



STATE LIFE
INSURANCE CORPORATION OF PAKISTAN

BIDDING DOCUMENT

For

Cash Management System (CMS)

State Life Insurance Corporation of Pakistan
(SLIC) - Collections

APRIL - 2017

INFORMATION MEMORANDUM

(Cash Management System)

STATE LIFE INSURANCE CORPORATION OF PAKISTAN (SLIC)

State Life Insurance Corporation of Pakistan (SLIC), engaged in life insurance business intends to hire services of banks / branch less banking institutions for cash management system. The intended cash management system by SLIC refers to **cash collection** by the bank / branch-less banking institutions from the policyholders of the SLIC.

SLIC has more than five million policyholders across Pakistan, out of which 60% belong to rural areas. Yearly premium ranges from few thousand to millions of rupees. However, average premium per policyholders comes to Rs.18000/- per annum approximately.

As many of SLIC's policyholders are illiterate or less educated, hence responsibility of filling of deposit slips or other papers, at the time of depositing the premium, cannot be put upon their shoulders. We expect from the bidder to make its system intelligent enough to generate deposit slips automatically upon punching of policy number. In case of Branch-less banking, generation of customized receipt will be expected from branch-less banking institution.

SLIC will provide its soft data to the successful bidder on monthly basis, so that collection through the system of the bidder can be made early and without interruption.

The unique ID of each policyholders of SLIC is policy number. It is 10 digit number having several codes, including the identification of Zonal code. As SLIC is working on de-centralized model hence SLIC expects from the bidder to generate reconciled MIS of collection on the basis of Zonal codes.

Approximately 20% of the collection is based on cheques. In order to exercise proper control, on cheque based deposit, SLIC expects separate reconciled MIS from the bank having details of:

- **Total number of cheques deposited**
- **Total number of cheques cleared**
- **Total number of cheques dishonored**
- **Total number of cheques outstanding**
- **Total number of local & outstation cheques.**

This MIS should also be segregated on Zonal codes.

At present SLIC has about 32 individual life Zones, which may increase in future. Each Zone has three disbursement accounts and two collection accounts. In envisaged cash management system, SLIC requires to feed one collection account of each zone in the morning of each day and its sweeping at every evening.

The swept amount will be parked in the daily product universal accounts opened with the bank. Certain limit of this account will also be fixed with mutual consent. Funds over & above the limit will finally be transferred to our investment account.

SLIC expects charges free banking, however, bidders may propose their own solutions.

Being leader in Life insurance business, SLIC has great concern regarding secrecy and sanctity of the data provided to the bidder. The convincing assurance in the matter will be considered focal and major qualifying point for the bidders. A non-disclosure agreement (NDA) in this regard will have to be signed by the successful bidder.

Summary

S. No.	Events	Schedule Date & Time	References
1.	TORs		Ref. Para 2 Page No.5
2.	Mandatory Criteria		Ref. Para 3 Page No.8.
3.	General Terms & Conditions		Ref. Para 5 Page No.11.
4.	Pre – bid meeting	09-05-2017 02:00 P.M	Ref. Para 6 Page No.12.
5.	Last date of submission of bid.	17-05-2017 11:00 A.M	Ref. Para 7 (e) Page No. 12.
6.	Date of opening of bid.	17-05-2017 11:30 A.M.	Ref. Para 7 (f) Page No. 12.
7.	Bid security	2%. Calculation as given in the form F-1,F-2, and F-3.	Ref. Para 4(e) Page No. 10 Page No.16,17,18.
8.	Special attention	Bidder should use either Form F-1, or F-2 or F-3. SLIC collection will be deposited to SLIC investment A/C on day of Collection.	Ref. Para 4(d) Page No.10. Ref. Para 4(k) Page No.10
9.	Undertaking (Form – A) To be filled and signed by Bidder		Page No. 14.
10.	Technical Data Form (Form – T) To be filled and signed by Bidder		Page No. 15.
11.	Financial Bid Form (F-1) For quoting per transaction charge. (F-2) For quoting sum of rupees (Reserve to be kept by bidder. (F-3) For quoting per transaction charge plus Reserve to be kept by the bidder.		Page No. 16. Page No. 17. Page No. 18

About us:

State Life Insurance Corporation of Pakistan (SLIC) is a fully Federal Government owned Corporation established under Life Insurance Nationalization Order 1972. It is the largest life insurance provider in Pakistan having offices at more than 400 locations in Pakistan (including area offices). Being industry leader it has a massive collection of fresh & renewal premium (approximately 60 Billion Rupees per annum). In order to provide door-step premium paying facility to its policyholders, the Corporation intends to enter into Cash management arrangement with some reputed bank / branch less banking institution.

