

NDLAMBE LOCAL MUNICIPALITY



INSURANCE MANAGEMENT POLICY 2025-2026

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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.

- The ~~MM~~ is the accountable person/officer that needs to ensure that municipal assets are safeguarded by having all assets insured.

Commented [RG1]: Municipal Manager

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.

Commented [RG2]: Municipal Manager

2. RELATIONSHIP WITH OTHER POLICIES

2.1. This policy, once effective, needs to be read in conjunction with other relevant adopted policies ~~and delegations~~ of the municipality, including the following –

Commented [RG3]: To be added

- (a) Delegation of Powers (Delegations register) -
- (b) ~~SCM Policy~~ - Regulating all processes and procedures relating to acquisitions of goods and services.
- (c) Asset Management Policy.
- (d) Budget Policy – Correct budgeting of relevant insurance expenditure/income.

Commented [RG4]: Supply Chain Management Policy

2.2. This policy does not overrule the requirement to comply with other policies. The Chief Financial Officer (CFO) will provide guidance or ~~adjust~~ this policy where an apparent conflict exists between this policy and other policies, legislation or regulations.

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3. APPROVAL AND EFFECTIVE DATE

The ~~CFO~~ is responsible for the submission of this document to Council to consider its adoption after consultation with the Municipal Manager. The effective date for implementation of the policy is ~~1 February 2025~~. – This basically says that all processes (insurance/ risk management) needs to be in place on the effective date of the policy

Commented [RG6]: Chief Financial Officer

Commented [RG7]: Date as per Council approval

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4. POLICY IMPLEMENTATION

Detailed procedures shall be prepared and adopted by the Municipal Manager, in consultation with the CFO and Finance: Asset Office, to give effect to this policy.

Commented [RG9]: Chief Financial Officer

5. POLICY AMENDMENT

This policy will be updated whenever deemed necessary by the CFO, in consultation with the Municipal Manager and Finance: Asset Office. Changes to this document shall only be applicable if approved by Council.

Commented [RG10]: Chief Financial Officer

6. ASSETS TO BE INSURED

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

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6.2. It is the responsibility of the Budget and Treasury Office (BTO) to ensure that all assets are disclosed at correct "book value" at reporting periods. – It states book value here, however all assets needs to be insured for current replacement value.

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6.3. BTO will use such estimated replacement values as replacement values. Should it be considered necessary, a valuer should be used to arrive at a replacement value for each specific asset.

Commented [RG14]: The Budget and Treasury Office

Commented [RG15]: To be clarified

6.4. 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.
- h) Liability: Public, Employers and Motor.

6.5. The decision whether to insure an asset or not should be at the discretion of the Chief Financial Officer in consultation with the BTO. – in consultation with your broker who needs to advise the municipality accordingly.

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Commented [RG18]: Budget and Treasury Office

7. ADDITIONS DURING THE YEAR

7.1. 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 48 hours after the plant/property/equipment is recognized as an asset of the municipality. -

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7.2. New vehicles cannot be utilised during the period when the asset is purchased/ donated and an insurance confirmation is pending. It has to be placed on the insurance cover before it can be used.

8. RECOVERY OF LOSS

8.1. An insurance committee should be established which will include CFO, Budget Manager, SCM Accountant, Finance: Asset Office and Legal Representative to investigate losses.

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Commented [RG22R21]: Chief Financial Officer

Commented [RG23]: Supply Chain Manager

8.2. The roles of the insurance committee is to investigate losses and to assess public liability claims under the excess amount of R10,000.

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8.3. The decision of the committee should be escalated to the Human Resources department for disciplinary action and recovery of the loss where applicable.

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8.4. The municipality shall establish and administer a self-insurance reserve (SIR). All uninsured assets and liabilities, as well as assets and liabilities where claims for damage or loss do not exceed the excess payable are repaired or replaced from the self-insurance reserve. – This is a municipal process (keep money in a fund to pay claims falling within the excess).

