

## 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 Kharif 2019 and Rabi I & II 2019-20 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 Kharif 2019 and Rabi I & II 2019-20 seasons.
2. The Revised 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.

During Kharif 2019 and Rabi I & II 2019-20 seasons, the PMFBY will be implemented in all the 14 districts of State of Kerala for Banana and Tapioca(Atumun) crops raised during Kharif Season , 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 Kharif (Autumn) Paddy ,Rabi I (Winter) Paddy and Rabi II (Summer Paddy) 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.

3. For the bidding purpose all the 14 districts where these crops identified are to be notified under PMFBY are grouped into a single cluster for both the Seasons.
4. The empaneled bidders shall submit their tenders separately for PMFBY Kharif 2019 & Rabi I & II 2019-20 Seasons
5. The Bid/Tender documents can be downloaded from the Departmental Website [www.keralaagriculture.gov.in](http://www.keralaagriculture.gov.in). The hard copy of Tender in separate sealed covers for PMFBY Kharif 2019 & Rabi I & II 2019-20 Seasons should reach Directorate of Agriculture Development and Farmers’ Welfare, Vikas Bhavan, Thiruvananthapuram-695033 (**TR Section**) on or before **25/04/2019 up to 10.30 am**. Date of time of Bid opening is 25/04/19 at 11.00 am at Chamber of Director of Agriculture.

#### **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/germination due to deficit rainfall or adverse seasonal/weather 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.
- 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/small bundled condition in the field after harvesting against specific perils of Hailstorm, 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 , Inundation , Cloud burst and Natural fire due to lightening 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. The provision shall override any decision taken by FI's including PACS exempting farmers from compulsory coverage of loanee farmers

**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/CSCs/ Insurance Companies /Online/ their designated agents.

#### **Exclusions**

**General exclusions:-** Losses arising out of war and nuclear risks, malicious damage and other preventable risks (refer 5.1.6 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 7.1.4 of OGs of PMFBY for more details ). In Kerala there is only One cluster and in case any company does not quote for one or more notified crops in various districts within the cluster the bid will be

rejected.

The insurance company quoting Lowest weighted premium rate in the cluster would be declared as L-1 and will implement PMFBY for both loanee and non-loanee farmers. L1 bidder will not be allowed to withdraw their bid after opening of bids/allotment of work. If L1 bidder withdraws then financial loss, if any, to the State Govt due to retendering/assignment of work to others, due to increase in actuarial premium rate from previously declared L1 rate, shall be recovered from the withdrawing L1 bidder.

### **Premium Rate and Subsidy:**

All farmers (loanee or non-loanee) enrolled under PMFBY would be entitled for subsidy on the premium. 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. (refer 13.2.1 of OGs of PMFBY) Farmers will have to pay maximum 2% of the Sum Insured or actuarial premium rate, whichever is lower, for Food Crops (all Cereals & Pulses) and oil seeds ie in Kerala for Kharif (Autumn) Paddy and maximum 5% of Sum Insured or actuarial premium rate, whichever is lower, for Commercial/ Horticulture Crops (applicable for Banana & Tapioca during Kharif 2019 & Rabi I 2019-20 Seasons, Plantain and Tapioca during Rabi II 2019-20 Season) The farmers Premium for Food Crops (all Cereals & Pulses) and oil seeds (ie in Kerala for Rabi I (Winter) & Rabi II (Summer) Paddy is 1.5%. 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.

Govt, both Centre & State, will release their share of advance subsidy (First Instalment) equivalent to 50% of 80% of their respective share of subsidy in corresponding previous season (refer 13.2.3 of OGs of PMFBY)

**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 Kharif, Annexure-II (2) Rabi I and Annexure-II (3) for Rabi II.**

### **Claim liability:**

Insurance Company shall take all necessary steps to take appropriate reinsurance cover for their portfolio in order to safeguard insured's interest. In case premium to claim ratio exceeds 1:3.5 or percentage of claims to Sum Insured exceeds 35% whichever is higher at the National Level in a Crop Season, then Govt will provide protection to insurance companies.