Initially SLIC is interested to start the Cash Management Services through bank/branch-less banking institutions for one year, commencing immediately after the completion of bidding process, in two major cities i.e. Karachi and Lahore as a pilot project. After successful operation of pilot project the services of the successful institution will be expanded across Pakistan.

This document is being prepared in order to acquire services for Setting up and managing the Renewal Premium Collection Solution for handling the collection of renewal premium on behalf of **STATE LIFE**.

Envisaged system requires the bidder to provide collection services to the policyholders of SLIC under given TORs.

Interested Banks/Branch-less banking institutions (Bidders) are required to submit their proposals on the basis of the guidelines given in the following paragraphs.

2. Term of Reference (TOR):

- i. Opening a universal non chequing collection account in the name of State Life Insurance Corporation of Pakistan, and making its access to all branches/outlets of the successful bidder across Pakistan for crediting of the premium collected on behalf of the Corporation.
- ii. Making arrangements of receiving the data from SLIC and uploading the same to the system of bidder with the collaboration of IT team of SLIC.
- iii. Developing software in bidder's own system so that late fees of late depositors can be calculated by system on day to day basis. The formula will be provided by SLIC but its operations will be performed by the system of the successful bidder.

- iv. Developing customized, bilingual (Urdu & English) system based, deposit slip which serve the purpose of receipt for the policyholder of SLIC and be utilized as deposit slip by the successful bidder. Design and contents of such deposit slip will be finalized / approved by the designated officials of SLIC.
- v. Providing facility of depositing the premium (including the generation of system based deposit slip) at each and every branch / outlet of the successful bidder whether situated in urban or rural areas.
- vi. Arranging customized, real time view of transactions at each Zonal location in a manner, so that Zone can visualize the transactions pertaining to it while Principal Office can view all transactions on real time basis. (The data shared by SLIC will specify the Zonal codes).
- vii. Making the sequence of CMS in a way that the collection record, including SLIC bank account should be updated after each and every transaction.
- viii. Arrangements shall be made to show the policy numbers (the unique ID of SLIC) against each credit made to SLIC universal account.
- ix. Developing and sending customized MIS report of daily deposits, and segregating on the basis of:
 - Zones.
 - Region.
 - Pan Pakistan

Such MIS reports should be fully reconciled with total deposit of the day.

- x. Developing separate MIS report for cheques deposited with different branches of the successful bidder. The MIS report should cover following areas:
 - Total cheque deposited
 - Cheque cleared.
 - Cheque Dishonoured.
 - Cheque outstanding.

Such MIS reports should be fully reconciled on the basis of:

- Zones.
- Region.
- Pan Pakistan

- xi. Arranging to send back the dishonoured cheques to respective Zone through few (not more than 6) designated branches / outlets of the bidder, in the territory of the Regional Offices of SLIC within a week.
- xii. MIS reports (discussed in Para 2(ix),2(x) and 2(xi) above) preferably be made available on-line, or be passed-on to respective locations (all Zonal addresses and P.O. address) at the end of each day, electronically.
- xiii. Showing bank branch / outlet ID on the bank statement against each transaction. This will facilitate the bidder and SLIC when some transaction needs to be traced out for any reason.
- xiv. Provision be made in the system of the successful bidder to install/upload fresh data in the start of each month after off-loading the previous data.
- xv. Furnishing Management Information Reports on daily basis and also on monthly basis. The reports shall be furnished in mutually agreed formats including soft copies of the reports.
- xvi. Opening about 300 to 400 chequing and non chequing accounts in the name of SLIC in different cities of Pakistan (at SLIC Zonal locations) specially in case, when relationship between SLIC and bidder is new and there exist no or very few accounts of SLIC with the bidder.
- xvii. Arranging inter-transfer of funds to and from different accounts of SLIC, as per standing instructions as well as instruction passed-on from time to time.
- xviii. Ensuring the confidentiality of data provided by SLIC.
- xix. Nominating a Senior Executive supported by competent team to provide all services mentioned in TOR, for effective co-ordination and attending to the requirements informed from time to time by SLIC.
- xx. Issuance of customized cheque books on continuous paper / book-let form (as per requirement of SLIC).
- xxi. If SLIC maintains its investment account with a bank other than the successful bidder, transferring the funds, without any additional cost to SLIC investment account as per instructions of SLIC through RTGS or any other electronic way, will be the responsibility of the bidder.
- xxii. Feeding one collection account of each Zone, Collection center in the morning of each day and sweeping the surplus on every evening. The disbursement accounts of Zones and collection centers will be linked with fed collection account for meeting the fund disbursement requirements.

