



KENYA ELECTRICITY GENERATING COMPANY PLC

RFx: 5000012797

KGN-LEG-05-2023

TENDER FOR THE PROVISION OF INSURANCE SERVICES FOR YEAR 2023-2024

(OPEN NATIONAL TENDER)

Date: 12th May, 2023

Clarification No. 1

In accordance with the **Tender for The Provision of Insurance Services for Year 2023-2024**, KenGen issues **Clarification No. 1** as follows:

KenGen wishes to make the following clarifications as raised by potential bidders through clarification 1.

NO	BIDER'S CLARIFICATION	KENGEN'S RESPONSE
1	<p>Must attach at least five (5) reference letters from reputable clients excluding KenGen indicating that the broker has experience in handling insurance business with an annual premium turnover of not less than Kshs. 350 million (Kenya shillings three hundred and fifty million) cumulatively underwritten in the calendar year 2022 only, excluding medical and motor business. The letter must be current for the purpose of this tender and duly completed on client letter head and should conform to Schedule E. Recommendation Form as per the Schedule E must be accompanied by certified, stamped & signed letter (s) of award/contract by the client supporting the said declared premium in the calendar year 2022 only.</p> <p>We request that you to clarify if (i). The highlighted, is it broker or it's meant to be insurer?</p>	<p>Yes, it is for the insurers.</p>

2	<p>No. 6- Technical Evaluation for Insurance Companies - General Insurance Companies.</p> <p>We request you to align this with the mandatory requirement (MR 6) of 5 (five) clients not 10 (ten) clients. We also request for your acceptance of reference letters where there is no award letter as most of the award letters are to the brokers and not to insurer as below; “Underwriting experience in handling large General Insurance Corporate business(premium), Five (5) reference letters from current clients 2021-2022 served over the last two calendar years (Excluding KenGen) (Attach the said reference letters and/ or award letters which must be signed, certified & stamped on client’s letter head) certification should not be dated more than three months before tender closing”</p>	<p>Where there is no award letter attach reference letters. The other requirements remain unchanged as per the tender document.</p>
3	<p>The Discharge voucher, bank remittance and cheques border on the infringement of Data Protection Act (DPA) and asking clients for authority to share this sensitive information with third parties may not be welcome. We request you remove this requirement and instead go by the claim’s settlement statistics information published by IRA on claims payments made by the underwriters as the evidence.</p> <p>Underwriters have the capacity to handle and pay claims, and to ensure that our clients undertake risk mitigation measures through expert resource advice and through risk surveys to prevent major losses occurring. This has largely reduced their exposure to high and preventable risks. We therefore request that you review the point on duration taken to settle non-motor claims of at least Kshs 50,000,000.00 per claim excluding KenGen claims upon full claims documentation (excluding group life, motor & medical). We request that you revise it to; duration taken to settle non-motor claims accumulating to Kshs 50,000,000.00 in the last 5 years 2018-2023, excluding KenGen claims upon full claims documentation (excluding group life, motor & medical)</p>	<p>The requirement remains unchanged as per the tender document.</p> <ul style="list-style-type: none"> - However, you can block the name on the discharge vouchers as well as payment remittances and cheques.
4	<p>Group Life schemes of Kshs.70 Million and above are very few in the market and are unlikely to be concentrated with one underwriter. Kindly consider for recommendation letters for the past three (3) years and lowering the premiums to Kshs.50 Million</p>	<p>The requirement remains unchanged as per the tender document.</p>

