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# FINANCIAL SERVICES POLICIES

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## INSURANCE MANAGEMENT POLICY



**BREEDDE VALLEY**

MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

**2023/2024 FINANCIAL YEAR**

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**A caring valley of excellence.**

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## **1. INTRODUCTION**

1.1 In terms of section 63 (1) of the Municipal Finance Management Act, the Municipal Manager is responsible for the safeguarding of municipal assets

1.2 It is the responsibility of the Accounting Officer or his/her delegates to ensure that all municipal assets are safeguarded against all risks that will result in loss. This implies that reasonable care need to be taken to prevent / minimize loss.

## **2. RESPONSIBILITY FOR INSURANCE**

2.1 The Municipal Manager or his/her delegate shall every three years call for tenders in term of Supply Chain Management policy and Supply Chain Management regulations.

2.2 All significant amendments to the municipality assets during a financial year in the form of additions, deletions and / or any other relevant / required amendments should immediately be communicated to the Insurance section to update the municipality's insurance portfolio with the Insurance Company / Insurance Broker for immediate cover of the relevant assets.

2.3 Each Director / budget holder is responsible for the safeguarding of assets under his/her control. This responsibility differ from Director / budget holder based on the level of risk associated with certain assets.

## **3. ASSETS TO BE INSURED**

3.1 When considering the insurance of assets all movable and immovable assets should be considered. All assets to be insured should be comprehensively insured against perils such as theft, malicious damage, fire, storm, water etc. as well as riot and public disorder.

3.2 Assets that are insured should be insured at replacement value (obtained from respective budget holders / director) to ensure that the municipality is in the same position subsequent to the loss and settlement of relevant stolen / damaged assets. If considered necessary a valuer should be used to determine a replacement value for relevant assets. Values provided should be a fair representation of the asset, as understating or overstating values may result in fruitless and wasteful.

3.3 The following assets and risks should, after consideration of risk, be insured:-

- a) Vehicles, plant and equipment.
- b) Buildings and contents.
- c) Pump stations
- d) Electrical substations and related equipment
- e) Cash on hand and in transit

f) Computer equipment.

g) Fidelity guarantee.

f) Liability: Public, Employers, Motor and Airport.

3.4 Contractors all risks – Where a contractor is unable to supply the municipality with a valid insurance certificate the municipality must ensure that the contractor is covered for all risks. The insurance premium for such cover may be deducted from the contract price.

3.5 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 relevant departmental heads

#### **Additions during the year**

3.6 When new vehicles are purchased, buildings or structures erected or expanded which has an influence on the Insurance portfolio of Council, each Department involved should send the information of new assets to be insured within 72 hours to the Insurance Section for further action with the Insurance Company.

3.7 When new vehicles are purchased, buildings or structures erected or expanded which has an influence on the Insurance portfolio of municipality, each Department involved should send the information of new assets to be insured 2.4 In order to ensure that newly purchased / acquired / constructed assets are adequately covered, it is imperative that the information needed for insurance purposes be communicated to the Insurance Section as quickly as possible. Failure to promptly insure assets, will leave municipal assets exposed to theft and damage for the period of taking ownership until eventually insured. This theft or damage to uninsured assets may be regarded as fruitless and wasteful expenditure.

3.8 New vehicles cannot be utilized during the period when the asset is purchased/ donated and an insurance confirmation is pending.

#### **4. RECOVERY OF LOSS**

4.1 A Security and Safety Loss Committee should be established in terms of Council Resolution 552/98 to investigate and report on losses to council. The committee should consist of a representative of HR, Internal Audit, Traffic Services, Risk Management and the relevant department involved.

4.2 The decisions based on the finding of the committee should fair, consistent and transparent. These findings should then be escalated to Human Resources department for disciplinary action and recovery of the loss where applicable.

## **5. PROCEDURES FOR CLAIM ADMINISTRATION**

### **GENERAL**

5.1 All claims, however small these may be, are to be reported to the Insurance section, dealing with such claims on behalf of Council, within 48 hours of the date on which this accident/incident took place.

5.2 The Head of Department/Supervisor should be notified within 24 hours of the accident/incident.

5.3 Should negligence or recklessness be proved by the security and safety loss committee, the official should be personally held liable for losses incurred by the municipality.