### **Bank Services Charges:**

Bank and other financial institutions etc. 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.( refer 27.1.1 of OGs of PMFBY ) Banks may submit their invoice in the format prescribed as **Annexure -IV**

Common Service Centres shall be paid service charges by Insurance Companies, as decided by GoI , per farmer application form successfully submitted by them ( refer 27.2.1 of OGs of PMFBY)

Engagement of Common Service Centres (CSCs) & Intermediaries for coverage of Non-Loanee Farmers:

1.CSCs under Ministry of Electronics & Information Technology have been engaged to enrol non-loanee farmers. The insurance companies are required to enter into a separate agreement with CSC and pay service charges as fixed by DAC & FW ,GOI per farmer per village per Season(refer item no 8 & its subclauses of OGs of PMFBY)

Empanelled Insurance Companies have to necessarily register on the portal and submit list and details of agents/intermediaries engaged for enrolment on non-loanee farmers in the beginning of each Season within 10 days of award of work in the State.

### **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 **Kharif (Autumn ) Paddy, Rabi I (Winter )Paddy ,Rabi II (Summer) Paddy, Banana(Kharif & Rabi I) and Plantain(Rabi II). Tapioca (Kharif &Rabi I & 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–III (1,2,3,4,5,6) for Kharif (Autumn) Paddy, Rabi I(Winter), Rabi II (Summer) Paddy, Banana (Kharif), Banana (Rabi I ) , Plantain(Rabi II) , Tapioca ( Kharif ,Rabi I & Rabi II ) 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.

### **Calculation & Notification of Threshold yield (TY) :**

For calculating of Threshold Yield , historical average yield of best five out of last seven year shall be considered . The Historical Yield Data & the Threshold Yield on which claim is to be calculated is as per **Annexure-V** for Kharif (Autumn) Paddy .For the rest of the Crops since the Yield data has not been received the TY would be declared subsequently.

**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.

**Intimation for loss assessment under Post- Harvest Losses:-** Intimation may be given within 72 hours (as mentioned in item 21.4.3.1 of OGs of PMFBY ) by the farmers to Insurance Company/State Govt./Concerned Bank/Toll free number.

**Intimation for loss assessment under Localized Risks:-** Immediate Intimation by the farmers within 72 hours (as mentioned in item 21.5.4.1 of OGs of PMFBY) to Insurance Company/State Govt./Concerned Bank/Toll Free number.

**Seasonality discipline:**

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

**Seasonality Discipline and various Cut –Off dates under PMFBY Kharif 2019 Season**

Sl. No.	Activities	Time lines
		Kharif 2019 Season
1.	Loaning Period (for Loanee farmers covered on compulsory basis)	Upto 31 <sup>st</sup> July,2019
2.	Cut-off date for Receipt of Proposals of farmers (Non-loanee) & Debit of premium from farmers account(loanee & non-loanee)	31.07.2019
3.	Cut-off date for receipt of consolidated declarations /coverage details & RTGS Transfer farmer's Premium for Loanee (Compulsory) & Non Loanee Farmers (Voluntary) from Banks Branches(CBs & RRBs) directly to Implementing Insurance Company and also from PAC's to their respective DCB HO's	16.08.2019 (Loanee) & 07.08.2019 (Non-loanee)

4.	Cut-off date for receipt of consolidated declarations /coverage details & remittance of farmer's Premium for Loanee (Compulsory) & Non Loanee Farmers (Voluntary) from respective DCB HO's to implementing Insurance Company	23.08.2019 (Loanee) & 14.08.2019 (Non-loanee)
5	Cut-off date for receipt of proposals of Non-loanee farmers covered on Voluntary basis from designated insurance intermediaries/agents to implementing Insurance Company	Within 7 days of receipt of proposal/premium
6	Cut-off date for entry of coverage details of individual insured farmers in MoA Crop Insurance Portal by Commercial Bank Branches/RRB's/PACS/DCB's & intermediaries	16.08.2019
7	Cut-off date for Receipt of yield Data	15.12.2019 (Paddy) 15.07.2020 (Banana & Tapioca)
8	Payment of claims based on yield data	Three weeks from receipt of yield data

