

LETTER OF INVITATION

REF No: AAIB/RI/CI/2018

Dear Sirs,

PROCUREMENT OF REINSURANCE PROGRAM TO COVER AGRICULTURAL INSURANCE SCHEME FOR FARMERS BY AGRICULTURAL AND AGRARIAN INSURANCE BOARD (AAIB) - ONE YEAR FROM 11th FEBRUARY 2018 TO 10th FEBRUARY 2019.

1. The Chairman, Cabinet Approved Procurement Committee (CAPC) on behalf of the Agricultural and Agrarian Insurance Board invites proposals to procure the above services. More details on the services are provided in the Information to Reinsurers – (Annexure - 2)
2. This Expressions of Interest (EOI) & the Request for Proposal (RFP) includes the following documents:
 - a) Instructions to Bidders and General Conditions of the Bid (Annexure 1 RFP)
 - b) Information and Special Conditions (Annexure -2 RFP)
 - c) Bid Form (Form –A EOI)
 - d) Price List (Form –B EOI)
 - e) Other related details
3. Bids must be submitted in sealed envelopes, clearly labeled as “Original” and “Copy”. either delivered by hand or couriered to the Chairman, Cabinet Approved Procurement Committee (CAPC), Agricultural and Agrarian Insurance Board, No 117, Sri Subhadrarama Mawatha, Gangodawila, Nugegoda, Sri Lanka, not later than **1400 hours on 16th January 2018** and be clearly marked “Bids of procurement of Reinsurance cover for AGRICULTURAL INSURANCE SCHEME FOR FARMERS BY AGRICULTURAL AND AGRARIAN INSURANCE BOARD for the period of 11.02.2018 10.02.2019. AAIB/RI/CI/2018
4. Further Clarification on RFP could be obtained from,
Chairman, AAIB

Contacts are as follows:-

Tel : 011 2812571
Fax : 011 2812573
Email : chairman@aib.gov.lk / dg@aib.gov.lk
Chairman : 0712732341
DG : 0715338501

Yours sincerely,

Chairman
Cabinet Approved Procurement Committee (CAPC)
Agricultural and Agrarian Insurance Board,
Ministry of Agriculture
No 117, Sri Subhadrarama Mawatha, Gangodawila, Nugegoda
Sri Lanka.

AGRICULTURAL AND AGRARIAN INSURANCE BOARD

**PROCUREMENT OF REINSURANCE COVER TO COVER AGRICULTURAL INSURANCE
SCHEME FOR FARMERS BY AGRICULTURAL AND AGRARIAN INSURANCE BOARD (AAIB)**

11.02.2018 10.02.2019.

Instructions to the Bidders and General Conditions of the Bid

1. Introduction

The Chairman, Cabinet Approved Procurement Committee (CAPC) on behalf of the Agricultural and Agrarian Insurance Board, No 117, Sri Subhadrarama Mawatha, Gangodawila, Nugegoda, Sri Lanka invites sealed proposals from Eligible Reinsurance Brokers to provide a Reinsurance cover for agricultural insurance scheme for farmers for the period of 11.02.2018 – 10.02.2019.

2. Invitation to Bids

Bids are invited for the procurement of reinsurance cover to protect AAIB against claims arising out of Flood, Drought and Any Natural Disaster within the period of 12 months from 11.02.2018 – 10.02.2019

3. Eligibility of Reinsurers and Reinsurance Brokers

- a. Following criteria's should be **mandatorily fulfilled** by the Reinsurance Brokers of the Lead Reinsurers providing the programme.
- b. Reinsurance Broker shall submit the following documents / information of the Lead Reinsurers to substantiate the eligibility of reinsurers when submitting the Bids.

Lead Reinsurer's Insurer Financial Strength (IFS) rating shall be minimum of as follows,

Standard & Poor's (S&P) IFS	Alfred M. Best (A.M. Best) IFS
Excellent (A)	Excellent (A)

Lead Line Share Allocation

Minimum **Lead Line Share** shall be 25% of 100% (with the **Signed Slip of the Reinsurer**)

Maximum **Lead Line Share** could be 30% of 100% (with the **Signed Slip of the Reinsurer**)

Note: In the event if the Lead Line Underwriter exceeds 30% on Agriculture Risk accumulation in Sri Lanka such Lead Line will be Scale down to determine the maximum share of Line such underwriter could take across the board in considering the existing agriculture risk in Sri Lanka.

