the \_\_\_\_\_ invited tenders from pre-qualified registered insurance companies and Brokers for the provision of insurance services in relation to the following insurance proposals, comprising the \_\_\_\_\_insurance portfolio designated:-
- United States Dollars Designated Insurance
  - Jamaican Dollar Designated Insurance

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- D. The \_\_\_\_\_ issued to prospective Bidders, including the Broker, Specifications and data relevant to \_\_\_\_\_ insurance requirements, being documents entitled "Underwriters Information and Specification US\$ and J\$ Insurance Policy \_\_\_\_\_ to \_\_\_\_\_, appended hereto."
- E. Tenders were received from various Brokers, including the Broker, whose tender is appended hereto as.

Now this AGREEMENT WITNESSETH as follows:

The \_\_\_\_\_ agrees to appoint the Broker and the Broker agrees to accept such appointment to act as insurance Brokers for \_\_\_\_\_ on the following terms and conditions:

**1. COMMENCEMENT AND DURATION**

In accordance with letter dated \_\_\_\_\_ from Ministry of \_\_\_\_\_ appended hereto as \_\_\_\_\_, the appointment shall be for a period of approximately three (3) years commencing \_\_\_\_\_, and expiring \_\_\_\_\_.

**2. REMUNERATION**

The Broker's remuneration for services provided shall be its normal Brokerage fees and commissions which shall be payable by the Insurers out of the

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premiums collected for the policies of insurance placed on behalf of the \_\_\_\_\_ in respect of both the US and Jamaican Dollar Denominated Policies.

**3. SERVICES**

During the term of this Agreement, the Broker shall provide the services hereinafter set forth in accordance with the other terms and conditions of this Agreement namely:

**4. BROKER'S OBLIGATION**

**4.1 Administration of Insurance Account**

- (a) The Broker shall liaise with \_\_\_\_\_ through suitable representatives in the handling of the insurance portfolio.
- (b) The Broker shall provide technically knowledgeable persons to handle the portfolio.

**4.2. Insurance Placement in Respect of Each Contract Year**

4.2.1 The Broker shall negotiate, procure and place insurance coverage on behalf of \_\_\_\_\_ with competent, reputable and suitable Insurers, and maintain such insurance coverage as are consistent with the \_\_\_\_\_ needs and are on terms and conditions which are in the best interest of the \_\_\_\_\_ and in accordance with the proposals described in \_\_\_\_\_ hereof.

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- 4.2.2 The Broker shall deal with the issuance of final policy wording in accordance with any agreed changes.
- 4.2.3 The Broker shall notify the Authority in writing of any restrictions, terms, conditions and warranties imposed by any Insurers.
- 4.2.4 The Broker shall collect, prepare and present required information to Insurers to facilitate the placement of insurance and ensure that there is no interruption in \_\_\_\_\_ protection as a result of error or negligence on the part of the Broker.
- 4.2.5 The Broker shall, in the event of being unable to procure coverage on any particular risk comprised in \_\_\_\_\_ insurance portfolio, give notice in writing to the \_\_\_\_\_ of such failure immediately after the fact shall have become or could reasonably have become known to the Broker.
- 4.2.6 The Broker shall, **at least** four (4) months before the end of the renewal period, prepare and present detailed and accurate information on the insurance requirements of \_\_\_\_\_.
- 4.2.7 The Broker shall exercise reasonable care and diligence in the performance of its duties under the Agreement and shall use its best endeavours to obtain the best coverage at the most favourable premium rates.

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In carrying out these functions, the Broker shall act in a professional manner in the interest of the \_\_\_\_\_.

**4.3 Insurance Risk Management**

4.3.1 The Broker shall in relation to the Risk and Insurance Coverage of the \_\_\_\_\_ monitor and advise the \_\_\_\_\_ on the following:

- (a) The relative costs of the principal types of insurance which in the opinion of the Broker might be suitable to the \_\_\_\_\_ needs.
- (b) The competency and solvency of Insurers with whom insurance policies are placed on behalf of the \_\_\_\_\_.
- (c) The ability and record of such Insurers with regard to payment of claims.
- (d) Any other factor whatsoever, relating to the \_\_\_\_\_ risk exposure and to the ability and competency of any of the Insurers to continue to provide the insurance coverage comprised in the \_\_\_\_\_ insurance portfolio.