5.4 The supply of false information is regarded as Insurance fraud and applicable disciplinary steps can be initiated by the Human Resource department.

5.5 Claims will be reported by the Insurance Section to the insurers as soon as practical (preferably within 7 days).

5.6 All claims will be entered in a claims register which is to be reconciled and reported to Council on a quarterly basis.

### **CLAIM PROCEDURES: VEHICLES ACCIDENTS**

5.7 The responsible official (driver of councils vehicle), have to report the incident to his/her supervisor, who will assist (If necessary) with the claim to the insurance section, providing the information below and any other information required to lodge the claim:

- a) vehicle(s) involved
- b) registration number(s)
- c) details of driver(s) of vehicle(s)
- d) residential/business addresses & telephone numbers
- e) passengers details
- f) copies of identity document(s) and driver's licence(s)
- g) witness report(s), police report and case number,
- h) description of damage to vehicle(s), date, time & location of scene of accident

5.8 Where personal injury has occurred, the accident scene should ideally be visited by the safety official of the municipality and all relevant information should then be gathered by the safety official. The safety official must immediately institute a claim in terms of the COID Act and provide the insurance section with details of the accident in order to forward together with all other relevant information to the Insurers.

5.9 Any information with respect to the scene of the accident that may be required by the Insurers must be supplied by the safety officer and/or the relevant department.

### **THIRD PARTY CLAIMS (Vehicles)**

5.8 In cases of third party claims, the responsible official should:

- (a) Inform the third party that he/she should contact their insurance broker or company;
- (b) Complete the required section in respect of third parties on the claim form.

5.9 Only the municipality's legal representative(s) has the authority to enter into correspondence with third parties. No unauthorised employee may correspond with third parties or admit any liability.

### **RECOVERY**

5.11 Motor vehicle recovery from third parties will be dealt with by the Claims departments of the Insurance Company.

### **CLAIM PROCEDURES: THIRD PARTY CLAIMS (not vehicles)**

5.12 All third party claims have to be in writing and should be accompanied by proof of loss (Photos, quotations, invoices) and submitted to the insurance section.

5.13 The relevant department and/or claimant should be requested to submit a comprehensive report of the incident to the Insurance Section, which should be submitted together with all relevant documentation to the insurers.

5.14 The report should include the following information:

- Detailed description of incident
- Date of first knowledge of incident
- Could incident have been avoided
- Steps taken/to be taken to prevent future incidents
- Applicable legislation

5.15 All relevant documentation may include but are not limited to: claim form, affidavit, quotations, proof of insurance or non-insurance, ID document and any other proof that may be required by the Insurers

5.16 Third Party should be informed of contact particulars and claim number from Insurance Company.

5.17 Claims not covered in terms of the Insurance Policy and claims that fall within excess (which are covered in terms of the policy) will be redirected (subsequent to confirmation from the insurance service provider) to the municipality's legal department / legal representative(s) to express an opinion based on the relevant findings(s) and consultation with the claimant in determination of whether or not, or to what extent the municipality is liable for related damages as claimed by third parties, or not. The approval / rejection of the above mentioned by the Senior Manager: Financial Planning will be based on the expressed opinion received from municipality's legal department / legal representatives.

**CLAIM PROCEDURES: PROPERTY/ASSET LOSS OR DAMAGE**

5.18 Property loss is in respect of assets stolen, lost or damaged by an employee of council or assets stolen, maliciously damaged by unknown parties.

5.19 These incidents must be reported to the SAPS within 48 hours and to the immediate supervisor and/or head of department.

5.20 Reports from the department involved should be submitted together with all relevant documentation to the insurance section.

5.21 Claims are forwarded with all relevant documentation (notice of claim form, claim form, affidavit, case number and any other proof that may be required) to the Insurers.

5.22 Damage to buildings (Civic and Housing units) should on discovery be immediately reported to the Building Maintenance section and the Insurance Section.

5.23 In the case of damage to rental units the Housing Section is responsible for the report to the Insurance section and the reporting to the SAPS in the case of malicious damage.

5.24 The Building Maintenance Section should ensure that the building is safeguarded. If not possible, Security should be appointed to avoid further loss to Council and its Insurers.

5.25 Building Maintenance should also ensure that three (3) quotes are forwarded to the Insurance section as soon as possible to enable quick repairs.