Ugu District Municipality

Policy Custodian	**Budget & Treasury Office**
Policy Name	**Insurance Policy and Procedure for the Handling of Insurance Claims**
Policy Number	**5/7/P**
Status **Date**	**Adopted** **2025/2026 FY**
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PREAMBLE

Whereas it is required of the accounting officer to take all reasonable steps to ensure that the Council has and implements crucial policies for effective financial and risk management.

And whereas the safeguarding of assets and the protection of Council against liabilities is very important and forms part of a proper assets management system as prescribed by Section 63 and needs annual revision in terms of Section 24(2)(c)(v) of the Municipal Finance Management Act 56 of 2003.

Now therefore the Municipal Council of UGU District Municipality adopts the following Policy for Insurance Management.

1. INTRODUCTION

1.1 When the Municipal Finance Management Act No 56 of 2003 (MFMA), municipalities have been required to align the planning, management, reporting and auditing of their finances in accordance with the strict requirements of the MFMA and related legislation.

1.2 In terms of section 63 (1) of the Municipal Finance Management Act, the Municipal Manager is responsible for the safeguarding of municipal assets

1.3 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. The Accounting Officer has to take all reasonable steps to ensure that Ugu District Municipality has and implements budget related policies for effective financial and risk management.

1.4 Asset Management is one function in ensuring effective financial management. Section 63 of the Municipal Finance Management Act, Act 56 of 2003, places the responsibility of asset management on the Accounting Officer.

1.5 The safeguarding of assets in terms of s63(1)(a) includes ensuring that there is adequate short-term insurance cover for all movable and immovable assets

2. DEFINITIONS

Accounting Officer	means the Municipal Manager appointed in terms of section 82 of the Municipal Structures Act 117 of 1998 and responsible in terms of section 60 of the MFMA for the management of the municipality's financial administration, including safeguarding municipal assets.
Assets	Resources controlled by the municipality as a result of past events, from which future economic benefits or service potential are expected to flow to the municipality. (Aligned with GRAP 1 & GRAP

	17)
Asset Manager	An official delegated by the Accounting Officer to be responsible and accountable for the control, usage, and financial and physical management of the municipality's assets in accordance with approved standards, policies, procedures, and GRAP-compliant reporting.
Accident/ Accidental	An unforeseen and unintended event causing loss, damage, or injury. The concept is used in insurance to assess risk and premium calculations.
Book value or carrying	amount is the net worth of an asset that is recorded on the balance sheet. Book value is calculated by subtracting any accumulated depreciation from an asset's purchase price or historical cost
Council	The decision-making body of the municipality, as established in terms of section 18 of the Municipal Structures Act 117 of 1998, responsible for governance and oversight of municipal operations.
Councillor	a member of a council or an elected member of the municipal Council in terms of the Municipal Structures Act 117 of 1998
Employees	A person employed by the municipality for remuneration, including permanent, temporary, and contract employees.
Insurability	is acceptability to the company of an applicant for insurance
Insurance	is A person or organization covered by an insurance policy.
Insurer	is the party to the insurance contract who promises to pay losses or benefits. Also, any corporation engaged primarily in the business of furnishing insurance to the public
Insurance broker	is a person or company registered as an adviser on matters of insurance and as an arranger of insurance cover with an insurer on behalf of a client or A registered professional or entity acting on behalf of the municipality to provide advice and arrange insurance coverage with an insurer.
Insurance committee	is a committee that comprises of various managers aimed at deliberating on all insurance related matters as well all losses suffered by the municipality with an aim of recommending recourse to be taken by the Municipal Manager.
Insurance policy	a document detailing the terms and conditions of a contract of insurance.
Public liability claims	mean third party claims for bodily injury and property damage arising out of the municipality's operations.

Stated benefit claims	means bodily/fatal injury caused by accidental, violent, external and visible means to any principal or employee of the insured (hereinafter in this section referred to as such person) specified in the schedule. Insurance will pay to the insured, on behalf of such person or his estate, the compensation stated in the schedule in the event of accidental bodily/fatal injury to any such person directly and independently of all other causes resulting within 24 calendar months in death or disability.
Accounting Officer	a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act; and also refers to the municipal manager of a municipality in terms of section 60 of the MFMA.
Chief Executive Officer	A senior official within the organisation responsible for internal audit activities and also for overseeing the service contract and the overall quality of the risk.
Risk	Risk is the possibility of an event occurring that will adversely affect the municipality's ability to achieve its objectives, including financial, operational, legal, or reputational impact.
Risk Management	A systematic and formalised process to identify assesses, manage and monitor risks
Third Party	A person or group besides the two primarily involved in a situation, especially a dispute.
Negligence	is a failure to exercise appropriate care expected to be exercised in similar circumstances.
Market value vs Replacement value	This is the anticipated price willing to pay and Replacement value: This is the current cost.