**Seasonality Discipline and various Cut –Off dates under PMFBY Rabi 2019-20 Season**

Sl. No.	Activities	Time lines	
		Rabi I season	Rabi II season
1.	Loaning Period (for Loanee farmers covered on compulsory basis)	Upto 31.12.2019	Upto 28.02.2020
2.	Cut-off date for Receipt of Proposals of farmers (Non-loanee)/Debit of premium from farmers account(loanee & non-loanee)	31.12.2019	28.02.2020
3.	Cut-off date for receipt of consolidated declarations /coverage details & RTGS Transfer farmer's Premium for Loanee (Compulsory) & Non Loanee Farmers (Voluntary) from Banks Branches(CBs & RRBs) directly to Implementing Insurance Company	15.01.2020(Loan ee) & 07.01.2020 (Non-loanee)	15.03.2020(Loan ee) & 07.03.2020 (Non-loanee)

	and also from PAC's to their respective DCB HO's		
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 /coverage details & remittance of farmer's Premium for Loanee (Compulsory) & Non Loanee Farmers (Voluntary) from respective DCB HO's to implementing Insurance Company	22.01.2020(Loanee) & 14.01.2020(Non-loanee)	22.03.2020(Loanee) & 14.03.2020(Non-loanee)
6	Cut-off date for entry of coverage details of individual insured farmers in MoA Crop Insurance Portal by Commercial Bank Branches/RRB's/PACS/DCB's & intermediaries	15.01.2020	15.03.2020
7.	Cut-off date for Receipt of yield Data	31.07.2020 (Winter Paddy) and 31.12. 2020 (Banana & winter Tapioca)	15.09.2020 (Summer Paddy) and 30.04.2021 (Banana & winter Tapioca)
8.	Payment of claims based on yield data by designated insurance company	3weeks from receipt of yield data	3weeks from receipt of yield data

## Responsibilities of Various Agencies

### 1. Central Government

a) Support and Co-ordination with the State/UT Govts for implementation of PMFBY including its awareness and publicity and issue of necessary instructions/guidelines from time to time for smooth and effective implementation.

b) Other role & responsibilities are same as detailed in items 35.1 and all its subclauses OGs of PMFBY.

## **2. State / UT Governments**

a) The composition of SLCCCI may be strengthened suitably from time to time to give representation to all the concerned participants including farmers in the implementation of the Scheme

b) Release advance Premium Subsidy equivalent to 50% of 80% of corresponding previous Season within 15 days of enrolment Cut -Off Dates

c) To issue notification for Prevented/Failed Sowing , On Account payment as per Scheme Guidelines, if need arise

d) Shall work out appropriate plan and conduct awareness and publicity on an on going basis and ear mark separate annual budget for the same

e) Other role & responsibilities are same as per clauses of item No 35.2 of OGs of PMFBY.

## **3. Insurance Companies (IA)**

a) Insurance Companies to liaise with State Govts and Agencies/Institutions/Committees involved in implementation of PMFBY

b) Claims processing, finalization and payment of the claims within 45 days of receipt of weather data subject to receipt of Government subsidy.

c) Underwriting responsibilities for processing and acceptance of risks

d) Other role & responsibilities are same as per items 35.4 and all its clauses of OGs of PMFBY.

## **4. Financial Institutions/Banks**

Lead Bank/Administrative Office of Commercial Bank,DCCBs RRB's

a) Communicate Notification, as well as other directives, guidelines etc to all agencies within their jurisdictional area

b) Ensure that all agencies within their jurisdictional area sanction additional loan component to loanee farmers towards premium payable by them

c) Ensure that all farmers sanctioned crop loans/SAO Loans/KCC loan for notified



crops are compulsorily insured and the conditions stated in the OGs of the Scheme have been complied with.

d) Other role & responsibilities are same as detailed as per item 35.5.2.1 of OGs of PMFBY.

**5.Lending Banks / RFIs** :Refer items 35.5.3 and its subclauses of OGs of PMFBY.

**6.Designated Insurance agents** : Refer items 35.8 and its subclauses of OGs of PMFBY.

**7. Loanee farmers** : Refer items 35.9 and its subclauses of OGs of PMFBY.

**8. Non-Loanee farmers** : Refer items 35.10 and its subclauses of OGs of PMFBY.

**9. Common Service Centre-Special Purpose Vehicle & Common Service Centres(VLEs)** : Refer items 35.6 & 35.7 and its subclauses of OGs of PMFBY.

### **Annexure-I**

Date:

**Format of financial bid**

From

[insert Name & Address of the Bidder]

To

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Dear Sir,

**Sub: Financial Bid for Implementation of the PMFBY in Kerala State for the Kharif 2019 and Rabi I & II 2019-20 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 Kharif 2019 & Rabi I & II 2019-20 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:

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

		Crop-3	
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***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]*, 2019

*[signature]*

In the capacity of

Chief Underwriting Officer

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