



**INSURANCE POLICY**

**2016/17**

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# **NGQUSHWA LOCAL MUNICIPALITY INSURANCE POLICY**

## **2. ENABLING LEGISLATION**

Ngqushwa Local Municipality is required to comply with the MFMA, and circulars, memorandum and guidelines (practice notes) issued by National Treasury.

This policy must comply with all relevant legislative requirements including:

- The Constitution of the Republic of South Africa, 1996
- Municipal Structures Act 117 of 1998
- Municipal Systems Act 32 of 2000
- Division of Revenue Act (enacted annually)
- Municipal Finance Management Act, Act 56 of 2003

## **3. OBJECTIVES**

- To ensure that the assets of the Council are adequately insured at all times.
- The safeguarding of assets and the protection of Council against liabilities, is very important which forms part of a proper assets management system as prescribed by Section 63 and needs annual revision in terms of Section 24(2)(c)(v) of the Municipal Finance Management Act 56 of 2003.

## **4. RELATED POLICIES, PROCESSES AND PROCEDURES**

The following policies, processes and procedures should be in place to ensure an effective and efficient insurance system:

- Supply Chain Management Policy
- Asset management Policy
- ICT Policy
- Delegations of authority
- Fleet Management Policy
- Building control Policy

## **5. RESPONSIBILITY FOR INSURANCE**

- The Chief Financial Officer shall every three years either call for tenders or quotations, at the discretion of the Municipal Manager, for the insurance of Council's assets.
- Only quotes/ tender from reputable insurance companies or insurance brokers shall be considered.
- The insurance period shall be renewable, dependant on previous performance.
- Premiums shall be paid annually in advance.
- Should circumstances change during the year amendments, additions or deletions should be made to the insurance portfolio with the Insurance Company/Insurance Broker.

## **6. ASSETS TO BE INSURED**

- When considering the insurance of assets all movable and immovable assets, excluding land and investment properties land should be considered.
- All assets to be insured should be covered against fire, accident or loss of any nature.
- Separate cover for riot, strike and public disorder damage should be taken out at the discretion of the Municipal Manager in consultation with the Chief Financial Officer and the relevant departmental head.

- Any other insurance cover should be at the discretion of the Municipal Manager.
- The accuracy of the information on this page is not guaranteed nor is it implied.

Assets that are insured should be insured at cost.

The following assets and risks should, after consideration of risk and excess by the Municipal Manager, be insured:-

- Vehicles (Comprehensive including 3<sup>rd</sup> party liability)
- Plant and Equipment
- Buildings
  - Furniture and fittings
  - Office Equipment
  - Security equipment
  - Computer Equipment
  - Intangible assets
- Maintenance Equipment
- Investment properties
- Finance leased assets
- Hire purchased assets

## **7. OTHER ITEMS TO BE COVERED IN THE INSURANCE**

- Fidelity guarantee
- Cash
- SASRIA for municipal buildings and motor vehicles
- SASRIA for Councillors Houses and cars as per government gazette
- Accidental death or disability for Mayor, Speaker, and Chief Whip
- Loss of documents ( cost of recovering loss documents or data)

**Public liability include the following:**

- General Liability
- Wrong Arrest and Assault
- Errors and Omissions
- Medical First Aid
- Defective Workmanship
- Employers Liability
- Passenger Excess of Loss Liability
- Professional Liability IRO Medicals

**Other items not mentioned above:-**

- The decision whether to insure an asset or not should be at the discretion of the Municipal Manager in consultation with the Chief Financial Officer and the relevant departmental head.

**8. LEGAL LIABILITY**

Third parties are to be covered for death, bodily injury or illness and/or loss of or damage to property for any one occurrence up to a maximum limit to be determined by the Municipal Manager in consultation with the Chief Financial Officer for the following risks:-

- General Public Liability.
- Products Liability/Defective Workmanship.
- Employer's Liability.
- Professional Liability.
- Spread of Fire.
- Motor Liability.

