

MALUTI-A-PHOFUNG LOCAL MUNICIPALITY

SHORT-TERM INSURANCE POLICY

1. OBJECTIVES

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

To provide for insurance for employees and councillors while on duty and for other third parties which may have legitimate claims against the municipality from time to time.

2. LEGISLATIVE REQUIREMENTS

3. POLICY PRINCIPLES

- For the purpose of acquiring insurance cover for the municipality's assets, the municipality shall, at such intervals as may be determined by council from time to time, call for tenders or quotations from reputable insurance companies or insurance brokers.
- The procurement process of insurance services by the municipality shall be conducted in line with the municipality's approved supply chain management policy.
- Unless if circumstances otherwise dictates, the process of procuring insurance services shall be managed in such a manner that the cover period or the inception period of the policy shall be from 1 July so as to coincide with the commencement of the financial year, and such period shall not be less than a period of 12 consecutive months, but shall not be longer than a period of 3 financial years.
- Insurance premiums shall be paid either monthly or annually in advance at the discretion of the Municipal Manager or his/her delegate.

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- Should conditions of the insurable interest change during the year, these shall be communicated to the Insurer by the Municipal Manager or his / her delegate in order for the Insurer to effect to amendments to the insurance portfolio of the municipality.
- As part of its risk management strategy, the municipality shall consider a comprehensive insurance cover for councillors, employees and volunteers as well as its assets against claims arising from council's activities or from natural occurrences such as storm damage, floods, etc.
- The municipality shall also contribute other insurances as required by law, these shall include unemployment insurance fund, workers' compensation fund, etc.
- The council of Maluti-a-Phofung local municipality shall maintain a comprehensive insurance policy or separate policies to include the following:

Public liability insurance: to protect the council against claims for negligence arising out of its operations.

Professional indemnity insurance: to protect the council against claims arising out of errors or omissions in professional advice.

Councillors & employees liability insurance: to protect councillors, employees and volunteers against any civil claims arising out of their normal functions as a councillor or official of council. The policy shall also cover council for employment practices such as wrongful dismissal, harassment claims, etc.

Property protection policy: to protect council's assets such as buildings, amenities, the contents of buildings etc., from loss as a result of storm, fire, vandalism, accidental damage etc.

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- The council shall also contribute to the Unemployment Insurance Fund and Compensation for Occupational Diseases and Injuries fund on behalf of its employees in accordance with the requirements of legislations governing contributions to these funds.
- The council shall not take a medical insurance for any official or councillors travelling abroad, and the council shall not allow for travelling abroad where an employee or councillor is not medically covered.

4. INSURABLE INTERESTS

When planning for insurance cover, the Municipal Manager or his / her delegate shall ensure that all the immovable and movable assets of the municipality that exist at the time of procuring and insurance service, are considered and included in the insurance cover.

The following assets and risks shall be specifically included to the short term insurance portfolio of the municipality:

- All property as contained in the assets registers.
- Houses under rental and selling schemes administrated by the municipality
- Important official documentation such as building plans and erven records.
- Selected movable items utilized in high-risk areas with a value in excess of R7 000 (excl. VAT)
- Full theft cover at all insured property.
- All money at any municipal premises or in transit over the value as may be determined by council from time to time.
- Full comprehensive cover for all emergency vehicles registered in the name of the municipality.
- Goods in transit to a limit to be determined by council from time to time per single load.

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- Electronic equipment on the mainframe computer, document imaging system and networks.
- Where a contractor of high risk construction work as may be determined by the relevant Head of the Department from time to time, is unable to supply council with a valid insurance certificate, the council shall ensure that the construction work is covered for all risks and the insurance premium for such cover shall be deducted from the contract price due to the contractor.

The municipality shall consider additional risks that may be associated with lack of security such as burglar proofing and alarms at other properties, and ensure that these additional risks are also covered.

The following assets shall be specifically excluded from short-term insurance and shall not be insured.

- Property more specifically insured by any other firm arrangement.
- Dam walls, dam contents, canals, reservoirs and reservoir contents.
- Assets with an inferior or low value.
- Loose assets falling within the excess payment of the applicable insurance policy.
- Explosives and ammunition.
- Jewellery other than the Mayor's regalia.
- Trophies and indexed museum items.
- Electrical and communication transmission and distribution lines including cabling and their support structures, other than on or within 150 meters of any insured premises.
- Water piping as well as storm water piping including their supporting structures, other than on or within 150 meters of insured property.
- Sewerage piping including their supporting structures other than on or within 150 meters of insured property.
- Driveways, pavements, outdoor parking surfaces.

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- Roads, bridges and tunnels
- Manhole covers.
- Land, topsoil, backfill, drainage or culverts.
- Accounts receivable.
- Trees, shrubs and plants.
- Monuments and statues.
- Graves and tombstones.

5. REPORTING DAMAGES AND LOSS

The Head of the relevant department shall be responsible to inform the Municipal Manager or his / her delegate as soon as practically possible of any damage, loss of or acquisition new insurable risk or of any alteration in an existing insurable risk which has arisen in connection with his department.

A departmental head shall be responsible for completion of the appropriate claim form, and where appropriate must ensure that any damage or theft is reported to the South African Police Services and a case number is obtained.

The Municipal Manager or his / her delegate shall, upon receiving all the relevant information and details, notify the council's insurers of such damages, losses or changes in relation to the insurable interest.

The Municipal Manager or his / her delegate shall keep a register in which particulars of all insurance policies held by the Council shall be entered and shall ensure that claims that arise under such policies are instituted.

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6. EXCESSES FEES

6.1 Limits

On an annual basis the excess limits shall be assessed as part of the budgeting process. The excess limits should be at the discretion of the Municipal Manager in consultation with the Chief Financial Officer; however, the possibility of paying higher first excess amounts with claims which might result in lower premiums must constantly be considered.

6.2 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 Procedures applicable to the municipality.

7. INTERNAL CONTROLS OVER SHORT-TERM INSURANCE

The Municipal Manager or his/her delegate must:

- Keep a record of all insurance policies of the municipality;
- Payment 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;
- Reconcile the premiums paid against the General Leger Account at least quarterly.