3. **Mandatory Qualification Criteria:**

i. For Local and Foreign Banks:

- Minimum “A” Rating by PACRA / JCR-VIS Credit Rating Co. Ltd ./ S&P / Moody’s.
- Minimum 300 on-line branches country wide with at least 20% in rural areas.
- The bidder’s financial statements for the years 2016, 2015, and 2014 must be showing profits.
- Deposit base should be at least Rs. 200 Billion.
- The bidder must have an experience of 5 years in Cash Management with reputed Organizations.
- Bidder should enclose bid security at least 2% as described at Para 4(e)
- Submission of an undertaking as per specimen attached (Form-A)

ii. For Branchless Banking Institutions:

- Minimum “A” Rating of associated bank by PACRA / JCR-VIS Credit Rating Co. Ltd ./ S&P / Moody’s.
- Minimum 30,000 outlets country wide.
- The bidder’s financial statements for the years 2016, 2015, and 2014 must be showing profits.
- Deposit base of associated bank should be at least Rs. 100 Billion.
- The bidder must have an experience of 5 years in Cash Management with reputed Organizations.
- Bidder should enclose bid security at least 2% as described at Para 4(e).
- Submission of an undertaking as per specimen attached (Form-A)

4. Financial Bid:

- a. Financial Bid can be given on the basis of :
- i. Per transaction charge basis
(Transaction base Model) (use form F-1)
or
 - ii. "x" sum of rupees to be kept by bank
for whole year. **(Reserve base Model)** - (use form F-2)
or
 - iii. On the basis combination of (i) and (ii) as
above**(Hybrid Model)**- (use form F-3)
- b. For the purpose of comparison among different bidders the bid under 4(a) (ii) and 4(a) (iii) will be converted to per transaction charges. For such conversion, the number of transactions on pan Pakistan basis will be taken as 1,300,000 and KIBOR of 12th April, 2017 (i.e 6.47 %) will be taken as effective rate of conversion.

Example:

- i. ABC Bank quoted Rs.2 per transaction. (Bank used Form F-1)
- ii. DEF Bank quoted No per transaction charges but a reserve of Rs.50 (Million) will be kept by Bank for whole year. (Bank used Form F-2)
- iii. GHJ Bank quoted Re.1 per transaction charges and a reserve of Rs.20 (Million) will also be kept by bank. (Bank used Form F-3)

The per transaction charges for the comparison purpose will be calculated as narrated below:

Solution

- i. For ABC Bank:
No conversion is needed, as per transaction charges of Rs.2/- has already been quoted.
- ii. For DEF Bank:
Per transaction charges = Rs. 50 (M) x KIBOR (6.47%) / 1,300,000 transaction.
= Rs.2.48
- iii. For GHJ Bank:
Per transaction charges = Re.1+20(M) x KIBOR (6.47%) / 1,300,000 transaction.
= Rs.1.99

In these three examples GHJ bank with Rs.1.99/=Per transaction charges has been found lowest.

- c. While quoting the financial bid, ***bidder should consider the pan Pakistan operations.*** For pilot project no separate quotation are needed. For pilot project the quantum of reserves, if quoted by successful bidder will be calculated on the basis of number of expected transactions during the pilot project i.e. 500,000 transactions and KIBOR of 12th April, 2017 (i.e 6.47 %) will be taken as effective rate of conversion.
- d. Bidders should use only one form F-1 or F-2 or F-3 for quoting their financial bids.
- If bidder will use more than one form, SLIC will choose one, which will suit it most.***
- e. In each form calculation of 2% bid security has been given. Bidder should enclose DD/Banker's cheque in favor of SLIC, equal to or higher amount as bid security, as calculated in the form F-1, F-2 or F-3.
- f. For the purpose of calculation of bid security KIBOR @ 6.47% has been applied in form F-2 & F-3.
- g. The bids should be in legible writing both in figure and words.
- h. In case of discrepancy between words and figures, rate quoted in words will be final and binding.
- i. The sum quoted in 4(a) above will be considered full and final charges quoted for all provisions. No further charges on account of transfer of fund, cheque book, bank statement or any other would be applicable by the bank /branch-less banking institutions.
- j. SLIC will not allow debiting its A/c. on account of any charges what so ever, other than specified in 4(a).
- k. Bidders may use Transaction based model, (Form-A), Reserve model (Form-B) or Hybrid model (Form-C). ***It will be presumed that bidders will transfer the funds (Collections) to SLIC investment account as per Standing instructions of SLIC on the day of collection. Bidders requiring float may adjust their quotations (rate/reserve) prior to submitting the bid accordingly.*** After the award of work, accumulation of funds beyond agreed limit will be dealt with as per Para 5(i)
- l. In case of tie between two or more bidders, the decision will be taken on the basis of the number of on-line branches/outlets i.e. the bidder having more number of on-line branches/outlets will be declared successful.

