

AGRICULTURAL BANK OF NAMIBIA

TERMS OF REFERENCES



REQUEST FOR PROPOSAL

TO PROVIDE

LONG TERM AND SHORT TERM INSURANCE SERVICES TO AGRIBANK'S CLIENTS

JULY 2019

1. PURPOSE

- 1.1. This Request for Proposal is an invitation by Agriculture Bank of Namibia (Agribank) to insurers duly licensed in the Republic of Namibia for insurance services for its clients.

2. INTRODUCTION

- 2.1. The Agricultural Bank of Namibia (Agribank) is a state-owned enterprise established in terms of section No. 5 of 2003 Agricultural Bank of Namibia Act, 2003 which function autonomously under a Board of Directors, appointed by the Minister of the Ministry of Finance.
- 2.2. The core business of Agribank is to provide financial services to agriculture and agricultural related activities. The Bank offers collateralized and non-collateralized loans for livestock purchase, Production input loans, tractors, farm vehicles, small trucks and vans, agriculture implements and equipment.
- 2.3. Notwithstanding the development mandate of Agribank, financing of movable and immovable assets exposes Agribank to various risks, such as; life, credit, and production risks, just to mention but a few.
- 2.4. The Bank is currently underwriting life cover and credit life insurance, but this is only restricted to the non-collateralized loans under which Agribank serves as an insurance Agent. Henceforth, there is a need to establish additional insurance cover for the clients across all Agribank's loan products.

3. JUSTIFICATION

- 3.1. About 70% of Namibian households rely directly or indirectly on agriculture for their livelihood, with livestock been the mainstay of Namibia's agricultural landscape.
- 3.2. Supporting the foregoing is the fact that, livestock purchase is the second largest portfolio after land purchase on Agribank's loan book. Therefore, the supplementary income derived from farming is a great source of support to farmers' livelihood and income for the Bank.
- 3.3. However, the untimely death of livestock, losses in crop production or occurrence of trade related losses could have a devastating impact on the farmers' income and their ability to service loans.
- 3.4. This prompted the Bank to establish additional short-term and long term insurance cover for all loan products offered, with a view to improve Agribank's insurance coverage and risk management. Therefore, Agribank undertakes to solicit proposals for the provision of insurance services for its clients.

4. SCOPE OF SERVICES AND CONTENT OF THE PROPOSAL

- 4.1. The interested insurance company should provide detailed proposal covering two classes of insurance services (long-term and short-term services) and should include the following:
- a. Clear indication of the applicable regulatory provisions and compliance issues for all parties (insurer, agent and client).
 - b. An overview of the shareholder agreement highlighting the areas of cooperation, work flow, fees structure and the applicable commission fee for Agribank.
 - c. The governance & operational issues of the insurance shall include the following:
 - issuing and selling of policies
 - underwriting of policies including renewal
 - claim assessment and payment of claims
 - Applicable administration and application charges payable.
 - accounting and administration for premium , claims , technical reserves , reinsurance
 - statutory compliance and reporting
 - claim management strategy and turn round-time of your agency and the insurance provider.
 - d. Specify risks cover and premium breakdown for all product categories under long-term and short-term insurance cover.
 - e. A statement of risks and assumptions by the service provider in terms of successful completion of the assignment.
 - f. A seven (7) years projected income statement and sound assumptions.
 - g. Detailed document for policy wording and sample policy contract under the long-term and short-term insurance.
 - h. An indication of whether the proposed insurance can be conducted as a cell captive arrangement and the company's ability to provide such an arrangement.

5. KEY REQUIREMENTS

- 5.1. Additionally, interest insurance company must provide the following administrative requirements;
- a. Proof of registration as an insurer
 - b. Brief statement of the business history of your company

- c. Tax Certificate of Good Standing
- d. Social Security Certificate of Good Standing
- e. Audited financial statements for the past two years
- f. Proof of prior experience in provision of insurance services including the client base for agriculture and related sectors.
- g. Demonstrate that the company has sufficient resources (human capital, infrastructures) to provide the insurance services required.

6. SELECTION AND EVALUATION PROCESS

- a. Proposals are solicited from all insurance companies that wish to be considered for the services outlined in this section four (4) of this ToR document. Agribank will assess and make selection based on the proposal and requirements. All interested companies are encouraged to respond in depth covering the scope of services and key requirements as outlined in this document.
- b. Selection will be made from those proposals deemed to be fully qualified and best suited among those submitted on the basis of the evaluation factors listed below:
 - benefits to members, clearly articulated and demonstrated to provide a saving
 - scope of services
 - Reasonably high risk tolerance
 - experience and resources of the proposing insurance company
 - financial strength of the proposing insurance company
 - adequacy of governance & operational requirements
 - the potential value add of setting up a cell-captive arrangement

7. GUIDELINE FOR PROPOSAL SUBMISSION

a. Proposals must reach the offices of Agribank before 13h00 on 9 August 2019 and must be enclosed in a sealed envelope which must have clearly inscribed on the outside:

- ToR No: 01/10/2019
- Proposal for the provision of long term and short term insurance services to Agrbank's clients.
- Closing date: 13h00, 9 August 2019
- Proposals are to be submitted in the marked tender box, in the reception area, Agricultural Bank of Namibia, 10 Post Street Mall, and Ground floor.
- Please note that no late submissions will be considered under any circumstances.

b. Queries must be addressed to:

Agricultural Bank of Namibia

Telephone: +264 61 2074272

Email: ajakob@agribank.com.na