

**INSURANCE MANAGEMENT
POLICY
AND PROCEDURES**

BREEDER VALLEY

Municipality Munisipaliteit U Masipala wase



WORCESTER ▾ RAWSONVILLE ▾ DE DOORNS ▾ TOUWS RIVER

2015/2016

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.

2. RESPONSIBILITY FOR INSURANCE

2.1 The Municipal Manager or his/her delegate shall every three years call for tenders in term of SCM policies and regulations.

2.2 Should circumstances change during the year, amendments, additions or deletions should be made to the insurance portfolio with the Insurance Company/Insurance Broker.

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 It is the responsibility of the Assets section to ensure that all assets are disclosed at correct "book value" at reporting periods.

3.3 The insurance section will use such book values as replacement values, unless a different replacement value is determined by the insurer and the municipality.

3.4 Assets are to be insured at replacement value. Should it be considered necessary, a valuer should be used to arrive at a replacement value for each asset.

3.5 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.

3.5 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.

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 after the plant/property/equipment is recognised as an asset of the municipality.

3.7 New vehicles can not 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 losses.

4.2 Each directorate should establish such a committee with each department/ unit represented in the committee. The committee will be chaired by a senior manager and report to the Head of Department.

4.3 The decision of the committee should 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 will personally be held liable for losses suffered.

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), has to report the claim to the insurance section, providing the below information 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

THIRD PARTY CLAIMS

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 Officials should not correspond with third parties. Should you be contacted by the legal representatives of the third parties involved, no statement should be made under any circumstances.

5.10 Only the municipality's legal representative has the authority to enter into correspondence with third parties.

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 from public, 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 In the instance where a claim is within the excess amount as stipulated by the Insurance Policy the claim is forwarded to the Municipal Legal department for handling.

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 (such as notice of 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.