3. POLICY OBJECTIVES

3.1 The objectives of this policy are to:

3.1.1 set out a legislative framework in order to comply with asset management requirements, especially regarding the safeguarding and risk management thereof.

3.1.2 Ensuring that the general public's rights and obligations when lodging a public liability claim is spelled-out; and

3.1.3 Set out the role and responsibilities of Councillors and officials regarding safeguarding of assets and insurance processes.

3.1.4 to provide an effective and efficient workflow within the municipality regarding insurance;

3.2 In general, the object of this policy is to ensure sound and sustainable financial management within Ugu District Municipality.

4. PRESCRIPTIVE/LEGAL FRAMEWORK

4.1 This policy must comply with all relevant legislative requirements including:

- 4.1.1 The constitution of the Republic of South Africa, 1996
- 4.1.2 Municipal Systems Act 32 of 2000
- 4.1.3 Municipal Finance Management Act 56 of 2003

4.2 This policy does not overrule the requirements to comply with other policies such as:

- 4.2.1 Supply Chain Management Policy
- 4.2.2 Asset Disposal Policy
- 4.2.3 Fleet Management Policy
- 4.2.4 Security Policy
- 4.2.5 Facilities Management Policy
- 4.2.6 Human Resources Development Plan and Strategy

4.3 This policy is informed by the four Standards of Generally Recognised Accounting Practice (GRAP), the following standards are components of fixed assets i.e.

- 4.3.1 Property, Plant and Equipment, GRAP 17
- 4.3.2 Inventories, GRAP 12
- 4.3.3 Investment Property, GRAP 16 and
- 4.3.4 Impairment of non-cash generating assets, GRAP 21

4.4 The Chief Financial Officer will provide guidance or adjust this policy where an apparent conflict exists between this policy and other policies, legislation, or regulations

4.5 Occupational Health and Safety Policy

4.6 Risk Management Policy

5. POLICY APPLICATION

5.1 This policy applies to all Ugu District Municipality's permanent and temporary employees: internal or external, Councillors and contractors (hereafter referred to as "Users" and "Third Parties") who utilise the Municipality's assets

6. POLICY PRINCIPLES

6.1 RISK MANAGEMENT

- 6.1.1 The Municipal Manager must ensure that an evaluation of all potential events that might adversely affect the finances of a municipality is performed. The potential loss of income and extra expenses that a municipality might incur must be the consideration factor when the risk identification exercise is performed.
- 6.1.2 Even though risk is managed, and preventative measures taken to minimise risk, it is acknowledged that not all risks can be eliminated and therefore Council accepts the fact that insurance remains the ultimate solution to risk management. It must however be viewed as the last resort.

6.1.3 Loss control is the practical application of Risk Management, and its principal objectives are:

6.1.3.1 to give effect to the day-to-day application of Risk Management theory throughout your organisation as an integral part of management practice.

6.1.3.2 to create and develop risk awareness among staff at all levels.

6.1.3.3 to educate all in the knowledge and practice of identifying and controlling risks on a continuing basis.

6.1.3.4 to achieve and maintain a high standard throughout of safety, security, and good housekeeping to:

6.1.3.5 minimise the incidence and impact of all losses (insured and self-insured).

6.1.3.6 control your insurance costs.

6.1.3.7 generate increased efficiency, productivity, and profitability.

6.1.3.8 promote a sense of pride and achievement in your operational standards.

6.2 INSURANCE KEY MANAGEMENT PRINCIPLES

6.2.1 MUNICIPAL ASSETS

6.2.1.1 When considering the insurance of assets all movable and immovable assets should be considered. All assets to be insured should be comprehensively insured against perils such as theft, malicious damage, fire, storm, water damage etc. as well as community action, riots, and public disorder.

6.2.1.2 It is the responsibility of the Assets Management Unit to ensure that all assets are disclosed at correct "book value" at reporting periods.

6.2.1.3 Assets are to be insured at market value. Should it be considered necessary, a valuer should be used to arrive at a replacement value for each asset.

6.2.1.4 The following assets and risks should, after consideration of risk, be insured: -

6.2.1.5 Movable Assets such as Vehicles, plant and equipment, computer equipment, office equipment, cash in transit,

6.2.1.6 Immovable assets such as Buildings (as well as contents)

6.2.1.7 Infrastructure assets such as pump stations, treatment works, reservoirs etc

6.2.1.8 Liability: Public, Employer and Employees

6.2.1.9 The decision whether to ensure an asset or not should be at the discretion of the Municipal Manager in consultation with the Chief Financial Officer.

