

**NGQUSHWA LOCAL**  
**MUNICIPALITY**



**INSURANCE POLICY**  
**2022/2023**

Summary

|   |  |
|---|--|
| Publication Date  |  |
| Review Date   |  |
| Related Legislation/Applicable Section of Legislation           |  |
| Related Policies, Procedures, Guidelines, Standards, Frameworks |  |
| Replaces/ Repeals (whichever is relevant, if any)               |  |
| Policy Officer (Position)                                       |  |
| Policy Officer (Phone)  |  |
| Policy Sponsor (Position)                                       |  |
| Department Responsible  |  |
| Unit responsible  |  |
| Applies to  |  |
| Key Words   |  |
| Status  |  |
| Council approval date   |  |
| Version   |  |

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## 1. PURPOSE OF THIS POLICY

To ensure that the assets of the Council are adequately insured at all times.

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## 2. LEGAL FRAMEWORK

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

- 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. APPLICATION OF THIS POLICY

This policy must be applied in line with Supply Chain Management Policy, Asset Management Policy, ICT Policy, Delegations of Authority, and Fleet Management Policy.

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## 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 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, not covered by SASRIA, should be taken out at the discretion of the Municipal Manager in consultation with the Chief Financial Officer and the relevant departmental head.

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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
- 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
- Products
- Defective Workmanship
- Legal [and litigation](#) Costs
- Employers Liability
- Passenger Excess of Loss Liability
- Professional Liability IRO Medicals

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#### **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. PROPERTY EXCLUDED FROM INSURANCE**

#### **8.1 Property excluded from external insurance**

All property owned by or leased to the Council, property held by the Council in trust and/or commission and/or custody and/or under Council's control and/or for which the Council is responsible must be insured ***except for the following which are specifically excluded:***

- Property more specifically insured by any other firm arrangement.
- Sport stadiums, spectator stands, outdoor sports playing or recreational surfaces, athletic tracks.
- Loose assets falling within the excess payment of the applicable insurance policy.
- Electrical and communication transmission and distribution lines including cabling and their support structures, other than on or within 150 meters of any insured premises.



- Storm water piping including their supporting structures, other than on or within 150 meters of insured property.
- Driveways, pavements, outdoor parking surfaces.
- Roads, road and railway bridges, road and rail tunnels, manhole covers.
- Aircraft runways and aprons.
- Land, topsoil, backfill, drainage or culverts.
  - Property in possession of customers (library books, etc.).
- Monuments and statues.
- Graves and tombstones.

#### 8.2 Contingencies **and risks specifically excluded**

- Any event of risk where the Council is specifically indemnified.
- Contingencies arising from landslides and earthquakes.
- Removal of rubble or professional fees resulting from any damaged property
- Workmen's compensation for personnel covered under the Workmen's Compensation Act.

#### 8.3 **Damage and risks to be specifically included to the short term insurance portfolio**

- Important official documentation such as building plans and erf records.
- All property as contained in the assets schedules.
- Full theft cover at all insured property.
- All money on the premises or in transit to a maximum at any stage at any premises of R1 000 000 in cash and R1 000 000 in cheques.
- Fidelity insurance based on all positions higher than post level six and including all councillors.
- comprehensive motor own damage and third party liability on a motor fleet basis including specifically mentioned high valued vehicles with an accumulated excess arrangement of R200 000.

- Group personal accident insurance on 24-hour basis for all [councillors](#) to a maximum of R200 000 per incident.
- Stated benefits (workmen's' compensation) insurance on 24-hour basis for the Accounting officer, Executive Senior Managers and Senior Officials in terms of Section 77 of the MFMA.
- Public liability for bodily injury or damage to an amount of R2-million per event and a total annual coverage of R100-million.
- Employers liability of R2-million.

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#### 8.4 Reporting risk, claims and damage

It shall be the duty of a head of a department to notify the Executive [Manager: Finance](#) without delay of any new insurable risk or of any alteration in an existing insurable risk which has arisen in connection with his department.

