

THE NATIONAL CREDIT REGULATOR

JULY 2021

**TERMS OF REFERENCE (TOR) APPOINTMENT OF A
FIRM OF ACTUARIES TO REVIEW AND ANALYSE THE
CREDIT LIFE INSURANCE REGULATIONS**

RFP NUMBER: NCR777.07.2021

**DUE DATE: 19 AUGUST 2021 AT 11H00
CAT
HAND DELIVERY TO NCR OFFICES**

NB: PREFERENCE MAY BE GIVEN TO WOMEN OWNED COMPANIES

SECTION 1

GENERAL TERMS OF CONDITIONS

1. General Information for Bidders

The National Credit Regulator (NCR) was established in terms of Section 12 (1) of the National Credit Act (Act 34 of 2005) and came into being on 1 June 2006.

The NCR will determine which bidding organisation (“bid participant”), if any, is appointed in response to this request for submission as stipulated in section 2 of this document.

1.1. General Terms

This tender is issued in terms of the Public Finance Management Act 1 of 1999 (PFMA), the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA), the Preferential Procurement Regulations, 2017 (PPR), Supply Chain Management Regulations issued by the National Treasury and BBBEE Act.

Parties that wish to submit proposals are required to indicate that they are willing to accept the General Conditions and Procedures of the NCR (see Section 4 below and Annexure B.1). Please read this document carefully prior to submitting your proposal.

1.2. The Proposal Format

1.2.1. Economy of proposal preparation

The proposal should be prepared simply and economically, providing a straightforward and concise description of the bid participant’s ability to meet the requirements of the proposal request.

Clear factual responses are required. The content of the proposals shall determine the merit of each participant, not brochures or other marketing material. To facilitate the review of proposals, participants are required to organise their responses according to the format presented below. Should a participant wish to provide additional information, that information should be referred to, and provided for, in a file of Annexures.

1.2.2. Validity of proposals

The proposals must include a statement as to the period for which the proposal remains valid. The proposal must be valid for at least ninety (90) days from the due date for the submission of all bids. Refer to the quarters in the terms of reference (TOR).

1.2.3. Number of proposals

Each bid participant must provide **three (3) hard copies and 1 CD/Stick** of their entire proposal,

including all the documentation referred to in 4 below, in the format specified in that section. All submitted proposals will become the property of the NCR, and will not be returned. Receipt of all proposals will be recorded in a register at the point of receipt. One copy of the proposal must be signed and dated in black ink by the bidder or authorized representative of the bidder and initialled on each page.

2. Submission of proposals

2.1. Proposals must reach the offices of the NCR before **11:00 on 19 AUGUST 2021, @11H00am** and must be enclosed in a sealed envelope which must be clearly labelled/addressed on the outside:

(a) RFP No: NCR 777.07.2021

(b) TERMS OF REFERENCE (TOR) TO APPOINT OF A FIRM OF ACTUARIES TO REVIEW AND ANALYSE THE CREDIT LIFE INSURANCE REGULATIONS

(c) CLOSING DATE: 19 AUGUST 2021 AT 11H00 SHARP

2.2. Proposals are to be submitted in the marked tender box, in the reception area, National Credit Regulator, 127-15th Road, Randjiespark, Halfway House, Midrand. The tender box will only be available for the depositing of proposals between 08h00 and 16h30 on weekdays (excluding public holidays).

2.3. Please note that this RFP closes punctually at 11h00 on **19 AUGUST 2021**. No late submissions will be considered under any circumstances.

2.4. All the documentation referred to in Section 4 below must be submitted. Failure to submit all the documentation referred to in this section may result in a submission being discarded, and not considered for evaluation.

2.5. If responses are not delivered as stipulated in this Section 2.1, such responses will be considered “late”, and will not be considered for evaluation.

2.6. The NCR shall not disclose any details pertaining to the responses received, to any other participant, as this is regarded as confidential information.

2.7. Envelopes must not contain documents relating to any RFP other than the one referred to in this RFP.

2.8. The responses to the RFP will be opened as soon as is practical after the expiry of the time advertised for receiving them.

2.9. Only the participants that are short-listed after the evaluation process will be informed of the results of the submission adjudication process.

2.10. After the evaluation process is completed, the Evaluation Committee may, prior to making a final selection, draw up a shortlist of participants and require them to make a detailed presentation to the Adjudication Committee. A minimum of 2 days' notice will be given to relevant participants in advance of the presentation date.