## **9. CLAIMS**

- The custodian must notify the Chief Financial Officer/ delegated official immediately after any occurrence of damage to, or loss of, any asset of the municipality.
- The custodian must thereafter complete the appropriate claim form approved by relevant HOD and supply an estimate of the cost to repair such damage or loss within 7 day after the loss or damage of asset has been identified or occurred.
- An employee reporting asset damage must sign asset damage report signed by employee and approved by Head of Department, and must be accompanied by asset repair quote, and detailed damage report from the independent supplier.
- Where applicable i.e. theft, vehicle accident, etc. the matter must be reported to the South African Police Services and a case number obtained within 24 hours.
- A departmental head must in the same manner inform the Chief Financial Officer of any injuries to or damage sustained by any employee or a third party that could lead to a claim against the municipality with 48 hours.
- The Chief Financial Officer or delegated official must immediately notify the Insurance Company/Insurance Broker of any claims after all necessary information has been submitted.
- This must be followed up by the submission of the prescribed claim form to the Insurance Company/Insurance Broker with 10 working days.



- On a monthly basis the Chief Financial Officer or delegated official should follow up on all outstanding claims and note the progress in the insurance register.
- Motor vehicles damages/ accident must be reported immediately Chief Financial Officer.
- Acceptance for insurance claim replacement or refund form must be approved by senior official.
- Insurance claims above R 30 000, 00 must be approved by HOD.

## **10. RECORD KEEPING**

The Chief Financial Officer must:

- Keep a record of all insurance policies of the municipality.
- Ensure payment of all premiums in respect of all insurances on or before the due date.
- Ensure that all claims arising from the different insurance policies are completed and submitted timeously.
- Keep an insurance claims register with progress on each claim.

## **13. EXCESS PAYMENT**

### **13.1. Limits**

- On an annual basis the excess limits should be assessed as part of the adjudication of the insurance quotations received from the Insurance Companies/Insurance Brokers.
- The excess limits should be at the discretion of the Municipal Manager in consultation with the Chief Financial Officer.

### **13.2. Payment of excesses by employees**

Where in the opinion of the departmental head and the Municipal Manager an employee's negligence led to the damage to, or loss of, an asset the excess payable may be claimed from the employee concerned in terms of the Disciplinary Procedure.

### **13.3. Insurance claims assets**

- The insurer shall take damaged assets (irreparable) as salvage.
- The insurer shall give the Municipality replacement asset for all assets including motor vehicles, office equipment, computer equipment, furniture, minor assets, buildings, security equipment, Plant Equipment's, and maintenance equipment but excluding money theft, and death and SASRIA cover for councillors and third party liabilities.
- The municipality will pay excess to the insurer.

### **14. REVIEW OF ASSET INSURANCE POLICY**

The asset insurance policy shall be reviewed at once annually.

**NGQUSHWA LOCAL MUNICIPALITY**



**ASSET LOSS / DAMAGE REPORT FORM**

***A.DETAILS RELATING TO PERSON REPORTING EVENT***

**NAME:**.....

**POSTION:**.....

**DATE OF LOSS:**.....

**TIME REPORTED:**.....am/pm

**DATE REPORTED:**.....

***B.DETAILS OF EVENTS***

**DATE:**.....

**TIME:**.....am/pm

**PLACE:**.....

**NATURE OF EVENT (e.g. Burglary, fire, etc.):**.....

**BRIEFCOMMENT:**

.....  
.....  
.....  
.....

**DESTRPTION OF: property, lost or damaged as a result of event:**

.....  
.....  
.....  
.....

**ESTIMATED COST FOR REPLACEMENT OF LOST OR DAMAGED  
ASSET : R.....**

***C.Details of action taken***

**REPORTED FOR FIRE BRIGADE yes/no**

.....

**TIME:**.....

**STATION:**.....

**REPORTED TO POLICE AUTHORITIES yes/no**

**TIME:**.....

**STATION:** .....

**REPORTED TO SECURITY SERVICES: yes/no.**

.....

**NAME:**.....

**TIME:** .....

**REPORTED TO ADMINISTRATION MANAGER /yes/no :**

.....

**NAME:**.....

**TIME:**.....

**ANY OTHER DETAILS AVAILABLE (eg Police Incident No etc.) :**

.....

.....

.....

.....

**SIGNED:** .....

**DATE:**.....