6.2.2 ADDITIONS DURING THE YEAR

6.2.2.1 When new vehicles are purchased, buildings or structures erected or expanded which has an influence on the Finance portfolio of Council; each Department involved should send to the Asset Management Unit the information of new assets to be insured within 3 working days after the Property Plant and Equipment is recognised as an asset of the municipality and the general manager

6.2.2.2 New vehicles cannot be utilized during the period when the asset is acquired, and an insurance confirmation is pending. s this reporting period practical? Can we not push this to at least "5 working days"? What would be the implications of that?

6.2.2.3 Who is responsible for sending this to assets? GM/Manager...for accountability. And, what happens if there is no reporting?

6.2.3 POLICY ON PERSONAL EFFECTS

6.2.3.1 It is expected that employees, in their own interests, will ensure that any valuable items of jewellery (including wrist watches) worn on duty, and/or personal equipment are adequately insured against loss or theft on their personal policies.

6.2.3.2 The carrying of unreasonably large amounts of cash, credit cards or other easily stolen and rapidly convertible items should be avoided during working hours as far as is practicable.

6.2.3.3 No compensation will be paid for loss or damage to the following items:

6.2.3.4 Private cellular phone

6.2.3.5 Private Vehicle

6.2.3.6 Private Laptop

6.2.3.7 Handbags

6.2.3.8 Cash etc.

6.2.4 **PUBLIC LIABILITY**

6.2.4.1 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.

6.2.4.2 All public liability claims under the excess amount shall be considered by Section Manager and a recommendation made to the Municipal Manager on whether payment should be made or not. Only the Municipal Manager may approve payments in this regard.

6.2.4.3 Public Liability claims under the excess amount should only be settled when the municipality could reasonably be seen to have acted negligently which resulted in the loss to the third party and when there is reasonable prospect of the municipality being found legally responsible for third party property damage or bodily injury. Settling claims where this is not the case would set bad legal precedence which the municipality would not be able to sustain financially into the future.

6.2.5 **LIMITS**

6.2.5.1 On an annual basis the excess limits shall be assessed as part of the adjudication of the insurance quotations received from the Insurance Companies/Insurance Brokers.

6.2.6 **INSURANCE CLAIM PROCEDURES**

6.2.6.1 The Municipal Manager or his /her delegate shall develop such processes to ensure that insurance claims are submitted timeously to the insurance section/unit, and in a format required by the Insurance Company/ Insurance Broker.

6.2.6.2 Head of departments must ensure that these processes are implemented. Failure to follow the processes shall be dealt with in terms of clause 7.2.8 of this policy.

6.2.7 **PAYMENTS BY EMPLOYEES**

6.2.7.1 **Payment of excesses (or losses below excess payable) by employees**

6.2.7.2 Where in the opinion of the relevant departmental General Manager and the Municipal Manager an employee’s negligence led to the damage to and/ or loss of an asset the excess and the value of the said property payable may be claimed from the employee concerned in terms of disciplinary procedures.

6.2.7.3 Excess will be regarded as a loss and shall be subject to disciplinary proceedings as per clause 6.2.9 below and as per the SALGA Disciplinary Procedure Collective Agreement.

6.2.7.4 Insurance **claims rejected by the Insurer (above excess)**

6.2.7.5 Where in the opinion of the relevant departmental General Manager and the Municipal Manager an employee’s negligence led to the damage to, or loss of, an asset, the total loss to the municipality may be claimed from the employee concerned in terms of the outcome of the Disciplinary Procedures.

6.2.8 **FAILURE TO REPORT AN INCIDENT**

6.2.8.1 Failure to report an incident to the insurance section within the timeframes indicated on the insurance handling procedure, may result in disciplinary action taken against the employee responsible for the asset.

6.2.8.2 The outcome of the disciplinary process will determine whether the employee will be personally held liable for the losses incurred.

6.2.9 **RECOVERY OF LOSS**

6.2.9.1 Insurance Committee should be established in terms of section 63(2)(c) and 96(2)(b) read with section 171 of the Municipal Finance Management Act, No. 56 of 2003 as amended, to investigate losses. The Insurance Committee shall not institute or carryout duties of a disciplinary committee but should only advise on the outcomes of its investigations.