5. **General Term and Conditions:**

- a. Initially the agreement will be for one year from the date of award of work on existing terms and conditions.
- b. The agreement will be extendable for further four years upon the provision of satisfactory services by the successful bidder.
- c. The extension in agreement period will strictly be made on the basis of quoted (converted) per transaction charges. Expected number of transactions in upcoming (new) year will be calculated on the basis of formula given in 5(d)
- d. $\text{No. of transaction in upcoming (new) year} = \text{No. of actual transactions in previous year} \times 110\%$
- e. Equation between number of Bank branches and number of outlets of branch-less banking institutions will be made on the basis of 300 : 30,000
- f. After awarding the work to successful bidder, the operation will be started within 15 days. If successful bidder has opted Reserve model 4(a) (ii) or Hybrid model 4(a) (iii), the quantum of reserve will be provided by SLIC after 30 days of satisfactory performance on the part of the successful bidder.
- g. SLIC will continue to operate its collection counters parallel to the bidder; however, SLIC will encourage the bidder to increase its share of collection by providing prompt and better services to the clients of SLIC.
- h. If SLIC maintains its investment account with a bank other than the successful bidder, transferring the funds, without any additional cost to SLIC investment account /as per instructions of SLIC through RTGS or other electronic mode, will be the responsibility of the bidder.
- i. **Accumulation of funds beyond agreed limit will be subject to penalty upon the bidder with 12-M KIBOR rate (offer) for the day(s) of default.**
- j. Incomplete and conditional bids will be rejected ab-initio.
- k. Bidder may fill in the blanks at form A, T, F-1, F-2, F-3. Any addition/deletion to any form (Form A,T, F-1, F-2 or F-3) will be treated as imposition of condition, and will be subject to rejection/disqualification of bid ab-initio.
- l. Bidders having consortium agreement must attach the NOC for consortium agreement with Form-A (open/unsealed).

6. **Pre - Bid Meeting:**

In order to clarify / respond different queries of prospective bidders, a meeting has been arranged by SLIC on 9th May, 2017 at 02:00 PM in Board Room, 3rd Floor, State Life Building No.9, Principal Office, Dr. Ziauddin Ahmed Road, Karachi.

Prospective bidders are welcomed to attend the said meeting for having more clarification about the bidding process, TORs etc.

7. **Procedure for Submission of Bid & Successful Bidder:**

- a. Bidder should submit their proposal in one sealed envelope along with open/unsealed cover undertaking as per format given in the bidding documents.(Form – A).
- b. **Proposal will be valid for 180 Days from the date of opening of Bid i.e 17th May, 2017.**
- c. Bidder should provide necessary documentation and attachments along with the proposal supporting the qualification criteria (Technical Bid).
- d. Bidder should enclose the bid security as calculated in form F-1,F-2 or F-3 and discussed in 4(c).
- e. Sealed bid shall be dropped in tender box placed at under mentioned address up to 11:00 AM on **17th May, 2017:**

Office of the:
Chief Financial Officer
F&A Division, Principal Office
4thFloor, State Life Building No.9
Dr. Ziauddin Ahmed Road,
Karachi. (Pakistan)
Ph: 99202863 , 99204575

- f. Sealed bids shall be opened at 11:30 AM on 17th May 2017 in the office of CFO at the address given in 7(e) above in the presence of available representatives of the bidders.
 - g. Subject to meeting of criteria at Para 3, the bidder with lowest per transaction charges will be declared as successful bidder. In case of tie, the decision of successful bidder will be made as per clause 4(l).
8. **SLIC reserves the right to cancel the bid** at any time prior to acceptance of bid as per PPRA rules.

9. **Termination of Agreement for Convenience:** Subsequent to signing of agreement both the parties (SLIC and respective bidder) will have right to terminate agreement without assigning any reason with 90 days notice.

10. **For Further Information please Contact:**

Office of the:

Chief Financial Officer
Finance & Accounts Division,
Principal Office, 4th Floor,
State Life Building No. 9
Dr. Ziauddin Ahmed Road,
Karachi. (Pakistan).
Ph: 99202863 , 99204575

11. **Yearly Collection during Pilot Project:**

Total per year collection of SLIC (In Karachi & Lahore) for its Renewal Premium is over 19 Billion Rupees. SLIC will encourage the bidder to maximize the share of collection by providing the prompt and better services to the policyholders / clients of SLIC.

