

LETTER OF INVITATION

REF No: AAIB/RI/CI/2019

Dear Sirs,

**PROCUREMENT OF REINSURANCE PROGRAM TO COVER
AGRICULTURAL INSURANCE SCHEME FOR FARMERS IMPLEMENTED BY
AGRICULTURAL & AGRARIAN INSURANCE BOARD (AAIB)
FOR A PERIOD OF TWO YEARS (FOUR SEASONS) STARTING FROM 2019/20
MAHA SEASON**

1. The Chairman, Cabinet Appointed 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 Bid document includes the following documents:
 - a) Instructions to Bidders and General Conditions of the Bid (Annexure 1)
 - b) Information and Special Conditions (Annexure -2)
 - c) Bid Form (Form - A)
 - d) Price Schedule (Form -B)
 - e) Other related details
3. Bids must be submitted in sealed envelopes, clearly labeled as “Original” and “Copy”, delivered by hand or courier to reach the Chairman, Cabinet Appointed Procurement Committee (CAPC), Agricultural and Agrarian Insurance Board, No 117, Sri Subhadrarama Mawatha, Gangodawila, Nugegoda, Sri Lanka, not later than 14:00 hours, Sri Lanka Standard time 08th of November 2019 and be clearly marked “Bid for Procurement of Reinsurance cover for Agricultural & Agrarian Insurance Board (AAIB) for a period of two years (four seasons) starting from 2019/20 Maha season
4. Further Clarification on Bid could be obtained from,

Chairman, AAIB

Contacts are as follows:-

Tel : +94 2812571
Fax : +94 2812573
Email : chairman@aib.gov.lk / dg@aib.gov.lk
Chairman : +94 714345913
DG : +94 715338501

Yours sincerely,

Chairman
Cabinet Appointed Procurement Committee (CAPC)
Agricultural and Agrarian Insurance Board,
Ministry of Agriculture, Rural Economic Affairs, Irrigation and Fisheries and Aquatic Resources
Development
No 117, Sri Subhadrarama Mawatha, Gangodawila, Nugegoda
Sri Lanka.

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Instructions to the Bidders and General Conditions of the Bid

1. Introduction

The Chairman, Cabinet Appointed Procurement Committee (CAPC) on behalf of the Agricultural and Agrarian Insurance Board, No 117, Sri Subhadhrarama Mawatha, Gangodawila, Nugegoda, Sri Lanka invites sealed proposals from Eligible ReInsurer/ Reinsurance Brokers to provide a Reinsurance cover for Agricultural & Agrarian Insurance Board (AAIB) for a period of two years (four seasons) starting from 2019/20 Maha season

2. Invitation to Bids

Bids are invited for the procurement of reinsurance cover to protect Farmers implemented by AAIB against losses due to crops damaged by Flood & Drought inundation, Natural Perils and all-natural disaster, Wild Elephant damages, Pest, Insect damages and Wild animal damages within the period of Two years (Four seasons)

3. Eligibility of Reinsurers and Reinsurance Brokers

- a. Following criteria's should be mandatorily fulfilled by the Reinsurer/Reinsurance Brokers of the Lead Reinsurers providing the programme.
- b. Reinsurer/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 Reinsurer/Reinsurance Brokers shall submit the BID document 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 Reinsurers/Reinsurance brokers.
- Fully completed Form 1 and 2, with proof of documents for Reinsurer/Reinsurance brokers, with a payment of **non-refundable fee of US \$ 200 /equal to Sri Lankan Rupees** 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 courier/by hand to reach the Chairman, Cabinet Appointed Procurement Committee (CAPC), Agricultural and Agrarian Insurance Board, No 117, Sri Subhadrarama Mawatha, Gangodawila, Nugegoda, Sri Lanka not later than **14:00 hours Sri Lanka standard time, 08.11.2019** and be clearly marked **“Bid for Procurement of Reinsurance program to cover the Agricultural Insurance Scheme for Farmers. AAIB/RI/CI/2019”**. Bids should be submitted by the Reinsurer/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 valid till 16th of January 2020 and value 7.5 LKR million.

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

The Chairman, Cabinet Appointed 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 **14:00 hours Sri Lanka standard time, 08.11.2019** at the office of the Agricultural and Agrarian Insurance Board, No 117, Sri Subhadrarama Mawatha, Gangodawila, Nugegoda, Sri Lanka. Quoted price only will be declared at the bid opening meeting. Late submissions will be rejected as disqualified.

- Pre-Bid meeting will be held on 28th of October 2019, 2.00pm at Head office of AAIB, 117, Sri Subadrarama Road, Nugegoda.
- Bidders must acquaint themselves fully with the conditions of the bid.
- The bid and any contract resulting, therefore, shall be governed by and construed according to the laws of Sri Lanka.
- The Chairman of CAPC reserved right to cancel the tender without giving any reason

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 sixty (60) 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. Cover granted for cultivated land of before commencement of the cover
- xi. Additional benefits to the AAIB (knowledge sharing, technical support for loss assessment etc)
- xii. Conditions for claim notification and declaration (Please refer no 11 of Annexure no 2)
- xiii. Installment payment method of premium payment, insurance cover given for existing growing crops, additional benefits for the AAIB will deeply discuss when evaluating the bids.
- xiv. AAIB needs to cover growing crops that are in good condition at the moment of payment of premium. Various crop calendars are used for six crops which are cover under this project. Some crops are already planted and some lands are preparing for cultivation. As government necessity AAIB needs to cover all crops including already cultivated and to be sowing/planted crops through this insurance and reinsurance program.

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 there from 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 Subhaddrarama Mawatha,
Gangodawila, Nugegoda,
Sri Lanka.
Tel : +94 2812571
Fax : +94 2812573
Email : chairman@aib.gov.lk / dg@aib.gov.lk
Chairman : +94 714345913
DG : +94 715338501

Bid Form

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

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MAHA SEASON**

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 two years (four seasons) starting from 2019/20 Maha season and to submit all supporting documents as specified in the bidding documents.

1. I/We confirm that this offer/bid will be open and acceptance valid until 08.11.2019 (60 days from the date of closing of the Bid) and that it will be withdrawn or revoked prior to that date.
2. 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.
3. 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:

DETAILS OF EXPERIENCE IN PLACEMENT OF REINSURANCE TREATIES FOR REINSURER/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 REINSURER/REINSURANCE BROKERS

Name of Company:

Summarized Actual Assets and Liabilities based on the audited Financial Statements for the previous three (3) years (copies attached)

Financial Information	2016	2017	2018
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 :.....