5	<p>In order to separate the strength of the Lead from the co-insurers, we propose the following change;</p> <p>An annual Gross premium of not less than Kshs 1.0 Billion for both the Lead Underwriter and Kshs 400 million for co- insurers in General business (excluding Motor Vehicles & Medical business portfolio for both Lead and co-insurers) (as per the Insurance Regulatory Authority (IRA) Insurance Industry Annual Report as at 31st December 2021).</p>	<p>The requirement remains unchanged as per the tender document.</p>
6	<p>In reference to technical requirement number 2.</p> <p>Technical capability of the Broker to handle non-motor claims of over Kes. 350 million paid in the last two calendar years i.e. 2021 & 2022 cumulatively excluding KenGen PLC. (Provide evidence in form of certified & signed discharge voucher(s) and proof of payment from a reputable underwriter in Kenya (certified, stamped & signed by underwriters excluding motor, medical and group life). a) Claims paid above KShs. 350 million – Thirteen (13 marks) b) Claims paid up to & above KShs. 250 million– Ten (10 marks) c) Claims paid below KShs. 150 million –Seven (7 marks). We are kindly requesting a review of the total claims downward to 100M inclusive of Group Life Assurance.</p>	<p>The amounts remain; however, we will accommodate Group Life business as well as claims paid for the year 2020.</p>
7	<p>Numbering, pages 29 & 30. On Mandatory Requirements (MR) C to read MR23&MR24</p>	<p>MR 23 Current Fire and Engineering Reinsurance Cover/Treaty slips, for the period 01.01.2023-31.12.2023, signed, dated, and stamped by both the lead and follow reinsurers.</p> <p>-MR 24 A Tender Security “shall be” required. The Original Tender Security of KES 2,000,000.00 or the equivalent of a freely convertible currency valid for 30 days beyond the tender validity period from any reputable banks registered by the Central Bank of Kenya and MUST be submitted in a plain sealed envelope and clearly marked “KGN-LEG-05 -2023- TENDER FOR PROVISION OF INSURANCE SERVICES FOR THE YEARS 2023 -2024”. International bidders should have tender security through local reputable corresponding banks registered by the Central Bank of Kenya.</p>

8	<ol style="list-style-type: none">1. Under MR8 & MR11, clarify whether we need to provide this for co-insurers or the co-insurers are also bidding separately2. Under technical evaluation No. 6, underwriting experience, include both medical and motor business3. Under financial evaluation, the 20% of entire tender award threshold, what does it mean? (as an underwriter bidding I cannot get more than 20% of the entire tender? Is the threshold per bidder irrespective of whether it is for a broker or underwriter or cumulative?	<p>Insurers wishing to participate as co-insurers should submit their bids separately or through the Brokers for evaluation.</p> <p>The requirement remains unchanged as per the tender document.</p> <p>A bidder cannot be awarded more than 20% of the entire contract/Tender.</p> <p>Yes</p>
---	--	---

9	<p>KENGEN is a public listed company which embraces fairness and equity in its procurement process.</p> <p>We represent over 26 (Twenty-Six) insurance brokerage companies who endorse this petition for clarification on the skewed evaluation criteria (Mandatory and Technical) in this tender.</p> <p>From the previous tenders, we have noted that the criteria used is not only UNFAIR but also INTENTIONALLY SKEWED to particular companies and associated underwriters and locking out the AGPO categories which are medium-sized.</p> <p>This tender has 6 (Six) Lots and it would be FAIR and EQUITABLE to open up the criteria to accommodate the Marginalized groups (AGPO).</p>	<p>Upon review, Lot 8 of the tender (Group Life Cover Plus last Expense for staff and spouse) shall be Reserved for AGPO (Youth, Women and Persons with Disability). Only AGPO groups are eligible to bid for this Lot. To be evaluated as per the attached AGPO Mandatory and Technical criteria for this Lot.</p> <p>For the rest of the lots it shall be as per the tender document this is because 90% of the risks involved in KenGen's operations are complex and sophisticated, it is crucial to engage insurance service providers with extensive experience and knowledge to effectively manage these risks. These are critical /special security government establishments and protected by protected areas under the Act, combined with the Power Purchase Agreements (PPAs) where we are penalized for any failures, insurance must be well established with capacity to cover through proven track records. Experience is prohibited as a criteria in AGPO</p> <p>In addition to expertise in insurance, the brokerage firm we select must have a proven track record in managing complex insurance claims. Given the high stakes involved in power generation and power plants are key to the security of the country. While we are committed to promoting diversity and inclusion in our procurement processes, we must also ensure that we are selecting the best possible service providers to meet our business needs.</p>
---	--	---