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

6.2.9.3 The decision of the insurance committee shall determine the party liable for the payment of excess:

6.2.9.4 If an employee has been found to be liable for the loss/damage, the excess and value of the property loss/damage shall be recovered from the said employee

6.2.9.5 If the third party is liable for the loss/damage, the excess and value of the property loss/damage shall be payable by the third party

6.2.9.6 In any other circumstances, the Municipality shall be liable to pay the excess to ensure that the insurance broker settles the value of the property loss/damage

Fraud prevention

6.3 **APPOINTMENT OF INSURANCE BROKERS**

6.3.1 The Chief Financial Officer (CFO) shall call for bids to appoint an Insurer or Broker at least once every three years and the appointment must be performed via the normal Supply Chain Management (SCM) process of Ugu District Municipality.

6.3.2 The Municipal Manager shall sign a Service Level Agreement (SLA) with the appointed Broker/Insurer regarding the Insurance portfolio/schedule/policy.

6.3.3 It is the responsibility of the Manager: Assets Management & Insurance Services (or delegated official/s) to determine which assets owned by, leased to or under the control of the municipality are to be insured, as well as the nature and value of cover.

6.3.4 Invitations for bids to appoint an insurance broker will be done every three years.

6.3.5 Section 33 of the MFMA will be applicable if the duration exceeds 3 years.

7. ROLES AND RESPONSIBILITIES

7.1 **THE CFO OR HIS/HER DELEGATED OFFICIAL (MANAGER: ASSETS):**

7.1.1 The Chief Financial Officer delegates this authority to the Manager Assets, who will be responsible to implementing this policy in line with the standard operating procedures.

7.1.2 **The Manager-Assets**:

7.1.2.1 shall (at least every three years, before the lapsing of the tender that was previously awarded) call for tenders for the insurance of municipal assets, Councillors, employees and third parties.

7.1.2.2 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 municipality through the competitive prescribed SCM process.

7.1.2.3 shall ensure that the insurance period will be from 1 July to 30 June of the following year and shall be renewable, dependent on previous performance (and in line with the tender processes followed).

7.1.2.4 shall pay the monthly/annual premiums in advance.

7.1.2.5 shall pay premiums over to the Insurers during the year, additions or deletions are made to the insurance portfolio.

7.1.2.6 shall immediately notify the Council's insurer of any claim by or against the Council or against its insurers.

7.1.2.7 shall assess all public liability claims under the excess amount as indicated in the Insurer's schedules. Public Liability claims should only be settled when the municipality could reasonably be seen to have acted negligently which resulted in the loss to the third party and when there is reasonable prospect of the municipality being found legally responsible for third party damages.

7.1.2.8 shall ensure that sufficient funding is available to cover insurance related expenditures.

7.1.2.9 shall report to Council of the status of existing claims against the municipality and its Insurers.

7.1.2.10 shall ensure that all claims and applications are dealt with diligently within a reasonable time.

7.1.2.11 shall finalise all claims and applications submitted to the Section and ensuring that all the required technical, financial and legal aspects to each claim and application are dealt with when these are being finalised; and

7.1.2.12 Shall update the Asset Register in accordance with the outcome of each insurance claim.

7.1.2.13 Shall recommend the payment of excess amounts, the settlement of claims below excess, settlement of claims not covered by the Insurers, and all other insurance related expenditure.

7.2 **THE GENERAL MANAGERS AND MANAGERS OF DEPARTMENTS:**

7.2.1 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)

7.2.2 shall 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.

7.2.3 shall ensure that the CFO (or delegated official) is notified of any occurrence or event giving rise or likely to give rise to a claim by or against the Council or against its Insurers. Failure to report incidences of loss might lead to the affected employee being held liable for the losses to Council.

7.2.4 shall ensure that all documents / information (for example any required forms, reports, quotations, photos) for the completion of the claim is forwarded to the CFO (or delegated official) for submission to Council's insurance brokers.

7.2.5 shall within 2 weeks (10 working days) of submitting a claim to the CFO (or delegated official), submit a departmental report to the CFO (or delegated official) in order to finalise the claim.

7.2.6 shall report each claim against Council for investigation and the outcome reported to the CFO (or delegated official) and where necessary disciplinary steps and/or recovery be perused against any employee who is found, in terms of the investigation, to have acted negligently; and

7.2.7 should advise all staff of their obligations to ensure the security of private property brought to the workplace to minimise the risk of loss and inconvenience to staff.

7.3 **ALL MUNICIPAL PERSONNEL:**

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

7.3.2 should insure personal property against loss or damage, particularly if it is of significant value in their personal capacity.

7.3.3 shall report all losses, damages to or any potential claims to the Insurance Section, their Departmental Manager, and the Health & Safety Practitioner.