3. Timetable

Date	Activity
26/07/2021	Advertisement of the RFP
19/08/2021	Closing date @ 11h00
19/08/2021	Preliminary evaluation
24/08/2021	Evaluations by the Evaluation Committee
27/08/2021	Adjudication Committee meeting
31/08/2021	Appointment

The National Credit Regulator reserves the right to determine the structure of the process, the right to determine the number of short-listed participants, the right to withdraw from the proposal process, and the right to change this timetable at any time without notice.

4. Documentation to be submitted

Please Note

All of the documentation described below must be submitted, with no omissions whatsoever. Where a particular form or format of documentation is stipulated, this is the only form or format in which these documents must be submitted. Failure to adhere to these requirements may result in the rejection of the entire submission.

All of the documentation referred to below (in Parts One – Twelve) must be acknowledged and submitted. For ease of reference and to facilitate the evaluation process, you are requested to clearly mark each part of the submitted documentation as it is referred to below.

4.1. Table of content

Introductory letter by the bidder with authorized contact person and details for this specific tender

4.2. SBD 1 – should be the completed and inserted after the introductory letter

One – Proposal drafted in response to Terms of Reference

Section 2 of this document below, contains the terms of reference (TOR) for the above mentioned

tender. Bid participants are required to draft a proposal that will clearly indicate to the Evaluation Committee how they will fulfil the requirements as set out in the TOR.

Bid participants should include the following information when drafting their proposals:

- Proposals should make clear the relevant skills, experience and capacity of the participant, in respect of this particular TOR. This is an important evaluation criterion. Bid participants should ensure that their proposals focus on how they will address the requirements of this TOR, rather than on achievements.
- Proposals must contain the details of the proposed approach to be adopted in order to deliver the service in accordance with the TOR.
- Proposals should clearly indicate whether or not bid participants have the internal capacity to meet the requirements of the TOR.

4.3. Two – Pricing Proposal- SEPERATE ENVELOPE

SBD 3.3 Pricing Schedule together with signed off detailed pricing on the company's letter head. They must be completed on the original and signed, all in black ink. Forms with photocopies and/or other reproductions of signatures may be rejected. Additional information may be added on a separate page if necessary.

The total price that the participant will charge to deliver services in accordance with the TOR must be clearly indicated. The pricing proposal should contain sufficient information to allow the Evaluation Committee to estimate the cost of the service, to a high degree of accuracy.

Please note that a financial proposal must be submitted in a separate sealed envelope together with your submission. The financial Proposal will be opened once all technical proposals have been evaluated. This appointment will be made in line with QBS. All prices provided must be inclusive of Value-Added Tax (VAT).

Please note that the prices contained in the pricing proposal are the only charges that may be levied if the participant's proposal is successful, unless explicitly agreed to in writing by the National Credit Regulator, and in terms of the General Conditions of Contract, no additional cost will be accepted after the bidding documents have been submitted and the tender closing date has expired. Any cost for additional parts and peripherals needed for the successful implementation of the project shall remain and form part of the bidding price.

4.4. Three – General Conditions and Procedures of the NCR

Annexure B and B1 - General Conditions and Procedures of the NCR. Bid participants must indicate clearly that they have read this document, and have no objections to being bound by its contents. In cases where any provisions of the General Conditions and Procedures conflict with this

General Information for Bidders and/or Terms of Reference, the latter will take precedence over the General Conditions of Contract.

4.5. Four – Contract Form: Rendering of Services

Annexure C - Contract Form: Rendering of Services. This will only be completed by the successful bidder once a selection has been made by NCR. Participants do not, therefore, need to complete this form at the bidding stage but their proposals must clearly indicate that they have read this form, and have no objections to signing it as is, if selected as the successful participant.

4.6. Five – Tax status

Annexure D - Please attach CSD showing Tax status

A CSD print out must also be attached.

4.7. Six – Preference Points Claim Form

Annexure E – form SBD 6.1. Bid participants must complete Sections 8 and 9 in full. DO NOT RETYPE THESE FORMS. They must be completed on the original and signed, all in black ink. Forms with photocopies and/or other reproductions of signatures may be rejected. *## Please note that a **BBEE certificate/ sworn affidavit** must also be attached to the bid documents. None submission will result in zero scoring in this competitive bidding process*

4.8. Seven – Declaration of Interest

Annexure F – form SBD 4. DO NOT RETYPE THESE FORMS. They must be completed on the original and signed, all in black ink. Forms with photocopies and/or other reproductions of signatures may be rejected.

