

Bid Document

Invitation of bids for selection of Insurance Companies as Implementing Agencies (IA) for “Pradhan Mantri Fasal Bima Yojana (PMFBY)” for Kerala State for Rabi I & II 2017-18 seasons

1. Offers are invited from all General Insurance Companies designated / empanelled by DAC&FW, Government of India for submission of their financial bid (**as per Annexure-I**) for carrying out implementation of “**Pradhan Mantri Fasal Bima Yojana (PMFBY)**” in the State for Rabi I & II 2017-18 seasons.
2. The Operational Guidelines (OGs) issued by Government of India would be the final guidelines for implementation of this scheme and shall prevail in case of any conflict between the clauses in bid document and the OG’s.
3. During Rabi I & II 2017-18 seasons, the PMFBY will be implemented in all the 14 districts of state of Kerala for Banana and Tapioca(winter) crops raised during Rabi-I season as well as Plantain and Tapioca(Summer) crops raised during Rabi-II season. Whereas in respect of the Winter Paddy crop of Rabi-I season and Summer Paddy crop of Rabi-II season raised in the state, these crops cultivated in selected 3 districts viz. Alappuzha, Kottayam & Pathanamthitta are considered for implementation under the PMFBY during these relevant seasons.
4. For the bidding purpose all the 14 districts where these crops identified are to be notified under PMFBY are grouped into a single cluster.
5. The Bid/Tender documents can be downloaded from the Departmental Website www.keralaagriculture.gov.in. The Tender should reach this office on or before 07/12/2017 upto **11 a.m.**

Coverage and Exclusions:

Coverage of Risks

Following stages of the crop and risks leading to crop loss are covered under the scheme.

- I Prevented Sowing/ Planting Risk** - Insured area is prevented from sowing/planting due to deficit rainfall or adverse seasonal conditions.
- II Standing Crop(Sowing to Harvesting)** - Comprehensive risk insurance is provided to cover yield losses due to non-preventable risks viz. Drought, dry spells, flood, inundation, pests and diseases, landslides, natural fire and lightning, storm, hailstorm, cyclone, typhoon, tempest, hurricane and tornado.
- III Post-Harvest Losses** - Coverage is available only up to a maximum period of two weeks from the harvesting for those crops which are allowed to dry in cut and spread condition in the field after harvesting against specific perils of cyclone, cyclonic rains and unseasonal rains(last date by which harvesting should have been done is as per Notification).

IV Localized Calamities - Loss/damage resulting from occurrence of identified localized risks of hailstorm, landslide and inundation affecting isolated farms in the notified area.

Coverage of farmers

I. Compulsory component:- All farmers availing Seasonal Agricultural Operation (SAO) loans from financial institutions (i.e. loanee farmers) for the notified crop/s are to be covered compulsorily by the concerned financial institutions.

II. Voluntary component:- The scheme is optional for non-loanee farmers. All farmers who have not availed any crop loan and are willing to get covered under PMFBY can purchase insurance through Banks/ Insurance Companies / their designated agents.

Exclusions

General exclusions:- Losses arising out of war and nuclear risks, malicious damage and other preventable risks (refer para IV.2 of OGs of PMFBY).

Selection of Insurance Company as Implementing Agency (IA):

The final selection of IA from the bidders shall be done based on the lowest weighted premium quoted by the company for all notified crops within the cluster of districts (refer para XXIII.9 of OGs of PMFBY). In case any company does not quote for one or more notified crops in various districts within the cluster the bid will be rejected for that cluster. Selection of Implementing Agency will be made by adopting the cluster approaches as envisaged in OGs.

The insurance company quoting Lowest weighted premium rate in the cluster would be declared as L-1 (refer para XXIII.9 of OGs of PMFBY for evaluation process) and will implement PMFBY for both loanee and non-loanee farmers. If any company declines after being declared L1, the company may be barred for the coming season and the L2 may be given the cluster for implementing the crop insurance scheme at L1 district-crop combination rates and so on to L3, L4 bidder as per the consent of insurance company.