7.3.4 shall take all reasonable steps to ensure that municipal assets are kept safe and assist the Municipal Manager to implement processes to safeguard assets and prevent losses to Council of all assets under their control.

8. INSURANCE COMMITTEE

Members And Representation Of Insurance Loss & Claims Control Committee
The Committee membership shall comprise of the following standard members: -

a) Chairperson: CFO/ Senior Manager: BTO
b) Deputy Chairperson – Manager: Assets Management & Insurance Services
c) Manager: Water Services (All areas)
d) Manager: Fleet Management
e) Manager: ICT
f) Manager: Legal Services
g) Insurance Co-ordinator
h) Manager: Environment Services
i) Insurance Clerk – Fleet Services
j) Insurance Clerk – ICT Services
k) Insurance Clerk – Public Claims

8.1 Assessing all municipal claim including public liability claims Within the excess amount.

8.2 Assessing all incidents where a municipal vehicle was involved

8.3 Committee are to comprise with at least one member of the following Departments:
Insurance Section, Legal, ICT, Fleet Management, Water Services, Municipal manager's office, and relevant user department related to the claim.

8.4 The Chairperson of this committee will be the delegated official from the Insurance Section.

8.5 Committee meetings will take place on a monthly basis, unless there are no claims to be reviewed.

8.6 Finalising all claims submitted to the committee and ensuring that all the required technical, financial, and legal aspects to each claim and application are dealt with.

8.7 Committee shall make recommendations to the Accounting Officer (or delegated official) on rejection or settlement offer/s (with value) towards a third-party claim.

8.8 Committee shall make recommendations to the General Managers and/or Accounting Officer.

9. MONITORING AND EVALUATION

9.1 The insurance clerks shall submit claims register on a monthly basis to the Manager: Assets

9.2 The CFO shall submit claims register to MANCO , Portfolio Committee on Finance, EXCO and COUNCIL on monthly basis.

10. COMMENCEMENT OF THE POLICY

10.1This Policy shall come into effect on the date of the adoption by the Ugu District Municipality Council.

11. AMENDMENT AND/OR ABOLITION

11.1This policy may be amended or repealed by the Municipality through a Council Resolution.

12. COMPLIANCE AND ENFORCEMENT

12.1Violation or non-compliance with this policy will give a just cause for disciplinary steps to be taken.

13. POLICY REVIEW

13.1 This Policy will be reviewed annually to ensure applicability and relevance.

14. APPEAL PROCESS/ GRIEVANCE PROCEDURE

14.1 All appeals or grievances should be addressed to the Manager: Assets for them to addressed swiftly. Should the matter require the application of consequence management the Manager: Assets will then escalate the matter to Human Resource Section.

14.2Consider the following procedure for your appeals process:

14.3The Appeals and Grievance Procedure provide a clear, transparent, and fair process for any stakeholder (employee, councillor, or third party) to dispute or seek review of:

14.4 The outcome of an insurance claim

14.5 Decisions on payment of excesses

14.6 Denial of claims

14.7 Any administrative decisions taken in terms of this Insurance Policy

14.4 Appeals Procedure

14.4.1 Submission of Appeal

Any party wishing to appeal a decision must submit a written appeal to the Manager: Assets within 10 working days of receiving the decision.

The appeal must include:

1. Details of the decision being contested
2. Grounds for the appeal
3. Supporting documents or evidence

14.4.2 Review by Manager: Assets

The Manager: Assets shall:

- Review all relevant documentation, including original claim files

- Consult with relevant departments (e.g., Legal, HR, Finance) if required

  Attempt to resolve the matter at this level within **15 working days** of receipt

14. 4.3 Escalation to Human Resources / CFO

- If the appellant is dissatisfied with the Manager: Assets' decision, the appeal may be escalated to:
  - **Human Resources Section** (for employee-related claims or disciplinary matters)
  - **Chief Financial Officer (CFO)** (for financial, insurance, or policy interpretation matters)
- The escalation must be submitted in writing within **5 working days** of receiving the Manager: Assets' decision.

14.4.4 Final Decision

- The HR Section or CFO (as applicable) shall:
  - Conduct a final review of the appeal
  - Provide a written decision within **15 working days**
  - Document the outcome and notify all relevant parties
- The final decision is **binding** and concludes the internal appeals process.

14.5 Additional Rights

- Appellants retain the right to submit matters to external bodies (e.g., Ombudsman or relevant regulatory authority) if the internal process is exhausted.
- All appeal processes must comply with the **MFMA, Labour Relations Act, and municipal HR policies**.