10	Reference is made to the above tender and hereby seek clarifications and also air our views as follows: MR 23- Turnover for the year 2022 to be inclusive of Motor and Medical Business.	The requirement remains unchanged as per the tender document
11	MR 18 The mandatory requirement for Professional Indemnity policy of 300 million is too stringent and should be reviewed to between 100-200 Million to allow more participation.	The limit is hereby reduced to Kes.200 Million
12	The exclusion of KenGen as an indicator for premium turnover should be reviewed and be included since it makes part of annual turnover for brokers, similarly, medical and motor business should also be reviewed and included.	The requirement remains unchanged as per the tender document
13	EVALUATION CRITERIA -BROKERS page 26. No.2 The expectation for the market to have large claims amongst clientele is too stringent and especially excluding KenGen policies. This should be reviewed to include KenGen and reduce the claims to between 100-200 million.	Group life claims are hereby included. The requirements remain unchanged as per the tender document.
14	EVALUATION CRITERIA -BROKERS page 26. No.3 We feel that claims management should be reviewed to 3 years, also the requirement to have individual claims of 30,000,000 each is too stringent and propose it to be a cumulative figure of between 50-100 million. Also the exclusion of KenGen claims is too stringent as well as the exclusion of group life claims. Furthermore good risks do not necessarily attract large claims and doesn't mean that a broker is not capable.	Group life claims are hereby included, and individual claim amount reduced to kshs.20,000,000. The other requirements remain unchanged as per the tender document.
15	EVALUATION CRITERIA -BROKERS page 26. No.4 The exclusion of KenGen in this requirement is too stringent, and exclusion of medical and group life classes also should be reviewed and be included.	Group life claims are hereby included. The other requirements remain unchanged as per the tender document.

16	<p>Both the lead and co-insurers to have a paid-up capital of not less than kshs.600 million as per the IRA Annual Report for the year ending as of 31st December 2021. MR 8 Mandatory requirements</p> <p>Share Capital filed with IRA as at 31st December 2021 Above Kshs. 1 billion (10Marks)</p> <p>Between Kshs. 600 Million and Kshs.1 Billion (8 Mark) Technical Requirement no. 2</p> <p>Our request would be to have the Lead insurer with a paid-up capital of Ksh. 600 million and the</p> <p>Co-insurer to have a paid-up capital of above Ksh. 300 million as per the IRA Annual Report for the year ending 31st December 2021 as they qualify for different bands of the tender business.</p>	The requirements remain unchanged as per the tender document.
17	<p>Clarification required/request MR 6 and Technical Evaluation number 6</p> <p>Can we have a breakdown on the marks reducing the number of clients on the high premiums of 500 million to at least one client with around 5 marks then the marks go reducing as the premiums reduce. (Same as last year)</p> <p>Clarification required Technical Evaluation number 8</p> <p>On the claims settled of 50 million. Can we consider reducing the same to around 20 million.</p>	The requirements remain unchanged as per the tender document
18	<p>MR 9 An annual Gross premium of not less than Kshs 1.0 Billion for both the Lead Underwriter and co-insurers in General Business (excluding Motor Vehicles & Medical business portfolio for both Lead and co-insurers) (as per the Insurance Regulatory Authority (IRA) Insurance Industry Annual Report as at 31st December 2021).</p> <p>We request that you consider revising the GWP for Co-insurers to Kshs 300Million since the limit is so high and tend to lock so many Underwriters from bidding.</p>	The requirements remain unchanged as per the tender document
19	<p>We wish to put in writing an extension period of at least 10 days (From 17th) to allow clarification consolidation and compilation of the documentation.</p>	Revised as per the addendum