Follow Line Reinsurer's Insurer Financial Strength (IFS) rating shall be minimum of as follows

Standard & Poor's (S&P) IFS	Alfred M. Best (A.M. Best) IFS
Excellent (A-)	Excellent (A-)

- Details of Registration of the Lead & Follow Reinsurers in the country of domicile
- Original **Lead Slip** by the Lead Reinsurer with the share of acceptance **stamped and signed**

c. Financial Information of Reinsurers & Reinsurance Brokers

Applicant Reinsurance Brokers shall submit the EXPRESSIONS OF INTEREST (EOI) as per the annexed formats 1 and 2 of Agricultural and Agrarian Insurance Board to meet the pre-qualification criteria.

- Experience in handling/placing Treaty Reinsurance Programs of insurers operating in the Global/Region with minimum of Five (05) years in placement of Reinsurance Treaties and Facultative including Sri Lanka or Asian Reinsurance market.
- Audited Final Accounts/ Annual Reports for the last three (03) years.
- Certified copy of Registration in the country of domicile & certified copy of the current license to Transact Reinsurance Business.
- Certified copy of Professional Indemnity Insurance Cover for a minimum of USD.10mn in case of reinsurance brokers.
- Fully completed Form 1 and 2, with proof of documents for reinsurance brokers, with a payment of non-refundable fee of US \$ 200 or LKR 30,000 by a bank draft in favour of “**Agricultural and Agrarian Insurance Board**”

4. Submission and opening of the bids

Bids must be submitted in sealed envelopes, either delivered by hand or couriered to the Chairman, Cabinet Approved Procurement Committee (CAPC), Agricultural and Agrarian Insurance Board, No 117, Sri Subhaddrarama Mawatha, Gangodawila, Nugegoda, Sri Lanka not later than **1400 hours on 16.01.2018** and be clearly marked "Bids of Reinsurance program to cover the Agricultural Insurance Scheme for Farmers. AAIB/RI/CI/2018. Bids should be submitted by the reinsurance broker in duplicate clearly labeled as “Original” and “Copy”.

Bid must be submitted & accompanied with a Quotation Slip, Original Slip of lead Reinsurer with the share of acceptance stamped and signed and Reinsurance Agreement wording for the lead share of the leading reinsurer.

All Bidders should submit on demand and irrevocable bid bond from a local licensed commercial bank for a value of LKR.500,000.00

All Brokers should mandatorily submit their current dated Professional Indemnity Insurance policy from a reputed insurer for a minimum of UDS.10 million in favour of the Broker as a conditional prerequisite

The Chairman, Cabinet approved Procurement Committee reserves the right to accept or reject bids of a reinsurance company or broker whose bid is not acceptable to the Agricultural and Agrarian Insurance Board without giving any reason. Any Reinsurance company or Broker who has submitted the bid without the original closing slip duly signed by the lead reinsurer along with the reinsurance share will be disqualified.

Bids will be opened immediately after closing time, in the presence of bidders or their authorized representatives. Bids will be opened by a Bid Opening Committee at **1400 hours on 16.01.2018** at the office of the Agricultural and Agrarian Insurance Board, No 117, Sri Subhaddrarama Mawatha, Gangodawila, Nugegoda, Sri Lanka. Quoted price only will be declared at the bid opening meeting. Late submissions will be rejected as disqualified.

5. **Language of the Bid**

All information required shall be provided in English language and all the perfected forms should be signed by the authorized officials.

6. **Bid prices and Currency**

- (i) Bid price should be in Sri Lankan Rupees (LKR) only.
- (ii) If there is a discrepancy in the amount in figures and in words, the amount in words will be considered as correct.
- (iii) Quarterly MDP will be remitted in USD at the current / prevailing exchange rate equal to the LKR value of the quarterly MDP payment
- (iv) Claims receivable may receive in USD by AAIB of the conversions exact LKR value of the claim

7. **Validity of Bid**

All Bids shall be valid for a minimum period of ninety (90) days from the date of closing of Bids.

8. **Evaluation of bids**

Evaluation of received bids will be done at two stages.

- (i) Preliminary Examination
- (ii) Detailed evaluation

8.1 **Preliminary Examination**

The bids received will be examined to determine tender compliance

- Whether bids are complete
- Whether bidders are eligible reinsurers/ reinsurance brokers
- Whether the Bid Form (Form "A") is duly signed by an authorized officer.
- Whether the required evidence have been provided.
- Whether the original lead signed slip is available from the lead reinsurer.

8.2 **Detailed Evaluation**

The Bids will be analyzed and evaluated in depth by giving substantial weightage on the following aspects as a point's scheme. This will be performed in addition to the preliminary examination of the bid opening.