Premium rate and subsidy:

All farmers (loanee or non-loanee) enrolled under PMFBY would be entitled for subsidy on the premium. Farmers will have to pay maximum 1.5% of the sum insured or actuarial premium rate, whichever is lower, for food crops (all Cereals & Pulses) and oil seeds (applicable for Winter Paddy crop of Rabi-I season and Summer Paddy crop of Rabi-II season in Kerala) and maximum 5% of sum insured or actuarial premium rate, whichever is lower, for Annual Commercial/Annual Horticulture Crops (applicable for Banana & Tapioca(winter) during Rabi-I season and Plantain and Tapioca(summer) during Rabi-II season in Kerala). The difference between the actuarial premium rate and farmer share would be equally borne by the State Government and Central Government in the ratio of 50:50.

Based on the fair estimates of coverage, State Government will make an advance payment of 50% of subsidy liability to Implementing insurance company (IA) and will settle the balance subsidy payment on submission of final figures by IA.

Sum Insured & Indemnity Level: For the bidding purpose all the 14 districts where the crops are notified under PMFBY are grouped into a single cluster. District-wise, Crop-wise, Sum Insured Limits /Scale of Finance, Indemnity Levels, Expected Area & Expected Sum to be insured are as per **Annexure-II (1) for Rabi I and Annexure-II (2) for Rabi II.**

Claim liability:

Insurers shall be responsible to settle all the admissible claims arising due to the conditions/eventualities as detailed in paras XI.10, XII to XVI of Operational Guidelines of PMFBY. Insurers shall be responsible for payment of claims upto the ceiling as stated in para VIII.4 of Operational guidelines of PMFBY.

Bank Services Charges:

Bank and other financial institutions shall be paid service charges @ 4% of the premium collected from farmers. Rural agents engaged in providing insurance related services to farmers may be paid appropriate commission as decided by the insurance company, subject to cap prescribed under IRDA regulations. Banks may submit their invoice in the format prescribed as **Annexure -III**

Information Intimation regarding Insurance Agents:

Insurance company should intimate in writing before every agriculture season, the name, address, mobile number and authentication (by IRDA) of Insurance agents appointed by them for collection of premium from non-loanee farmers. The intimation should also include respective area of operations of each such agent.

Notification of crops and their areas:

The scheme will operate on the principle of "Area Approach" in the defined areas called Insurance Unit (IU). The Scheme in the State will operate on **panchayat** level for **major** crops namely **Winter Paddy (Rabi I), Summer Paddy (Rabi II), Banana(Rabi I) and Plantain(Rabi II). Tapioca(Winter/Rabi I) and Tapioca(Summer/Rabi II)** is notified as a **minor** crop with **Block** as an Insurance Unit. For the list of Notified crops and their notified areas/Insurance Units refer **Annexure-IV (1A, 1B, 2A, 2B & 3) for Paddy (Winter), Paddy (Summer), Banana, Plantain, Tapioca(winter & Summer) respectively.**

Notified Automatic Weather Stations (AWS):

For the purpose of assessment of on-account payment of claims and claims for prevented sowing/planting risk, list of weather stations will be notified in the State's Notification.

Notification of Calamity year(s) for the calculation of Threshold yield (TY) :

According to provisions provided in OGs, maximum two calamity years may be excluded to arrive at the Threshold Yield (TY). However no calamity year is declared for any of these notified crops and as such the Actual Yield at insurance unit level (or in absence, for the next higher level) for 10 previous continuous years has been furnished by the Department of Economics & Statistics (DES).The Historical Yield Data & the Threshold Yield on which claim is to be calculated is as per **Annexure-V (1A, 1B, 2A, 2B, 3A & 3B)** for Winter Paddy, Summer Paddy, Banana Plantain, Tapioca(Winter) and Tapioca(Summer) respectively. The preceding year-wise Premium & Claims separately for Rabi-I and Rabi-II seasons are as per **Annexure-VI**

Witnessing of CCEs:- Insurance Company will be intimated in advance date and schedule of CCEs planned by the State Government. During conduct of CCE, insurance company can appoint a representative to witness the CCE. The insurance company can take photographs, videos etc. of the proceedings. It will not be necessary for official team conducting CCE to take signature of said representative.

Intimation for loss assessment under Post- Harvest Losses:- Intimation may be given within 48 hours (as mentioned in Para XIV-C of operational guidelines of PMFBY) by the farmers to Insurance Company/State Govt./Concerned Bank.