20	<p>PAGE 31, PROPOSED UNDERWRITERS' MANDATORY REQUIREMENTS-GROUP LIFE SECTION</p> <ul style="list-style-type: none"> ○ MR 4. Kindly consider recommendation letters to be between 2021 and 2023 and to be dated between 12 months. ○ MR3. Kindly consider reducing the premium for the handled clients from 70 million to 30 million or 40 Million. <p>PAGE 36, EVALUATION CRITERIA - GROUP LIFE INSURANCE</p> <ul style="list-style-type: none"> ○ Item No. 6, Kindly consider deleting the statement. certification should not be dated more than three months before tender closing..." so that we can attach the award letters as per the award date, given its an option you've provided. ○ Item No. 8 - Kindly consider having the claim management period expanded to ○ consider a 5 years period. i.e. 2018 - 2022. 	<p>We shall accept recommendation letters referring to business done between 2021 and 2023. The respective recommendation letters should not be dated more than (3) months to the tender closure date.</p> <p>The requirements remain unchanged as per the tender document.</p> <p>The requirements remain unchanged as per the tender document.</p> <p>The requirements remain unchanged as per the tender document</p>
21	<p>MR 6 Must attach at least five (5) reference letters from reputable clients excluding KenGen indicating that the broker has experience in handling insurance business with an annual premium turnover of not less than Kshs. 350 million (Kenya shillings three hundred and fifty million) cumulatively underwritten in the calendar year 2022 only, excluding medical and motor business. The letter must be current for the purpose of this tender and duly completed on client letter head and should conform to Schedule E. Recommendation Form as per the Schedule E must be accompanied by certified, stamped & signed letter (s) of award/contract by the client supporting the said declared premium in the calendar year 2022 only.</p> <p>REQUEST TO REVIEW AS BELOW</p> <p>In reference to the above requirement, underwriters do not receive award letters since most business comes through brokers. We request the Team to relook in to that allow us to provide only the recommendations & Reference letters with contacts of the client in case of need for verification. Thank you.</p>	<p>Where there is no award letter attach reference letters. The other requirements remain unchanged as per tender.</p>

22	We are having troubles login into our portal;	<p>Kindly contact KenGen’s Karibu Centre immediately for help (+254 711036008/+254 711 036 000) or Visit the Karibu Centre offices located at KenGen RBS Pension Plaza II, Ground floor. Also u can use Karibu centre email</p> <p>In addition refer to page 20 reference ITT 2.1(a)</p>
23	<ol style="list-style-type: none"> 1. On page 26, item 2 under Evaluation Criteria, please review the requirement by either reducing the amount or consider for the last five years without excluding any class of insurance. 2. On page 26, Item 3 under Evaluation Criteria, please review the requirement by either reducing the amount per claim and also consider the last five years without excluding any class of insurance. 3. On page 26, item 4 under Evaluation Criteria, please review the requirement on premium for five clients as the same seems to be on the higher side given you have excluded group life, motor and medical. 4. On page 27, item 5 under Evaluation Criteria, please review this requirement. 5. On page 25, item MR 24 under Brokers Mandatory requirements, on certification by NHIF and NSSF the respective offices have declined to certify their own documents. Kindly advise if the same can be certified by a commissioner for oaths. 	<p>The requirements remain unchanged as per the tender document.</p> <p>The requirements remain unchanged as per the tender document.</p> <p>The requirements remain unchanged as per the tender document.</p> <p>The requirements remain unchanged as per the tender document.</p> <p>Yes. It can be certified and signed by the Advocate of the High Court of Kenya.</p>
24	<p>Technical Evaluation for Insurance Companies - General Insurance Companies Underwriter Gross annual premiums for 2021 excluding Motor and medical Insurance Business as per IRA report 2021. Between Kshs. 3.0 Billion to Kshs. 5Billion (10 Marks) Kindly consider either;</p> <ol style="list-style-type: none"> a. Excluding Medical Business & Including Motor Business b. If Reducing Motor Business, reducing the Gross Premium to 2Billion 	<p>The requirements remain unchanged as per the tender document</p>