4.9. Eight – Declaration of past Supply Chain Management Practices

Annexure G – form SBD 8. DO NOT RETYPE THESE FORMS. They must be completed on the original and signed, all in black ink. Forms with photocopies and/or other reproductions of signatures may be rejected.

4.10. Nine – Non-Disclosure Agreement

Annexure H – Non-Disclosure Agreement. Participants must indicate clearly that they have read this agreement, and have no objections to signing it, as is.

4.11. Ten – Certificate of Independent Bid Determination

Annexure I – Certificate of Independent Bid Determination Participants. They must be completed on the original and signed, all in black ink. Forms with photocopies and/or other reproductions of signatures may be rejected.

4.12. Eleven – SLA draft version for supplier review

Annexure K – SLA draft version for supplier review. The participants must indicate clearly that they have read this agreement, and have no objections to signing it, as is. If not objections should be outlined separately in a letter. NB: all the SBD documents can be downloaded from our website - <https://www.ncr.org.za/tenders-download/current-tenders>

5. Evaluation Criteria

Proposals will be evaluated on the 80/20 preference points scoring system: that is, 80% of the points awarded will be based on price, as indicated in the table below; and 20% of the points awarded will be based on B-BBEE codes system, allocated as indicated in the table below:

B-BBEE status level of contributor	Number of points	Price
Total maximum points	20	80

Functionality will be evaluated in terms of Section 2 point 10

6. Conflict of interest

Service providers are required to provide services that are professional, objective and impartial. Service providers must ensure that there is no conflict of interest between existing assignments, obligations and responsibilities to other clients and the services set out in the TOR. In the event of any uncertainty in this regard, full disclosure in the submitted proposal should be considered. Non-disclosure of a conflict of interest may be grounds for termination of any contract.

7. Confidentiality agreement

The successful service provider may have access to confidential data or information. The appointment of a successful bidder is subject to that bidder agreeing to the contents of, and signing, the NCR's standard Non-Disclosure Agreement.

8. Contact details

This no-contact policy does not apply to any information deemed to be in the public domain, or which is readily available from organs of State, which are repositories of such information. All communications and enquiries/requests for clarification relating to this proposal should be directed to procurement@ncr.org.za.

SECTION 2

APPOINTMENT OF A FIRM OF ACTUARIES TO REVIEW AND ANALYSE THE CREDIT LIFE INSURANCE REGULATIONS

1. Background

- 1.1. The National Credit Regulator (“NCR”) is conducting a review of the Credit Life Insurance Regulations, 2017 (“CLI regulations”) promulgated in terms of section 106(8) of the National Credit Act 34 of 2005.
- 1.2. The CLI regulations prescribe the limits (caps) of the cost of credit life insurance, define the minimum insurance cover, and limitations and exclusions thereof. The main purpose of the CLI regulations is to curb the abuse of this insurance in the credit market, which manifested itself in excessive insurance premiums, high agent commissions, mis-selling, and low claims ratios.
- 1.3. The prescribed premium limits (caps) apply to different credit products and ranges from R2,00 per R1 000 of credit for mortgages to R4,50 per R1 000 of credit for unsecured and short-term loans.
- 1.4. The NCR wishes to appoint a firm of actuaries to perform an actuarial review and analysis of the CLI regulations and to make recommendations to the NCR.

2. Purpose and scope of the terms of reference

- 2.1. The NCR wishes to appoint a service provider to perform an actuarial review and analysis of the CLI regulations. The appointed firm of actuaries will –
 - (a) in respect of the premiums per credit product as initially set in the CLI regulations –
 - (i) review and analyse the premiums per different credit product as initially set in the CLI regulations;
 - (ii) assess and determine whether the premiums where initially set at the appropriate level; and
 - (iii) make recommendations regarding the appropriate levels of the premiums, where necessary.
 - (b) review and analyse –
 - (i) the calculation methods of the premiums, namely the declining balancing method versus straight line method; and
 - (ii) make recommendations regarding the appropriate method(s) of calculating the premiums, where necessary.