12. **Yearly Collection on Pan Pakistan Basis:**

The Renewal Premium Collection of SLIC on pan Pakistan basis is over 57 Billion Rupees per year. This collection will be expected to increase by 10% on yearly basis.

13. **Yearly Number of Transactions (Renewal Premium):**

Yearly number of transactions (Renewal Premium) is over 3,000,000. Since SLIC will continue to operate its own cash counters parallel to the bidder, it is estimated that about 1,300,000 transactions will shift to the bidder in the first year of Cash Management System with bidder.

Form - A

To be submitted un-sealed/open on Bond paper of Rs.100/- by Bidder.

Undertaking

We M/s _____ undertake that:

1. The TORs, General conditions and other papers given in Bidding documents are fully understood and we have all the expertise to carry out the functions as defined in the Bidding documents.
2. Countrywide our total number of branches / outlets are _____ out of which _____ % are in rural areas.
3. The credit Rating “_____” has been assigned to us by _____.
4. We have deposits of Rs _____ as per last financial statements dated _____.
5. An experience of _____ years of Cash Management with reputed companies is at our credit.
6. We declared Rs. _____, Rs. _____ and Rs. _____ profit in the year 2016, 2015 and 2014 respectively.
7. The quoted Bid is valid for 180 days.
8. The DD/Banker’s cheque on A/C of Bid Security is enclosed in sealed Bid.
9. The sealed Bid is complete and un-conditional.
10. We are meeting the mandatory qualification criteria as given at Para (3) of bidding documents.
11. The statement given above are true and we have enclosed the proofs there-of in the sealed Bid.
12. If statement given above was found incorrect /false/wrong, SLIC has all the rights to reject our Bid even if it was found lowest. Such rejection will be viewed as if, our Bid was not participating in the Bidding process.

Authorized Signature
Seal / Stamp

Dated _____

Technical Data of Bidder

S. No.	Particulars	Details	Proof given in bid at:
1.	Name of Bank / Branch-less institute		Page No.
2.	Head Office Address.		Page No.
3.	Credit Rating (Last)		Page No.
4.	Deposits as at 31.12.2016	Rs. _____	Page No.
5.	Profitability during last three years.	2016 2015 2014 ____ ____ ____	Page No.
6.	Number of on-line Branches/outlets Country Wide.		Page No.
7.	Number on-line Branches/outlets in Rural Areas.		Page No.
8.	Experience of Cash Management with reputed Organizations.		Page No.
9.	Assurance regarding secrecy of data (NDA). Agreed/not agreed ?		Page No.

- ***Bidder must attach supporting papers corroborating the information given from Serial No.1 to 9.***
- ***Bidder should give page numbers to bidding document and mention the page numbers at specified place (above).***

Per Transaction Model

To be used by Bidders quoting the financial bid, on the basis of per transaction charges.

(i). Per transaction charges.

It includes all charges mentioned in TOR including fund transfer charges, cheque book charges, bank statement charges etc.

Amount in Figure	Amount in Words

(ii). Minimum Bid security under “per transaction model”.

= 2% of (Rs.....
per transaction charges x 1,300,000
transactions in a year).
= Rs.....

Authorized Signature with Seal

Reserve Model

To be filled by the bidders quoting the bid on the basis of “x” sum of rupees of SLIC to be kept by bidder for whole year.

(i). Sum of Rupees to be kept by bidder.

It includes all charges mentioned in TOR including fund transfer charges, cheque book charges, bank statement charges etc.

Amount in Figure	Amount in Words



(ii). Minimum bid security under Reserve Model.

= 2% of (Rs..... sum of Rupees to be kept by bidder for whole year x 6.47%).

= Rs.....

Authorized Signature with Seal

Hybrid Model

To be filled by the bidders quoting the bid on the basis of

- a. Per transaction charges Plus
- b. “x” sum of rupees of SLIC to be kept by Bidder for whole year.

- (i). Per transaction charges
- (ii). Sum of Rupees to be kept by bidder

Amount in Figure	Amount in Words

The charges quoted above in (i) and (ii) include all charges mentioned in TOR including fund transfer charges, cheque book charges bank statement charges etc.

- (iii). Minimum Bid security under hybrid model = 2% of (Rs..... per transaction charges x 1,300,000 transactions + sum of Rupees to be kept by bidder x 6.47%).
= Rs.....

Authorized Signature with Seal