- i. Minimum and Deposit Premium
- ii. Adjustable Rates
- iii. International Rating of the Reinsurers
- iv. Reinsurance slip wording
- v. Financial status of the reinsurer and extent of exposure
- vi. Other Value Additions and Services
- vii. Proof of Licensing for Reinsurance Broker in the country of Domicile
- viii. Placement of Reinsurance Programmes to Government of Sri Lanka / State
- ix. Experience of Claims Management to Government of Sri Lanka / State
- x. Additional benefit to the AAIB

9. Award of bid

Award will be made to the most suitable and comprehensive bid. The AAIB will notify the successful bidder in writing, by e-mail followed by a registered letter. The unsuccessful bidders will neither be informed nor any clarifications entertained by AAIB

10. Agreement

Successful Bidder should submit the original reinsurance treaty agreement/s signed by all the participating reinsurers in original letter heads within 14 days of acceptance of the bid, inability to do so will result and disqualifying the Bidder and the Award will be to the Next best Bidder based on the evaluation of bid by AAIB.

11. Governing Law

The bids and any contract resulting therefrom shall be governed by and construed according to the Laws of Sri Lanka.

12. Arbitration

- (a) All disputes arising in connection with the contract shall be finally settled in accordance with the provisions of the Arbitration Act No 11 of 1995 and amendments thereto.
- (b) Performance of the contract shall be continued during arbitration proceedings.
- (c) All proceedings and hearings by arbitrators or umpires shall be held in Sri Lanka.

13. Professional Indemnity

Successful Bidder should provide a valid certificate evidencing that they maintain a USD 10,000,000 in respect of Errors and Omissions certificate from "A" Rated S&P rated security in the name of the Bidder during the bidding, placement and servicing period of this contract.

14. Clarifications

Further clarification could be obtained in writing from;

Chairman,
Agricultural and Agrarian Insurance Board,
No 117,
Sri Subhadrarama Mawatha,
Gangodawila, Nugegoda,
Sri Lanka.

Contacts are as follows:-

Tel : 011 2812571
Fax : 011 2812573
Email : chairman@aib.gov.lk / dg@aib.gov.lk
Chairman : 0712732341
DG : 0715338501

**PROCUREMENT OF REINSURANCE PROGRAM TO COVER AGRICULTURAL INSURANCE
SCHEME FOR FARMERS BY AGRICULTURAL AND AGRARIAN INSURANCE BOARD (AAIB)
11.02.2018 to 10.02.2019**

INFORMATION AND SPECIAL CONDITIONS

1. OBJECTIVES OF THE SCHEME

- To protect farmers against losses due to damages to crop by natural perils such as Flood & Drought and any natural disaster .

2. COVERAGE OF THE SCHEME - as per the table

Crop	Total Acre(s) of Land cultivated in a Year	Insurance Premium per Acre based on Crop per season	Cost of Cultivation per acre Estimated by the Agri Research Department	Sum Insured on the proposed scheme per acre	Total Liability	Total Premium
					LKR	LKR
Paddy	2,500,000	1,125.00	40,000.00	30,000.00	75,000,000,000.00	2,812,500,000
Maize	174,928	1,125.00	45,000.00	30,000.00	5,247,840,000.00	196,794,000
Potatoes	13,740	1,125.00	360,000.00	30,000.00	412,200,000.00	15,457,500
Big onion	14,045	1,125.00	250,000.00	30,000.00	421,350,000.00	15,800,625
Soya bean	15,958	1,125.00	42,000.00	30,000.00	478,740,000.00	17,952,750
Chilies (Green)	32,573	1,125.00	110,000.00	30,000.00	977,190,000.00	36,644,625
Total	2,751,244				82,537,320,000.00	3,095,149,500

3. PLACEMENT OF REINSURANCE

Layer I

LKR.1,315,000,000.00 Ultimate Net Loss in the annual aggregate in Excess of LKR.2,185,000,000.00 in the annual aggregate.

Layer II

LKR.1,500,000,000.00 Ultimate Net Loss in the annual aggregate in Excess of LKR.3,500,000,000.00 in the annual aggregate.

Layer III

LKR.2,500,000,000.00 Ultimate Net Loss in the annual aggregate in Excess of LKR.5,000,000,000.00 in the annual aggregate.

4. INSURANCE BENEFICIARIES - Farmers

- 5. FINANCING OF THE SCHEME** - Premium collection from the Farmers & the national government
- 6. PERIOD** - Losses occurring 12 months from 11.02.2018 to 10.02.2019
- 7. TERRITORIAL SCOPE** - Geographical limits of Sri Lanka
- 8. REINSURANCE ARRANGEMENT-** Crop Aggregate Excess of Loss
- 9. PREMIUM** Minimum & Deposit Premium @ 90%
- 10. LOSS HISTORY FOR SIX CROPS-** Annexure 03
- 11. LAWS: ARBITRATION /JURISDICTIONS:** - The bids and any contract resulting therefrom shall be governed by and construed according to the laws of Sri Lanka.
- 12. GROSS NET PREMIUM INCOME: -** Estimated LKR. 3,095,149,500.00 Monetary limit (ML) of + or -20% for Paddy and Monetary Limit (ML) of + or – 30% to all other Crops
- 12. VALIDITY OF THE BID: -** 90 Days