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8.5. Applications by staff members for reimbursement of the **loss of or damage to staff property at work shall not be considered by the municipality**. Liability will not be accepted by the municipality for loss or damage to an employee's personal effects which are used or stored on premises owned or used by the municipality.

9. PROCEDURES FOR CLAIM ADMINISTRATION

GENERAL

9.1. All claims, including Third Party, Accident and any other damages, however small these may be, are to be reported to the Finance: Asset Office, dealing with such claims on behalf of Council, within 72 hours of the date on which this accident/incident took place.

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9.2. The Manager/Supervisor should be notified within 48 hours of the accident/incident.

9.3. Should negligence or recklessness be proved by the insurance committee, the official will personally be held liable for losses suffered.

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

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9.5. Claims will be reported by the Finance: Asset Office to the insurers as soon as practical (preferably within 14 days/as per SLA entered into with the insurance).

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9.6. All claims will be entered into a claims register which is to be maintained by the Finance: Asset Office and reconciled and reported to Council on an annual basis.

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10. CLAIM PROCEDURES: VEHICLES ACCIDENTS

The responsible official (driver of council's vehicle), has to report the claim within 72 hours to the Finance: Asset Office, providing the below information to the Finance: Asset Office and any other information required to lodge the claim:

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Commented [RG44]: incident

- 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
- i) photos of damaged vehicle(s)

11. THIRD PARTY CLAIMS

- 11.1. Third parties are to be covered for death, bodily injury or illness, and/or loss of or damage to property up to a maximum limit ~~to be determined by the CFO in consultation with the Municipal Manager.~~
- 11.2. All ~~public liability~~ claims ~~under~~ the excess amount of R 10 000 shall be referred to the Insurance Committee.
- 11.3. In cases of ~~third party~~ claims, the responsible official ~~in the Finance~~: **Asset Office** should:
- (a) Inform the third party that he/she should contact their insurance broker or company and provide the Finance: Asset Office with a non-insurance letter;
 - (b) Complete the required section in respect of third parties on the claim form; and
 - (c) **Request the claimant to complete and submit the Public Liability Claim Form as per Annexure A, together with all required supporting documentation.**
- 11.4. 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.
- 11.5. Only the municipality's legal representative/ Insurer has the authority to enter into correspondence with third parties and the representative of third parties.
- 11.6. Exceptional Third party claims/potential liability not covered by insurance shall be referred to the Accounting Officer to make a determination on how to deal with such cases.

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Commented [RG46]: As set out in the prevailing insurance policy in place with external insurers at the time of the incident.

Commented [RG47]: Public Liability

Commented [RG48]: Below

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12. RECOVERY

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

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13. CLAIM PROCEDURES: THIRD PARTY CLAIMS (not vehicles)

13.1. All third party claims have to be in writing and should be accompanied by proof of loss (Photos, quotations, invoices) and submitted to the Finance: Asset Office.

13.2. The relevant user department and/or claimant should be requested to submit a comprehensive report of the incident to the Finance: Asset Office, which should be submitted together with all relevant documentation to the insurers.

Commented [RG56]: the claimant is to complete and submit the Public Liability Claim Form as per Annexure A, together with all required supporting documentation.

13.3. 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

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13.4. 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.

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13.5. If applicable, the Third Party should be informed of the contact particulars and claim number provided to Ndlambe LM by from Ndlambe's insurers Insurance Company.

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13.6. In the instance where a claim is within the excess amount as set out in stipulated by the Insurance Policy, the claim is forwarded to the Insurance Committee for handling.

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14. CLAIM PROCEDURES: PROPERTY / ASSET LOSS OR DAMAGE

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

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

14.3. Reports from the user department involved should be submitted together with all relevant documentation to the Finance: Asset Office. 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.