4.3.2 With respect to performance of the obligations set out in (b) (c) and (d) above, the Broker may rely on the advice and information available to the Financial Services Commission in relation to policies of insurance which are placed on the Jamaican Market.

#### 4.4 Premiums

4.4.1 The Broker shall collect from the \_\_\_\_\_ and punctually remit to the Insurer's insurance premiums.

4.4.2 The Broker shall commence renewal negotiations within three (3) months of the expiry date of all policies. The Broker undertakes to keep the \_\_\_\_\_ fully informed of the progress of such negotiations and to advise renewal terms at least two weeks prior to renewal date.

4.4.3 The Broker shall liaise with overseas insurance Brokers to ensure that the \_\_\_\_\_ insurance portfolio is adequately serviced.

4.4.4 The Broker shall account to \_\_\_\_ for all premiums collected from the \_\_\_\_\_.

4.4.5 In the event that renewal rates/premiums have been increased by **20%** or more over the previous year, the \_\_\_\_\_ reserves the right to review this Agreement. The \_\_\_\_\_ reserves the right to terminate this agreement if the renewal rates/premiums have been increased by **25%** or more over the previous year other than by reason of claims or increased risk factors.

4.4.6 The Broker shall disclose to the \_\_\_\_\_ the name of all Insurers and/or Sub-Brokers or agencies, with whom a contract is placed on its behalf.

#### 4.5 Claim Procedures

4.5.1 The Broker shall design claim procedures for the \_\_\_\_\_.

4.5.2 The Broker shall promptly notify and negotiate claims and settlement with Insurers as soon as advice of such claims is given by the \_\_\_\_\_, and assist in resolving disputes between the \_\_\_\_\_ and the Insurer.

4.5.3 The Broker shall provide the \_\_\_\_\_ with a prescribed status report on all claims made by or against the \_\_\_\_\_ on a quarterly basis or otherwise as required by the \_\_\_\_\_.

#### 4.6 Confidentiality

Neither Party shall without the prior written consent of the other use or disclose any information acquired from the other, except in the normal course of executing the respective objectives of each party.

#### 4.7 Indemnity

The Broker shall indemnify the \_\_\_\_\_ for all loss, including consequential loss, damage or expense wholly or partially caused or occasioned to the \_\_\_\_\_ by the neglect, error and act of omission of the Broker, its servants, agents and/or employees.

#### 4.8. Professional Indemnity Insurance

The Broker shall at its own cost, effect and maintain adequate professional indemnity insurance to cover losses as mentioned above in keeping with the requirements of the Financial Services Commission.

5. OBLIGATIONS OF THE AUTHORITY

- 5.1 During the term of this Agreement, the \_\_\_\_\_ shall provide the Broker with all such information relating to the operation of the \_\_\_\_\_ and access to all buildings, plants and sites and other property of the \_\_\_\_\_ including information as may be required and as may be reasonably requested.
- 5.2 The \_\_\_\_\_ shall recruit, prepare and deliver required information to Insurers via the Brokers in a timely manner and within the time frame stipulated to facilitate and negotiate placement of insurances and compliance with the \_\_\_\_\_ deadlines and ensure that there is no interruption in the protection as a result of the \_\_\_\_\_ failure, neglect or tardiness to do.
- 5.3 The \_\_\_\_\_ shall notify the Broker of material changes in the usage of any of the \_\_\_\_\_ facilities.  
Information provided by the \_\_\_\_\_ shall not relieve the \_\_\_\_\_ of any obligation or duty owed to an Insurer to make disclosure of information not provided by the \_\_\_\_\_ to the Broker.
- 5.4 The \_\_\_\_\_ shall remit all insurance premiums to the Broker within forty-five (45) days of the placement of insurance cover by the Broker.

