



THE EAST AFRICAN PORTLAND CEMENT COMPANY

Holding Life Together

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Ref: EAPCC/OT/110/2016

31th October, 2016.

TO ALL BIDDERS

Dear Sir/Madam,

ADDENDUM NO. 1 – TENDER NO. EAPCC/OT/110/2016 FOR PROVISION OF INSURANCE BROKERAGE SERVICES

Dear Bidders

We would like to make the following clarifications concerning the above tender:

1. “Section 2.23.2(3) and section 2.23.3 (b) i of the tender document specifies that the Tenderers must have serviced at least five (5) large corporate clients in the last 3 years whose annual premium is at least Kshs.40 million each. Two of the corporations must be listed in the NSE. (Attach copies of letters of contract award) and that the Tenderers must have serviced at least 10 corporate clients in the last 5 years whose annual premium is at least Kshs.15million each and have serviced for more than a year.(Attach copies of letters of contract award) and provided as Appendix (5 points)”
Both requirements are applicable, the former is a mandatory requirement (Ksh. 40M) While the latter is part of the technical evaluation requirement. The corporations whose annual premium is at least Ksh. 40 million each need not necessarily be listed in the NSE
2. On Public/Product Liability Insurance you have not provided us with EAPCC’s turnover to enable use seek quotations for the same, kindly furnish us with the same.
EAPCC’s revenue for the year ended 30th June 2015 was Kshs.8.418B
3. “Motor insurance form part of General Insurance in equal measure with other classes of General Insurance. The risk in Non Motor insurance is normally co insured and therefore the risk is spread to many underwriters. It’s therefore important to pass an addendum to remove the wordings **(excluding Motor vehicle insurance)** on the said reference number. The average gross premium of Ksh. 500 million threshold for General Insurance is competitive”
While the concern raised above is a valid point in terms of co-insurance.

There are Underwriters who primarily Insurer Motor business and such do not Have the necessary capacity to insure other general insurance lines of business.

Secondly, industry statistics indicate that motor insurance is loss making and if an Insurers majority of premium is primarily coming from motor insurance business they Would have cash liquidity challenges and that would impact their claims payment Ability. Refer to the extract attached from the I.R.A Annual Report 2015.

As such we find the requirement of having an insurer having an average annual gross Premium of Kshs.500 million under General Insurance business (excluding motor Vehicle portfolio) prudent.

4. The tenderer shall submit proposals for both Technical and financial envelope (separate) as specified in section 2.16.1 of the tender document and as such bid prices shall not be disclosed at tender opening stage.
5. The award period will be for 2 years. However, this can be extended for a further 1 year subject to satisfactory performance.
6. The tender closing date remains 3rd November 2016 at 12.00 noon
7. All other terms and conditions of the tender remain unchanged.


Ngala Oloiptip
Ag. SUPPLY CHAIN MANAGER

31st October, 2016.