- (c) review and analyse –
 - (i) the premiums per different credit product;
 - (ii) the different insurance covers;
 - (iii) the different waiting periods; and
 - (iv) the exclusions and limitations of the insurance covers.
- (d) recommend changes that are required for any of the matters in (c) above, including premium adjustments.
- (e) review and analyse –
 - (i) the cost of the benefits in addition to the maximum benefits; and (ii) the list of the benefits in addition to the minimum benefits.
- (f) recommend any changes that are required for the matters in (e) above, including any additional benefits that may be added to the minimum benefits.
- (g) review and analyse –
 - (i) The substitution of credit life insurance policy; and
 - (ii) Recommend any changes that are required regarding the substitution of credit life insurance policy.

3. Project outputs

Outputs prior to kick-off meeting

- 3.1.1. A project plan detailing key milestones to be delivered.

A draft report and the final report

- 3.2.1. A draft report to be submitted to the NCR which includes, amongst others –
 - (a) an executive summary of the report;
 - (b) a section containing the review and analysis of the matters referred to in paragraph 2(1) above; and
 - (c) a section containing the recommendations and appropriate interventions based on the review and analysis.
- 3.2.2. A final report to be submitted to the NCR after considering the comments in the draft report.

4. Duration

4.1. The duration of this assignment will be five (5) months from the date of award of the bid, or such longer period as may be agreed upon considering the complexity of the assignment.

5. Specific compliance

- The NCR's objective is to appoint strictly South African service providers, companies or entities as well as to promote and advance the employment of South African citizens.
- The NCR's objective is to promote transformation in the economy through the procurement of goods and services from companies and businesses owned by women.

6. Functionality Evaluation

6.1. Bids will be evaluated strictly according to the technical bid evaluation criteria stipulated in the table below:

No	Evaluation Criteria	Weight
1.	<p>The Actuarial firm must have practical experience in assessing and reviewing the cost of credit life insurance and/or any other insurance in South Africa.</p> <p>The proposal should include:</p> <ul style="list-style-type: none"> - Bidders must provide the number of months or years contracted to finalise each project previously conducted in assessing and reviewing the cost of credit life insurance and/or any other insurance in South Africa; <p>5=>5years-Exceed the requirements (If the provided company's profile indicates that it has more than 5 years' practical experience in assessing and reviewing the cost of credit life insurance and/or any other insurance in South Africa).</p> <p>4=3<5years-Meet the requirements (If the provided company's profile shows that it has more than 3 years and less than 5 years' practical experience in assessing and reviewing the cost of credit life insurance and/or any insurance in South Africa)</p> <p>3= 2< 3 years- Partially met the requirement (If the provided company's profile indicates that it has more than 2 years and less than 3 years' practical experience in assessing and reviewing the cost of credit life insurance and/or any insurance in South Africa).</p> <p>2= 1<2 years- Did not meet the requirements (if the company's profile shows that it has practical market conduct experience of less than 2 years in assessing and reviewing the cost of credit life insurance and/or any insurance in South Africa).</p> <p>1=<1year-Poor (if the company's profile shows that the company has practical market conduct experience of less than 1 year in assessing and reviewing the cost of credit life insurance and/or any insurance. Unacceptable , does not meet set criteria)</p>	40%