14.6 Record Keeping

- All appeal submissions, decisions, and supporting documentation must be filed in the **Insurance Section** for audit, reporting, and monitoring purposes.
- Records must be retained for a minimum of **5 years** or in accordance with the municipality's Records Management Policy.

Records of Approval

Meeting	Date	Resolution
Review 2021/2022		
Policy Review Committee	20 January 2022	Recommended to MANCO
MANCO	24 January 2022	Recommended to Portfolio Committee on Finance
Portfolio Committee on Finance	03 February 2022	Recommended to EXCO
EXCO	06 March 2022	Recommended to Council
Council	26 May 2022	Approved

Review 2022/2023		
Policy Review Committee	10 February 2023	Recommended to MANCO
MANCO	24 April 2023	Recommended to Portfolio Committee on Finance
Portfolio Committee on Finance	16 May 2023	Recommended to EXCO
EXCO	17 May 2023	Recommended to Council
Council	25 May 2023	Approved

Review 2023/2024		
Policy Review Committee	14 February 2024	Recommended to MANCO
MANCO	11 March 2024	Recommended to Portfolio Committee on Finance
Portfolio Committee on Finance	14 March 2024	Recommended to EXCO
EXCO	20 March 2024	Recommended to Council
Council	28 March 2024	Approved

Review 2024/2025		
Policy Review Committee	18 February 2025	Recommended to MANCO
MANCO	10 March 2025	Recommended to Portfolio Committee on Finance
Portfolio Committee on Finance	13 March 2025	Recommended to EXCO
EXCO	19 March 2025	Recommended to Council
Council	27 March 2025	Approved

Review 2025/2026		
Policy Review Committee	24 February 2026	Recommended to MANCO
MANCO	04 May 2026	Recommended to Portfolio Committee on Finance
Portfolio Committee on Finance	12 May 2026	Recommended to EXCO
EXCO	20 May 2026	Recommended to Council
Council	28 May 2026	Approved

ANNEXURE A: INSURANCE HANDLING PROCEDURE MANUAL

1. PROCEDURE FOR THE HANDLING OF INSURANCE CLAIMS

1.1 Purpose

Purpose of the Standard Operating Procedure Manual This Standard Operating Procedure (SOP) manual is designed to outline the administrative processes within the Insurance section. The manual ensures consistency in the administration of insurance policies for municipal assets employees, and operations, promoting transparency, accountability, and compliance with local government regulations and the Insurance Management Policy of Ugu District Municipality.

1.2 Scope

This manual covers all aspects of municipal insurance administration, including policy issuance, claims management, policy renewals, communication with officials, and record keeping. It specifically applies to insurance policies related to municipal assets (e.g., buildings, vehicles, public facilities), municipal employees, and government operations.

1.3 Abbreviations

• SOP: Standard Operating Procedure
• SAPS: South African Police Station
• SLA: Service level agreement
• SCM: Supply Chain Management

1.4 Definitions

• Claim: A request for compensation due to loss, damage, or injury.
• Insurance Co-ordinator
: The individual overseeing claims processing.
• Claimant: The party filing the claim.
• Endorsement: A modification or addition to an existing municipal insurance policy.
• Municipal officials: Any government employee or representative who interacts with the insurance system on behalf of its respective department.
• Third-Party: An external entity or individual making a claim against the municipality.
• Insurance Portfolio/Policy: A legal contract between the insurance company (insurer) and the municipality (insured). The schedule attached to and forming part of the Policy mentioning the details of the Insured, the Sum Insured, the period and the limits to which the Benefits under the Policy are subject to, including any

appendix's and /or endorsements, made to or on it from time to time, and more than one, then the latest in time.

• Insurance schedule: The document containing all the details of the municipal assets and/or employees that are to be insured by the service provider

• Service provider: The appointed Broker who then appoints an Underwriter (insurer) who provide risk coverage to the municipality in terms of the policy.

• Service level agreement: A legal contract between the insurance company (insurer) and the municipality (insured).

2. Roles and Responsibilities

2.1 Insurance Co-ordinator

• Oversee the daily operations of the municipal insurance department.

• Ensure all municipal assets and employees required to be insured are insured.

• Manage the intake of claims, assess eligibility, and ensure claims are processed in a timely and transparent manner.

• Coordinate claims processes and assist officials with policy-related inquiries.

• Collaborate with other municipal departments and the underwriting team to determine claim settlements.

2.2 Municipal officials

• All employees are required to report an accident or incident to their supervisor and then to the Insurance department (dependant on the type of incident) for insurance purposes.