Intimation for loss assessment under Localized Risks:-Immediate Intimation by the farmers within 48 hours (as mentioned in Para XV-C(i) of operational guidelines of PMFBY) to Insurance Company/State Govt./Concerned Bank.

Seasonality discipline:

The below given Seasonality / cut off dates is applicable for PMFBY under Kerala context.

Sl. No.	Activities	Time lines	
		Rabi I season	Rabi II season
1.	Loaning Period (for Loanee farmers covered on compulsory basis	Upto 31.12.2017	Upto 28.02.2018
2.	Cut-off date for Receipt of Proposals of farmers (Non-loanee)/Debit of premium from farmers account(loanee & non-loanee)	31.12.2017	28.02.2018
3.	Cut-off date for receipt of consolidated declarations for Loanee (Compulsory) & Non Loanee Farmers (Voluntary) from Banks Branches(CBs & RRBs) to IA and DCCB's for PACS	15.01.2018(Loanee) & 07.01.2018 (Non-loanee)	15.03.2018 (Loanee) & 07.03.2018 (Non-loanee)
4.	Cut-off date for receipt of proposals of Non-loanee farmers covered on Voluntary basis from designated insurance agents to Insurance Companies	Within 7 days of receipt of proposals /premium	Within 7 days of receipt of proposals /premium
5	Cut-off date for receipt of consolidated declarations for Loanee (Compulsory) & Non-loanee Farmers (Voluntary) from respective DCCBs to respective IA	22.01.2018(Loanee) & 14.01.2018(Non-loanee)	22.03.2018(Loanee) & 14.03.2018(Non-loanee)
6	Cut –off date for Uploading of Soft copy of the details of individual insured farmers by Bank Branches/PACS & Intermediaries	15.01.2018	15.03.2018
6.	Cut-off date for Receipt of yield Data	31.07.2018 (Winter Paddy) and 31.12. 2018 (Banana & winter Tapioca)	15.09.2018 (Winter Paddy) and 30.04.2018 (Banana & winter Tapioca)
7.	Payment of claims based on yield data by designated insurance company	3weeks from receipt of yield data	3weeks from receipt of yield data

Roles of Insurance Companies

- Ensuring payment of bank service charges to banks @4% of the premium collected from banks.
- Providing monthly progress returns/ statistics/ information to State and Central Government.

- Endeavouring for 100% coverage of the loanee farmers through Banks/Financial Institution, etc.
- Facilitate the bank branches/ intermediaries/ agents to upload the details of insured farmers and beneficiaries with all requisite details on Crop Insurance portal well in time.
- Redressal of all Public Grievances within the time fixed by IRDAI. Provide toll free number where farmers can approach for redressals of grievance, intimate claims in case of localized calamity, seek information on coverage, etc.
- The coverage of loanee farmers should be carried out by insurance companies themselves, use of agents / brokers are not allowed.
- Claim processing and payment to Banks/Farmers within the prescribed timelines.
- Marketing and publicity of Scheme, Insurance company will ensure the marketing and publicity of the scheme and submit a report with photographs to State and Central Government.
- Distribution of Declaration form/proposal form to bank/financial institution branch/s.
- Submission of reports to State and Central Government.
- Awareness and publicity – extensive efforts to generate publicity and create awareness of PMFBY at grass-root levels / locations including bank branches. Also coordinate with the States and other agencies for awareness and publicity of the scheme.
- Other role & responsibilities as detailed in para XXIV.3 and XXV of OGs of PMFBY.

Roles and Responsibility of State Government

- Take suitable action for adoption of new technology for early loss assessment and better administration of scheme. Implementing CCE using handheld devices, recording coordinates photographs, etc.
- Issuance of necessary instructions to Regional Meteorological Centres of IMD and other government/ quasi government agencies for supplying weather data on real-time basis to insurance company.
- To undertake extensive awareness and publicity campaigns of Scheme amongst farming community through agriculture and extension Departments to maximize coverage of the farmers specially non-loanee farmers.