2.	<p>Experience of the team</p> <p>The proposal should include capacity statement and it must clearly indicate:</p> <p>The team leader's competency levels:</p> <p>The team leader must have a minimum of 5 years' experience related to assessing and reviewing the cost of credit life insurance and/or any insurance in South Africa;</p> <p>A minimum of a BSc Actuarial Science or any other insurance related degree;</p> <p>The NCR expects the person chosen as a team leader to have the following:</p> <ul style="list-style-type: none"> □ The experience in planning, including creating project budgets that can be used to keep operations on track; o Uncover project risks, constraints and priorities; o Identify project goals and deliverables; 	35%
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	<p style="text-align: center;">o Should be in a position to delegate responsibilities to achieve project's goals and; o To follow the project's timeline.</p> <p>The team member's competency levels should be clearly summarised and the following needs to be included in the summary:</p> <ul style="list-style-type: none"> - The proposed team who will be working on the project must be South African citizens, submit names and ID numbers. <p>5= Exceed the requirements (if the provided capacity statement indicates that the team leader has extensive practical experience of more than 5 years related to assessing and reviewing the cost of credit life insurance and/or any insurance in South Africa. Team members' have extensive practical experience of more than 3 years' related to assessing and reviewing the cost of credit life insurance and/or any insurance in South Africa).</p> <p>4= Meet the requirements (if the provided capacity statement shows that the team leader has 5 years' experience related to assessing and reviewing the cost of credit life insurance and/or any insurance in South Africa. Team members' have extensive practical experience of 2 years related to assessing and reviewing the cost of credit life insurance and/or insurance in South Africa.)</p> <p>3= Partially met the requirement (if the provided capacity statement does not clearly demonstrate the practical experience of the team leader or the experience included is less than 5 years. And if the provided capacity statement does not clearly demonstrate the practical experience of the team leader or the experience included is less than 2 years.)</p> <p>2= Did not meet the requirements (the team leader does not have the required experience related to assessing and reviewing the cost of credit life insurance and/or any insurance in South Africa. And the team members do not have the required experience related to assessing and reviewing the cost of insurance and/or assessing and reviewing the cost of credit life insurance conducted in South Africa).</p> <p>1= Poor (Unacceptable, does not meet set criteria).</p>	
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<p>3.</p>	<p>Methodology</p> <p>A) Collection and collation of data specific to the issues alluded to in the scope of work. Data and information can also be used from various sources that provide consumer credit related material.</p>	<p>20%</p>
	<p>B) Demonstrating familiarity with the subject matter, and expansion on key issues for consideration in the scope of work.</p> <p>C) Detailed approach on how to undertake the scope of work (do not re-write the scope of work as per TOR);</p> <p>D) Work plan (in line with scope of work in section 2 on page 1 to enable delivery of the project timeously);</p> <p>E) Risk Matrix should outline key project risks, as well as the corrective measures suggested to mitigate these risks and their impact, for an example how will the following be addressed:</p> <ul style="list-style-type: none"> - Lack of available and accurate data that is key to the project outcomes; - Lack of availability and support from project stakeholders (credit providers) due to COVID-19 lockdown, how will this risk be addressed? - Should it happen that the Project scope is adjusted after project kick-off, how will this be mitigated? Other risk/s, if any should be included in the proposal. <p>5 = Exceed the requirements (provided work plan indicating expansion on key issues for consideration in the project as stated on the scope of work. In addition, a detailed explanation on how the project objectives will be assessed, risk matrix and methodology)</p> <p>4= Meet the requirements (demonstrated familiarity with the subject matter by providing a detailed project plan, with clear timelines on</p>	

	<p>the scope of work stated. In addition, a clear explanation on how the project objectives will be assessed, risk matrix and methodology.)</p> <p>3= Partially met the requirement (no clear timeless and proper plan on the proposed approach in relation to the scope of work. No clear explanation on how the project objectives will be assessed, risk matrix and methodology.)</p> <p>2=Did not meet the requirements (proposed approach is not aligned to the scope of work. No explanation on how project objectives will be addressed, risk matrix and methodology.)</p> <p>1= Poor (Unacceptable, does not meet set criteria)</p>	
4.	<p>References</p> <p>At least three reference letters for work conducted in assessing and reviewing the cost credit life insurance and/or any insurance in South Africa that contain the following information:</p>	5%
	<ul style="list-style-type: none"> • Clearly indicate similar work conducted in South Africa in the last 48 months; • Must include either telephone numbers or email addresses (reference letters without any contactable details will not be considered) and; • Most importantly, the reference letters will be evaluated against the scope, relevance, complexity, value and time span of similar projects. Letters must therefore contain the relevant information. 5 points = More than 3 reference letters for the specified period of service 4 points = 3 reference letters for the specified period of service. <p>3 points = Less than 3 reference letters. 2 points= Irrelevant submission or non-submission of reference letters.</p>	
	TOTAL SCORE	100%

Bidders must achieve a score of 70 points on functionality to qualify to be evaluated in order to be considered in the next level (BBBEE and price). Bidders who do not score the minimum of 70% points on functionality will be disqualified.

7. Additional documents and information to be submitted

- Brief company profile, as relevant to the above mentioned terms of reference.
- Experience in the relevant areas.
- Clientele.
- Work plan, showing tasks, timelines etc.
- Should the bidder make use of subcontractors on any part of the bid, full details of the subcontractor and the extent of the work undertaken by the subcontractor must be provided (BBBEE, CSD registration number, address, technical capacity and years of experience).
- Contact details of at least three references from among recent clients with whom similar work has been conducted in the past 48 months.
 - Financial proposal.

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