13. GENERAL

- a) Bidders must acquaint themselves fully with conditions of the bid.
- b) No bid shall be considered for correspondence is English. However, if any of the above documents are in a language other than in English, such documents should be accompanied by a certified English translation. This translation will govern and be used for interpreting the information provided.
- c) All disputes arising in connection with the contract shall be finally settled in accordance with the provisions of the Arbitration Act No 11 of 1995 and amendments thereto.
- d) Performance of the contract shall be continued during arbitration proceedings.
- e) All proceedings and hearings by arbitrators or umpires shall be held in Sri Lanka.

Chairman
The Chairman, Cabinet Approved Procurement Committee (CAPC)
Agricultural and Agrarian Insurance Board,
No 117, Sri Subhadarama Mawatha, Gangodawila, Nugegoda
Sri Lanka.

Bid Form

The Chairman, Cabinet Approved Procurement Committee (CAPC)
Agricultural & Agrarian Insurance Board
117, Subadrarama Road,
Gangodawila,
Nugegoda

PROCUREMENT OF REINSURANCE PROGRAM TO COVER AGRICULTURAL INSURANCE SCHEME FOR FARMERS BY AGRICULTURAL AND AGRARIAN INSURANCE BOARD (AAIB) 11.02.2018 to 10.02.2019

1. I/We, the under signed having read and fully acquainted myself/ ourselves with the contents of the "Instructions to the Bidders and General Conditions and Information and Special Conditions of Bid" pertaining to the above Bid, along with Annexure 1 & 2 and Form 1 & 2, there to do hereby undertake to provide Reinsurance cover for Agricultural Insurance Scheme for farmers for the period of 11.02.2018 to 10.02.2019 and to submit all supporting documents as specified in the bidding documents.
2. I/We confirm that this offer/bid will be open and acceptance valid until 16/04 /2018 (90 days from the date of closing of the Bid) and that it will be withdrawn or revoked prior to that date.
3. I/We attached hereto the following as a part of my/our bid.
 - a) Documentary evidence to establish eligibility to bid.
 - b) Documentary evidence to establish qualification for the performance of the contract.
 - c) Certificate of Incorporation or business Registration Certificate or other relevant documents.
 - d) Pricing details.
4. I/We understand that you are not bound to accept the lowest bid and that you reserve the right to reject or accept the bid without giving any reason for rejection, even if the value quoted by me/us is the lowest.

Signature of Bidder:

Name of Bidder:

Designation:

Official address:

Telephone:

Fax:

e mail:

Date:

Official Frank:

Pricing Details

Layers	Minimum & Deposit premium	Adjustable Rate	Terms of Reinstatement
Eg: Layer 1			One Reinstatement
Eg: Layer 2			One Reinstatement
Eg: Layer 3			One Reinstatement

**DETAILS OF EXPERIENCE IN PLACEMENT OF REINSURANCE
TREATIES FOR REINSURANCE BROKERS (Document Proof Should be
Submitted)**

1. Name of Company:

2. Address:

3. Telephone:

4. Facsimile/ email:

5 Place and year of Incorporation/Registration:

6. Main lines of Business:

1.	Since:	
2.	Since:	
3.	Since:	
4.	Since:	
5.	Since:	

7. Previous Experience in Providing Reinsurance Services/Retrocession Programs.

Country	Name of Client	Address of Client	Contact Person, Phone, Fax, email	Type of Reinsurance Cover	Value of Reinsurance Cover	Year

8 Experiences about Micro or Agriculture Reinsurance

Country	Name of Client	Address of Client	Contact Person, Phone, Fax, email	Value of Reinsurance Cover	Type of Reinsurance Cover	Year

Authorized Officer :.....

Signature :.....

Official frank :.....

FINANCIAL CAPABILITIES OF THE REINSURANCE BROKERS

Name of Company:

Summarized Actual Assets and Liabilities based on the audited Financial Statements for the previous two (2) years (copies attached)

Financial Information	2015	2016 and 2017 up to date
1.Total Assets		
2. Current Assets		
3. Total Liabilities		
4. Current Liabilities		
5. Shareholders Fund		
6. EBITDA*		
7. Annual Turnover		
8.Net Profit		
9.Any other information**		

* Earnings before interest, tax, depreciation and amortization.

** Any information, which is relevant and not included under other items may be included.

Name of authorized officer :.....

Signature :.....

Official frank :.....