- Submission of yield data for all notified crops and insurance units to insurance companies in standard format within stipulated date.
- To furnish to the insurance companies the insurance unit wise area sown of insured crops within two months from the sowing period.
- Assist insurance companies for assessment of crop loss of individual insured farmers caused by localized perils and also assist in post-harvest losses.
- To undertake requisite number of CCE in the notified area.
- Allow insurance companies to co-observe and witness CCEs, and permit them to access various records including Form-2 / Table-B at grass root / district / state level used for recording data of CCEs by States. State shall strengthen audit process of conducting CCE with necessary checks and balances. Audio/Video recording of CCEs shall be implemented besides other process to ensure accuracy of CCE.
- IA should settle the claims (if any) within 3 weeks after receipt of yield data from State government.
- Any disputes related to PMFBY should be addressed to Principal Secretary, Department of Agriculture / cooperation of the State Govt.
- Awareness and publicity – extensive efforts to generate publicity and create awareness of PMFBY at grass-root levels / locations including bank branches. Also coordinate with the States and other agencies for awareness and publicity of the scheme.
- Other role & responsibilities as detailed in Para XXIV.2 of OGs of PMFBY.

Annexure-I

Date:

Format of financial bid

From

[insert Name & Address of the Bidder]

To

Dear Sir,

Sub: Financial Bid for Implementation of the PMFBY in Kerala State for the Rabi I & II 2017-18 Seasons.

With reference to your Tender Document dated (Insert Date) we, [insert name of Bidder], wish to submit our Financial Bid for the award of the Contract(s) for the implementation of the Pradhan Mantri Fasal Bima Yojna (PMFBY) in Kerala State, for Rabi I & II 2017-18 seasons.

1. We hereby submit our Financial Bid, which is unconditional and unqualified. We have examined the Tender Documents.
2. We acknowledge that the State Government will be relying on the information provided in the Financial Bid for evaluation and comparison of Financial Bids received from the designated / empanelled Insurance companies by DAC&FW for the award of the implementation of the PMFBY in the State. We certify that all information provided in the Financial Bid is true and best to the knowledge of the company.
3. We shall make available to the State Government any clarification it may find necessary or require to supplement or authenticate the facts & figures in Financial Bid.
4. We acknowledge and declare that the State Government is not obliged to return the Financial Bid or any part thereof or any information provided along with the Financial Bid, other than in accordance with the provisions set out in the Tender Documents.

5. We are quoting the following Premium rates district-wise crop-wise for the following clusters:

Cluster	District	Crop	Premium Rates (in % of Sum Insured)
Cluster 1	District-1	Crop-1	
		Crop-2	
		Crop-3	
	District-2	Crop-1	
		Crop-2	
		Crop-3	

Table is indicative .Please add districts and crops as per the cluster approach adopted by the State Government

[Note to Bidders: The Bidders are required to quote the Premium up to two decimal points.]

6. We acknowledge, confirm and undertake that we have an adequate reinsurance support to safeguard the interest of the farmers, State Government and Central Government
7. We agree and undertake to abide by all the terms and conditions of the Tender Document and OGS of PMFBY.
8. This Bid shall be governed by and construed in all respects according to the laws for the time being in force in India. The competent courts at State capital will have exclusive jurisdiction in the matter.

In witness thereof, we submit this Financial Bid under and in accordance with the terms of the Tender Documents.

Dated this [insert] day of [insert month], 2017

[signature]

In the capacity of

Chief Underwriting Officer

Duly authorized to sign this Bid for and on behalf of [name of Bidder]

Annexure-III

Bank Name _____ Invoice No. _____

Address of Bank _____ Date _____

PAN No.

Tin No.

To

Name of Insurance Company

Address of Insurance Company

Description	Rate Total	
Bank Service charges, for servicing the crop insurance scheme as per state Govt. notification no. _____ Dated _____ issued by the State Govt of _____	4% of the farmer share remitted to insurance company	
	Sub Total	
	Service Tax @ _____ %	
	Total due	

Service Tax Registration No. _____

Your invoice total in Rs. _____ only.

All payments may be transferred through NEFT in bank account No. _____

Name of the Bank _____ IFSC Code _____

If you have any questions concerning this invoice, contact phone _____

For _____ Bank

Authorized Signatory