25	<p>Lead underwriters should have 40% share and Co-insurers should be a minimum of three (3) and a maximum of four (4) in number. The Lead and Co-insurers must comply with the criteria set in the mandatory requirements and technical for underwriters. The remaining 60% should be shared equally among the co-insurers.</p> <p>Kindly clarify on above requirement if an Underwriter opts to tender directly and gets awarded a risk at 100%.</p>	<p>Please refer to page 53 item no.15.</p>
26	<p>3B: list of classes of insurance policies for quotations (page 56)</p> <p>Lot 1: HYDRO PLANTS including Gitaru Water Plant- From no. 1-11. Quote only fire</p> <p>Kindly clarify if it's in an error that Machinery Breakdown insurance is excluded from the quote request as this is considered anti-selection of the risk.</p>	<p>No, it is not an error, fire only is not anti-selection.</p>
27	<p>Are Underwriters required to submit their supporting documents directly through the portal if tendering through brokers.</p>	<p>In this instance where the Underwriter is tendering through a broker, the broker is required to submit all the documents including those of the respective underwriter(s)</p>
28	<p>On Mandatory Requirements for underwriters.</p> <p>MR 6 - Must have at least 5 reference letters from clients with GWP of 350M. Please review to Ksh 200M</p>	<p>The requirement remains unchanged as per the tender document</p>
29	<p>MR7 The Lead Insurer to be GCR rated a minimum of B (in year 2022) (For Engineering and Fire Classes – Lot 1to Lot5) (Our Comment – Kindly a) Drop This Requirement from MR7 and substitute it ISO CERTIFICATION or we propose you replace the same with CAPITAL ADEQUACY RATIO of above 100% as at December 2022. Thus, you consider ISO or CAR of above 100%</p>	<p>The requirement remains unchanged as per the tender document</p>
30	<p>A. On Technical Requirements,</p> <p>Underwriting experience in handling large GI clients excluding motor & medical; we recommend you rephrase to “experience in handling large GI clients excluding medical” i.e. drop motor from the statement because most GI companies have huge junk of motor. Claims Management for the last two calendar years(2021-2022). Provide DVs & Bank Remittances for claims of over 50M – Review the same to 20M GCR rating or CAR above 100%. (Please introduce Capital Adequacy Ratio which is more relevant to as opposed to GCR)</p>	<p>The requirements remain unchanged as per the tender document.</p>

31	<ol style="list-style-type: none"> 1. Can an underwriter participate directly and through a broker. 2. If the Insurance company is participating directly does the Mandatory requirement MR 6 of 350 million reputable client apply. 3. Clarification required/request MR 6 and Technical Evaluation number 6 Can we have a breakdown on the marks reducing the number of clients on the high premiums of 500 million to at least one client with around 5 marks then the marks go reducing as the premiums 	<p>Yes</p> <p>Yes</p> <p>The requirement remains unchanged as per the tender document.</p>
32	<p>LOT 7: Company Motor Private - Comprehensive & TPO As per Risk Note Pg 84; Please assist with a breakdown/number for the TPO covers</p> <p>LOT 7: Company Motor Commercial - Comprehensive & TPO As per Risk Note Pg 85; Please assist with a breakdown/number for the TPO covers</p> <p>Company Motor Cycle TPO As per Risk Note Pg 86; please share the number of motorcycles</p> <p>LOT 7: GPA WIBA PLUS To enable us to provide a competitive WIBA PLUS quote, please share a breakdown of employees with their Estimated Pay</p> <p>LOT 7 : Plant & Machinery All Risk; this has been requested for in the LOT 6, Please clarify this repetition.</p>	<p>Please refer to page 55</p> <p>Please quote using block figures in the tender document page 88</p> <p>This is not a repetition. Plant & Machinery All Risks Under (Lot 6) is for Land rigs and under Lot 7 item no.4 is for heavy vehicles/Special vehicles</p>

<p>33</p>	<p>Under MR8 & MR11, clarify whether we need to provide this for co-insurers, or the co-insurers are also bidding separately.</p> <p>Under technical evaluation No. 6, underwriting experience, include both medical and motor business.</p> <p>Under financial evaluation, the 20% of entire tender award threshold, what does it mean? (as an underwriter bidding, I cannot get more than 20% of the entire tender?)</p> <p>Is the threshold per bidder irrespective of whether it is for a broker or underwriter or cumulative?</p>	<p>Each bidder shall submit bids individually.</p> <p>The requirement remains unchanged as per the tender document.</p> <p>Total award shall not exceed 20% of the entire tender sum being contracted out by KenGen</p> <p>In the event the total award exceeds 20% of the entire tender being contracted out by KenGen, KenGen will award the next most responsive Service Provider.</p> <p>Yes</p>
<p>34</p>	<p>Due to the bulkiness of policy documents and tender documents is being submitted online, we request deletion of, we request the same to be reviewed not to attach the policy document.</p> <p>Please confirm if we need to attach risk notes or we can just indicate the quotations attached is as per the risk notes in the tender documents</p>	<p>You are allowed to attach schedule of proposed terms , conditions and applicable clauses . The proposed policy terms and conditions should be free of any restrictive warranties, conditions, or major exclusions.</p> <p>Indicate attached quotations is as per the risk notes attached in Appendix C and deviations from the risk notes will be considered non-responsive.</p>