**5.5 Administration of the Insurance Account**

5.5.1 The \_\_\_\_\_ shall liaise with the Broker through suitable representatives in the handling of the Insurance Portfolio.

5.5.2 The \_\_\_\_\_ shall provide persons knowledgeable in the operations of the \_\_\_\_\_ who can pro-actively generate new and critical information to enable the Broker to act.

**5.6. Indemnity**

The \_\_\_\_\_ hereby acknowledges that the Broker may and will rely upon all information given to the Broker by the \_\_\_\_\_ in connection with the performance of the services pursuant to this Agreement and the \_\_\_\_\_ hereby agrees to release and indemnify and hold harmless the Broker from and against all suits, actions, claims, liabilities and costs and expenses which may result from such information proving to be incorrect or misleading in any respect.

**6. TERMINATION**

6.1 Without prejudice to any other rights conferred by Law or this Agreement, the \_\_\_\_\_ shall be entitled to terminate this Agreement in any of the following events:

6.2 If the Broker, its servants, agents or employees or sub-Broker shall breach any terms of this Agreement, the Broker shall remedy the breach within 14 days of the notice in writing which the \_\_\_\_\_ may serve on

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the Broker and if the breach remains unremedied at the expiration of the aforesaid notice, the \_\_\_\_\_ shall be at liberty to determine the appointment of the Broker.

6.3 If the Broker shall compound with creditors or be put into receivership or shall have a provisional order in bankruptcy made against, it, or being a partnership is dissolved or being a company passes a winding up resolution or has a winding up order made against it.

6.4 If the Broker shall, for any reason, cease to be a registered Broker under the provisions of the Insurance Act or for whatever reason becomes disqualified, incompetent or ineligible to perform the services. The failure by the \_\_\_\_\_ to enforce at any time or for any period any one of more of the terms or conditions of this agreement shall not be a waiver of the right at any time subsequently to enforce all or any new terms and conditions of this Agreement. In any event the terms and conditions of this agreement shall be reviewed annually.

**7. NOTICES**

7.1 Any Notice to be given under this Agreement by one party to the other shall be in writing and may be delivered personally or sent by e-mail or facsimile with the original by registered post addressed to the other Party at the respective addresses stated in this Agreement or such other address as may be notified by one Party to the other in writing for that purpose.

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7.2 Any such Notice sent by e-mail or facsimile with original by registered post will be deemed to be served one (1) day after transmission and in proving such service it shall be sufficient to prove that the notice was properly addressed.

**8. LAW APPLICABLE**

This Agreement shall be construed and governed in accordance with the Laws of Jamaica.

**9. DISPUTES**

All disputes or differences which shall at any time arise between the parties whether during the term of afterwards touching or concerning this agreement or its construction or effect may be referred to a single arbitrator to be agreed upon by the parties or in default of agreement, to be nominated by the President of the Bar Association in accordance with the Arbitration Act.

**IN WITNESS WHEREOF** the Parties hereto have set their hands and affixed their seals on the date first hereinbefore mentioned.

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Executed under the Common Seal of )  
)  
by , Chairman & CEO and ) .....  
)  
) , Secretary, ) .....  
duly authorised in that behalf )  
In the presence of )  
)  
)  
..... )  
Witness

Executed under the Common Seal of )  
\_\_\_\_\_ **BROKERS JAMAICA LIMITED** )  
by , Director and ) .....  
)  
) , Director ) .....  
in accordance with its Articles of )  
Association in the presence of )  
)  
)  
..... )  
Witness





## APPENDIX XI TENDER RECEIVAL FORM

### TENDER RECEIVAL FORM

Tender Officer .....

Project	
Location	
NCC Category and Grade	
Tender Closing Date & Time	
Tender Opening Date & Time	
Comparable Estimate	

### Tenders Received

Tender No.	Name of Bidder	TCC Expiry Date	NCC Expiry Date	Two (2) Identical Copies Submitted	Requested Level of Professional Indemnity	Remarks

### Persons Present at Tender Opening

Name	Signature	Representing

Signature of Tender Officer .....

# QUICK REFERENCE

## QUICK REFERENCE

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