

Pakistan Reinsurance Company Limited
Retrocession Department
PRE-QUALIFICATION OF BROKERS
MINUTES OF THE PRE-BID CONFERENCE MEETING HELD ON 10-04-2018

The Pre-bid meeting with respect to above noted subject matter was held at PRCL offices on 10-04-2018.

The list of participants is annexed as "A".

All the participants were requested to fill out the query forms for their concerns if any, which were then discussed with deliberation.

There were the following concerns raised in common:

By RMS

1. What in case during the currency of the agreement if any Local broker or Foreign broker wishes to change its partnership due to any reasons then how the performance bond/guarantee will be treated as the guarantee is filled by local representative?
2. What will be the execution parameters for performance bond encashment? Will it be exercisable in full or otherwise, where the account value for which the broker defaults is less than the value of the bond?
3. In case of a default of a broker will it be only a performance bond which should be exercised or may also make the default be penalized by way of debarment or blacklisting.
4. Will it be possible for any broker to participate with PRCL provided fulfillment of all the formalities of pre-qualification after deadline of pre-qualification i.e. 25th April 2018, this is because that the new brokers may be interested and some of them may be in process of affiliation with foreign partners.

By RMS/WILLIS/UIB/AON

5. Instead of calling for a performance bond, PRCL may consider professional indemnity as it may be more conveniently arranged, whereas the Pay order or demand drafts have the validity of around Six months only.
6. GST is not applicable for brokers.

By UIB/RMS

7. Since PRCL is the main beneficiary of the performance bond, therefore, there must be a set mechanism regarding TOBA (Terms of Business agreement) and the factors triggering the execution of bond, this also needs to be set ADR (Alternate Dispute Resolution) Party.
8. The revenue qualification of US\$ 500M will exclude many smaller specialist brokers who can provide excellent terms and niche technical positions, therefore, would recommend this to a minimum of say US\$ 100 M.

By RMS/AON

9. Does the performance bond need to be submitted on the 25th of April.

By FIB

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10. The minimum revenue requirement may be kept at US\$ 1 Billion instead of US\$ 500M.

By RMS /Willis /Unique

11. Details and market standing of the foreign affiliate firm/group /partner in abroad. What is exactly needed here?

PRCL team clarified the above concerns as follows:

- 1- During the currency of the contract if the guarantee is filled by local representative and if required change of his foreign partner the same will be re used for his new partner, however, for the foreign affiliate it will be necessary to align with any local representative and to furnish PRCL with its requisites.
- 2- It was conveyed that sum insured or value of the cover matters which is usually tens of millions of rupees or even dollars because in case of failure in placement of risk on the part of brokers this amount is at stake and not the premium quoted by the broker.
- 3- Depending upon the nature of the case the management of PRCL's reserve the right to decide.
- 4- Since, PRCL aims to promote competition and if any interested broker after deadline of pre-qualification showed its interest with fulfillment of all requisite formalities the PRCL's management shall decide whether to allow or otherwise based on the situation at time.
- 5- It is resolved that the interested participants shall submit the performance bond as required in the pre-qualification document, Rs. 5M amount will be deposited in PRCL bank account as trust / security, incase if provided through pay order /demand draft / cheque. The amount will be returned on conclusion of the contract period or on receipt of application for de-listing from panel, the amount will be payback /returned within 15 days. The question of expiry of validity date of the instrument therefore does not arise.
- 6- It was agreed that the participants shall provide NTN number only.
- 7- It is conveyed that the factors triggering the execution of the bond were duly mentioned in the copy of performance bond , further the matter purely relate with PRCL and its procurement therefore , PRCL is authorized to decide based on the situation of the case.
- 8- PRCL aims to provide all the potential participants fair and equal opportunity therefore, it has kept the revenue requirement on average side i.e. at US \$ 500 Million neither too high nor too low.
- 9- Yes on the same day.
- 10- Already explained at point 7 above.
- 11- It was conveyed by PRCL team that by market standing of the firm PRCL required its ranking status if any in the world's largest insurance /reinsurance brokers listing along with any market share for any particular type of class of business like Facultative or Treaty etc.

The meeting ended with vote of thanks.