• Provide guidance on policy coverage, claims processes, and premium payments.

• Assist in resolving claims by providing all required information (photos, reports, quotations etc) and provide required information regarding insurance matters.

• Officials are to complete Insurance Claim Request form for insurance cover with the relevant supporting documentation of the asset (e.g., vehicle registration, building details, equipment inventory, ukey for premium payment).

• Ensure department's operation budget have sufficient funds for insurance premiums and excess payments.

• All officials are to ensure that all claims are submitted within 30 days.

• Legal services: Provides legal advice and defence.

2.3 Service Provider

• Broker appointed by municipality will appoint underwriter on behalf of the municipality to cover insurance policy of the municipality to mitigate risk.

• Provide guidance on policy coverage, claims processes.

• Assess and evaluate risks related to municipal assets, operations, and employees

• Ensure proper insurance coverage is obtained, aligned with municipal risk management needs.

3.Claims Management

3.1 Claims Reporting and Validation

a) Claims Reporting

➢ Motor vehicle claims:

Claims must be reported within 48 hours of the incident by officials to their supervisors, Fleet and Insurance Section.

➢ **Municipal assets and employee claims:**

Claims must be reported within 48 hours of the incident by officials to their supervisors and Insurance Section.

➢ **Third party claims:**

Claims must be reported to the insurance section of the municipality,

Claim forms (obtainable from the Insurance office) and supporting documents must be submitted to the insurance department by hand or via email (insurance@ugu.gov.za)

Failure to report within the required time frame will require a valid reason for late notification, for Insurance purposes. Late submission of a claim (after 30-days of the incident) it could result in the claim being rejected by the service provider.

Additionally, the Insurance Section are to report to the General Manager of the relevant Department on the non-reporting or late reporting institute Disciplinary procedures.

b) **Documentation and Validation**

• Claims must be supported by all required documentation such as Incident report, claim form, photos, medical records (if applicable), quotation/s, SAPS report and other relevant documents.

• The Insurance Co-ordinator reviews claim submitted and check it against municipal insurance policy.

• Further evidence or supporting documents such as repair estimates, witness statements, and site visits may be required.

• Claims will be reviewed, and determination will be done if claims are deemed to be immaterial. For these claims, it will be reverted to the department and should accommodate repairs through the operating or capital budget for the relevant section.

3.2 Claims Processing, progress and settlement

a) Claim Processing

• The Insurance Co-ordinator upon receiving incident report and claim form shall lodge the claim with the service provider (Broker) within 10 working days of receipt of Incident.

• The insurance Co-ordinator shall then issue all parties concerned with a unique Claim number once received from the Broker.

• The Insurance Co-ordinator shall maintain claims register which should be updated as soon as the claim is received, up to the settlement and closure of claim.

• The Insurance Co-ordinator shall request a departmental report pertaining to incident from the relevant Department.

• To establish progress; as well as obtain claim number from service provider (Underwriter) as an indication that the claim has been lodged successfully and update claims register.

• The Insurance Co-ordinator shall weekly follow-up with the insurance brokers

• Liaise with service provider and department related to choosing repairer and excess payments. Determination of compensation and payment

b) Claims Settlement

• Insurance Co-ordinator liaise with service providers (Broker) regarding whether a claim falls within the excess or not.

• If claim fall within excess the claim will be directed to the Insurance Claims Committee.
• Service providers shall forward a settlement offer to the 3rd party with claims related to 3rd party. For internal claims the service provider will settle with repairer and the municipality will settle the excess with the service provider(Underwriter).

c) Payment Processing
• Payments are processed according to municipal financial procedures through Creditors.

d**) Communication with Officials**
• Claim decisions are communicated to the relevant parties.
• A settlement offer/s or rejection letter is sent to the municipality by the service provider to the insurance section.
• The insurance section will then forward a settlement offer/s or rejection letter to 3rd party.

4. Record Keeping and reports
• The Insurance Co-ordinator shall maintain claims register with all claims logged and the necessary information (e.g. Date of incident, Type of claim, Type of damage, claim number)
• Securely store municipal records electronically.
• Municipal officials must ensure all insurance-related information remains confidential.
• On a monthly basis the Insurance Co-ordinator will produce a status report on all claims and submit to the Manager : Assets Management & Insurance Services.

5. Incident reporting

5.1 The incident shall be reported by parties involved to the Insurance Clerk within 24 hours of the incident. Please refer to the Annexure B – UGU Incident Report Form

5.2 The incident report along with the Insurance claim forms shall be completed by a municipal employee concerned giving details of how the incident took place. The insurance clerk shall then issue all parties concerned with a unique UGU incident tracking number.