14.4. Damage to buildings (Civic and Housing units) should, on discovery, be immediately reported to the Corporate Services: ~~and Estates Section~~ and the Finance: Asset Office.

14.5. **The** Corporate Services: ~~and Estates Section~~ **should** ensure that the building is safeguarded. If not possible, Security should be appointed to avoid further loss to Council and its Insurers.

14.6. Corporate Services: ~~and Estates Section~~ should also ensure that three (3) quotes are forwarded to the Finance: Asset Office as soon as possible to enable ~~quick~~ repairs.

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15. RESPONSIBILITIES

15.1. The ~~CFO~~ shall (at least) every three years call for tenders for the insurance of municipal assets, Councillors, employees and third parties.

Commented [RG75]: Chief Financial Officer

15.2. Each ~~Manager~~ shall, before 31 May of each year, verify or update the schedule of insurable risks and insurable assets under their control (and any other information deemed necessary).

Commented [RG76]: Directorate

15.3. The ~~CFO~~ shall, in accordance with such schedules and subject to this policy, effect such insurance through the service of an Insurance Company/Insurance Broker appointed by the Council.

Commented [RG77]: Chief Financial Officer

15.4. The insurance period will be from 1 July to 30 June of the following year and shall be renewable, dependent on previous performance, for a maximum period of three years.

15.5. Premiums shall be paid either monthly or annually in advance at the discretion of the ~~CFO~~.

Commented [RG78]: Chief Financial Officer

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

15.7. It shall be the duty of each ~~Manager~~ to notify the ~~CFO~~ (or delegated official) without delay of any new insurable risk or of any alteration in an existing insurable risk which has arisen in connection with his/her department.

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Commented [RG80]: Chief Financial Officer

15.7. On the occurrence of any event giving rise or likely to give rise to a claim by or against the Council or against its insurers, the ~~Manager~~ of the department concerned shall ensure that the ~~CFO~~ or Finance: Asset Office is notified of that event.

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Commented [RG82]: Chief Financial Officer

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15.8. The ~~CFO~~ or Finance: Asset Office shall immediately notify the Council's insurer of any claim by or against the Council or against its insurers.

Commented [RG85]: Chief Financial Officer

Commented [RG86R85]: Director

15.9. It is the responsibility of the relevant ~~Manager~~ to ensure that all documents / information for the completion of the claim is forwarded to the ~~CFO~~ or Finance: Asset Office for submission to Council's insurance brokers.

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15.10. Each claim by or against the Council shall be reported for investigation if necessary and the outcome reported to the ~~Manager~~ of the department and Finance: Asset Office if concerned to institute disciplinary steps and / or recovery if deemed necessary.

~~15.11. Employees should avoid storing private property at the workplace for extended periods of time, especially over weekends and during vacation periods.~~

~~15.12. Each employee should insure personal property against loss or damage, particularly if it is of significant value. — once again, every employee should take out personal insurance for their own property.~~

~~15.13. To minimise the risk of loss and inconvenience to staff, each Manager should advise all staff of their obligations to ensure the security of private property brought to the workplace.~~

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15.14. The CFO shall annually determine the amount to be transferred to the Self-Insurance Reserve after having received a list of assets and insurable values of all relevant assets from the Managers concerned.

Commented [RG90]: Chief Financial Officer

15.15. The Insurance Committee is responsible for –

- (a) Assessing all public liability claims under the excess amount of R 10,000;
- ~~(b) Assessing all applications (which meet specified conditions) by staff members for reimbursement of an amount up to R 5,000 regarding malicious damage to his / her motor vehicle by a third party while performing official duties after hours away from the workplace;~~
- (c) Insuring that all claims and applications are dealt with diligently within a reasonable time; and
- (d) Finalise all claims and applications submitted to the committee and ensure that all the required technical, financial and legal aspects to each claim and application are dealt with when these are being finalised.

Commented [RG91]: As set out in the prevailing insurance policy in place with external insurers at the time of the incident.

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