35	<p>MR23. Must attach at least Five (5) reference letters from reputable clients excluding KenGen indicating that the broker has experience in handling insurance business with an annual premium turnover of not less than Kshs. 350 million (Kenya shillings three hundred and fifty million) cumulatively underwritten in the calender year 2022 only, excluding medical and motor business. The letter must be current for the purpose of this tender and duly completed on client letterhead and should conform to schedule E. Recommendation Form as per the Schedule E must be accompanied by certified , stamped & signed letter (s) of award/contract by the client supporting the said declared premium in the calender year 2022 only. Delete Medical business</p> <p>Years of experience of the firm maximum Ten (10) Marks- attach current certified, stamped & signed certificate of incorporation. Between 8-10 Years – Eight (8) Marks Over 10 Years Experience- Ten (10) Marks. Delete 10 Year and make it 5 Years.</p> <p>Claims Management for the last two calendar years (2021-2022). Provide evidence (Discharge voucher and proof of payment ((bank remittance; copy of cheque) with date, signed , stamped and certified by the underwriter for the duration taken to settle non motor claims of at least KShs 30,000,000.00 per claim excluding KenGen claims upon full claims documentation (excluding group life, motor & medical) certified by underwriter. Certification must not be more than three (3) months to the tender closing date). Exclude motor only, include group life and medical a) Settlement of at least five (5) claims within fourteen (14) days (15 Marks) b) Settlement of at least five (5) claims within thirty days (30days (10 marks) c) Settlement of at least five(5) claims within sixty (60) days (5 marks) d) Settlement of claims five (5) claims over sixty (60) days (0 marks)</p>	<p>The requirement remains unchanged as per the tender document.</p> <p>The requirement remains unchanged as per the tender document.</p> <p>The requirement remains unchanged as per the tender document</p>
----	---	--

36	<p>PAGE 28. Technical Evaluation Criteria 7. Provide documentary evidence of certified paid-up capital-CR12 be stamped, certified, & signed by Principal Officer or Managing Director.</p> <p>I. Up to Kshs. 30,000,000 (nominal shares) Five (5 Marks)</p> <p>II. Up to Kshs. 20,000,000 (nominal shares) Four (4 Marks)</p> <p>III. Up to Kshs. 15,000,000 (nominal shares) Three (3 Marks)</p> <p>Change it to:-</p> <p>I. Up to Kshs. 50,000,000 (nominal shares) Ten (10 Marks)</p> <p>II. Up to Kshs. 40,000,000 (nominal shares) Eight (8 Marks)</p> <p>III. Up to Kshs. 30,000,000 (nominal shares) Six (6 Marks)</p> <p>IV. Below 30,000,000.00 (nominal shares) Three (3 Marks)</p>	<p>The requirement remains unchanged as per the tender document.</p>
37	<p>Claims Management for the last two calendar years (2021-2022).</p> <p>Reduction on the value of claim to Kes 10,000,000</p> <p>Please confirm the measure of the timeline. It is from claim intimation time or the time duly execute DV is received from the client</p>	<p>The requirement remains unchanged as per the tender document.</p> <p>Time DV is duly executed</p>

38	<p>1. Please advice on what document should be attached as the proof of employment. Will a declaration letter signed by the Principal Officer and Certified by a Lawyer substantiate this requirement or are we required to attached Employment letters which are part of confidential documents and NDA agreement should be signed for the same.</p> <p>2. From the tender document shared there is no standard CV format given. We assume any format used shall be acceptable provided its duly signed by the Principal Officer, the staff member and duly stamped</p>	<p>Attach declaration letter signed by the principal officer and certified by an Advocate of high court as a proof</p> <p>Yes</p>
----	--	---

1. ALL THE TERMS AND CONDITION IN THE TENDER REMAINS THE SAME

SUPPLIER ACKNOWLEDGEMENT OF CLARIFICATION NO.

We, the undersigned hereby certify that the clarification is an integral part of the document and the alterations set out in clarification has been incorporated in the Tender document.

Signed.....

Tenderer.....

Date.....