5.3 In case of a motor vehicle accident whether a third party was involved, it must also be reported to the SAPS within 48 hours in order to provide an Accident Report (AR) number when lodging an insurance claim

6.Lodging of a claim with the insurance broker

6.1 The Insurance clerk upon receiving incident report shall lodge the claim with the insurance broker within 10 working days of receipt of Incident.

6.2 The Insurance clerk shall maintain claim register which should be updated as soon as the claim is received up to the settlement.

6.3 The Insurance clerk shall weekly follow-up with the insurance brokers to establish progress; as well as obtain insurance claim number as an indication that the claim has been lodged successfully and update claims register.

6.4 Failure for the insurance clerk to lodge the claim with the insurance broker within 10 working days of receipt of Incident Report shall constitute grounds for disciplinary action.

6.5 Upon authorisation of the claim by the insurance broker and receipt of the instruction to pay the excess amount, the insurance clerk shall process the excess documents for payment.

7 MANAGEMENT OF SHORT-TERM INSURANCE PORTFOLIO

7.1 The short-term insurance policy shall be reviewed before the beginning of every financial year, and necessary amendment to sums insured be affected.

7.2 Insurance brokers shall be advised of any additions and or subtractions of assets that might affect the cover including the results of revaluation of assets.

7.3 Clear timeframes shall be agreed to with the Insurance Brokers on turn-around time regarding claims

7.4 A progress report from the Insurance Brokers shall be obtained monthly to reconcile with claims register

7.5 The determination of councillor allowances and benefits of office bearers shall be scrutinized to ascertain any insurance implications to the municipality, with reference to South African Special Risk Insurance Association cover etc.

ANNEXURE B – UGU INCIDENT REPORT FORM

Ugu District Municipality

INSURANCE INCIDENT REPORT

INCIDENT NUMBER			**INSURANCE CLAIM NUMBER**	

1. DETAILS OF THE MUNICIPAL EMPLOYEE	
1.1. NAME	
1.2. EMPLOYEE NUMBER	
1.3. DESIGNATION	
1.4. CONTACT DETAILS:	
1.4.1. TELEPHONE	
1.4.2. EMAIL	
1.4.3. OFFICE LOCATION	
1.5. DEPARTMENT	
1.6. SUPERVISOR (NAME AND SURNAME)	

2. DETAILS OF THE INCIDENT	
2.1. DATE OF THE INCIDENT	
2.2. TIME OF THE INCIDENT	
2.3. DETAILS OF THE INCIDENT (HOW THE INCIDENT OCCURRED)	
2.4. DETAILS OF LOSS INCURRED	
2.5. PLACE (STREET ADDRESS OR EXACT LOCATION)	
2.6. TYPE OF INCIDENT (MVA; PL;PD)	
2.6.1. FOR MVA:	
2.6.1.1. SAPS CAS NUMBER:	

2.6.1.2. ACCIDENT REPORT NUMBER (IF IT IS MVA):	
2.6.1.3. VEHICLE REGISTRATION NUMBER:	
2.6.1.4. VIN NUMBER:	
2.6.1.5. VEHICLE MODEL:	
2.6.2. PUBLIC LIABILITY:	
2.6.2.1. PROPERTY DETAILS	
2.6.2.2. PROPERTY ADDRESS -LOT NUMBER	
2.6.2.3. OWNER NAME)	
2.6.2.4. OWNER	
2.6.3. PROPERTY DAMAGE:	
2.6.3.1. ASSET DETAILS	
2.6.3.2. ASSET NUMBER	
2.6.3.3. SERIAL NUMBER	
2.6.3.4. PURCHASE DETAILS	
2.7. WAS THERE ANY 3RD PARTIES INVOLVED (YES/NO)	
2.8. DETAILS OF THE 3RD PARTY:	
2.8.3. NAME	
2.8.4. ADDRESS	
2.8.5. CONTACT DETAILS	

3. SKETCH OF THE ACCIDENT
ATTACH COPY OF ACCIDENT REPORT AS WAS REPORTED AT THE SOUTH AFRICAN POLICE SERVICES WITH THE SKETCH

4. DETAILS OF SUPERVISOR ACKNOWLEDGING RECEIPT OF THE INCIDENT REPORT	
4.1. NAME	
4.2. DESIGNATION	
4.3. SIGNATURE	

5. FOR OFFICE USE:

5.1. PROCESSED BY	
5.2. DATE	
5.3. TIME	
5.4. DATE SENT TO INSURANCE BROKER	
5.5. SIGNATURE	