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On the occurrence of any event giving rise or likely to give rise to a claim by or against the Council or against its insurers, the head of the department concerned shall notify the Executive [Manager: Finance](#) of that event which shall immediately notify the Council's insurer thereof.

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The Executive Manager: Finance shall keep a register in which particulars of all insurance policies held by the Council shall be entered and he shall be responsible for the payment of all premiums and shall ensure that claims that arise under such policies are instituted.

#### 8.5 Disputes and arbitration

The Executive Manager: Finance shall with the annual renewal of insurance arrange with the insurers brokers that any disputes as to the amount of

liability of the insurers under any of the insurance policies be determined by arbitration in accordance with the laws of the Republic of South Africa.

## 9. APPOINTMENT OF INSURANCE BROKERS

The Municipality shall call for bids for the appointment of insurance brokers at least once every three (3) years, unless circumstances require deviation here from.

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Insurance brokers will be appointed according to their ability to administrate the Council's short term insurance portfolio, the professional people in their employment and their record of sound brokerage service in the municipal environment.

The insurance brokers shall specifically indemnify the Council of increased risk because of the incorrect or unprofessional handling of the placement of insurance or the handling of a specific insurance claim.

The insurance broker shall revise the Council's insurance policy annually in collaboration with the Executive Manager: Finance and as approved by the Accounting Officer.

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## 10. 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.
- Wrongful Arrest and Defamation.

- Legal Defence Costs.
- Employer's Liability.
- Professional Liability.
- Spread of Fire.
- [Motor vehicle accident](#) Liability.

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## 11. CLAIMS

- A departmental head must notify the Chief Financial Officer immediately after any occurrence of damage to, or loss of, any asset of the municipality.
- A departmental head must thereafter complete the appropriate claim form 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.
- The insurance claim form must be approved by senior official.

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## **12. 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 excess and full claim 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 and claim amount/damages must be claimed from the employee concerned in terms of the Disciplinary Procedure.

### **14. COMMENCEMENT OF THIS POLICY**

This policy will come into effect on the date of adoption by Council

### **15. INTERPRETATION OF THIS POLICY**

- All words contained in this policy shall have an ordinary meaning attached thereto, unless the definition or context indicates otherwise
- Any dispute on interpretation of this policy shall be declared in writing by any party concerned
- The Office of the Municipal Manager shall give a final interpretation of this policy in case of a written dispute
- If the party concerned is not satisfied with the interpretation, a dispute may then be pursued with the South African Local Government Bargaining Council or Arbitration

### **16. MONITORING, EVALUATION AND REPORTING**

A report detailing the progress with the implementation of Insurance Policy with specific reference to achievement of this policy has to be compiled every year by the person with the responsibility for implementation and monitoring. The policy must be made available to all

consulting parties for perusal and comment and must be circulated to all staff members by means of circulars, notices and notice boards.

**17. COMMUNICATION**

Circulars, messages, workshops and notices on notice boards will be utilized in order to inform all employees of the availability of the policy. Copies of the policy will also be distributed to the parties that took part in the consultation process

**18. REVIEW OF THE POLICY**

It will be the responsibility of the Corporate Services Department to consider the provisions of this policy on an annual basis. The Corporate Services Department shall request all Departments to submit their proposed changes for submission to Council for approval via the Municipal Manager.

APPROVED BY COUNCIL ON .....2022 UNDER AGENDA ITEM NO.....

MUNICIPAL MANAGER

MAYOR OBO COUNCIL

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¶ Chief Financial Officer.....

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Date.....¶

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¶ Recommended By: ¶

¶ Municipal Manager /Accounting Officer.....¶

Signature.....¶

Date.....¶

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¶ Authorised By: ¶

¶ Mayor.....¶

Date.....¶

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**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:**.....