



STATE BANK OF PAKISTAN
SBP Banking Services Corporation
General Services Department
Head Office

No.GSD (Proc.II)/ 4060 / GTA/2014

27
June 26, 2014

Mr. Sohail Muzaffar
Chairman
Transparency International-Pakistan
5-C, 2nd Floor, Khayaban-e-Itehad
Phase VII, Defence Housing Authority
Karachi

Dear Sir,

**State Life Insurance Corporation of Pakistan Complaint against
SBP in Procurement of Services of Insurance Company for providing
Group Term Assurance (GTA) for State Bank Employees**

Please refer to your letter dated June 9, 2014 on the captioned subject addressed to Governor State Bank of Pakistan.

It is mentioned that the procurement under reference was conducted under Rule 36(b) of PPR-2004 "**Single Stage- Two Envelopes Procedure**" and all prospective bidders were invited to participate in the bidding process.

In compliance to Rule 23 of PPR-2004 unambiguous bidding documents were made available to all the prospective bidders immediately after publication of the RFP. The bidding documents comprised of all the prerequisites i.e. Request for Proposal, Instruction to Bidders, Form of Bid, Qualification / Minimum Eligibility Criteria and Bid Evaluation Criteria.

It is pertinent to mention here that the Evaluation Criteria was based on **Compliance Based Method** with following Qualifications / Minimum Eligibility requirements:

- i. *The Bidders should be registered with Tax Authorities.*
- ii. *The Bidders should have at least 5(five) years experience of providing insurance services to local / international organizations of similar scale and standing with at least 10 (ten) similar assignments.*
- iii. *The Bidders should have documented evidence of expeditious and unencumbered settlement of claims i.e. Rs.1.5 million & above within 30 days of lodgment.*
- iv. *The bidders should submit account statements of last three consecutive years duly audited by a Chartered Accountant firm.*
- v. *The Bidders should be staffed with at least 2 (two) qualified insurers conversant with International Insurance Practices and Actuarial Standards.*
- vi. *The Bidders must have minimum 'BBB' IFSR / PACRA (Insurer Financial Strength Rating / The Pakistan Credit Rating Agency Ltd) or equivalent.*
- vii. *The Bidders must have Life Fund of at least Rs. 10 (ten) billion.*

In accordance with Rule 30 of PPR-2004 "**Evaluation of bids**" on the basis of minimum eligibility criteria, all the proposals were evaluated and two bids were declared **Non Compliant** by the independent Evaluation Committee on the basis of its non conformity with **mandatory requirements**. The nonconforming criteria pertaining to M/s State Life Insurance Corporation of Pakistan is enlisted at Sr. No. iii & iv above.

Further, against mandatory requirement at Sr. No. iii, SLIC's technical proposal contained 8 claims out of which 50% cases were settled after a period of 30 days which proved their proposal to be non-responsive. **This fact has already been admitted by SLIC in their letter dated 17-6-14.** In addition hereto, SLIC also failed to submit requisite account statements of last three consecutive years duly audited by a Chartered Accountant firm.

M/s State Life Insurance Company of Pakistan submitted (unapproved) Account statement for the year ended December, 2012 along with their letter dated May 26, 2014 after closure of bid submission date and even after completion of the technical evaluation process which could not be accepted being repugnant to PPRA Rule 31 of PPR-2004 **Clarification of Bids.**

As regards Rule-32 of PPR-2004 "Discriminatory and difficult conditions" it defines:

"Save as otherwise provided, no procuring agency shall introduce any condition, which discriminates between bidders or that is considered to be met with difficulty. In ascertaining the discriminatory or difficult nature of any condition reference shall be made to the ordinary practices of that trade, manufacturing, construction business or service to which that particular procurement is related".

Since all the participating bidders submitted Account Statements of last three consecutive years duly audited by a Chartered Accountant firm except M/s State Life, in no way discrimination is justified under Rule-32 of PPR-2004. Furthermore, two of participating bidders have been found compliant to Technical requirements by the Evaluation Committee which wards off Rule-2 (f) "corrupt and fraudulent practices" of PPR-2004.

According to pre-defined criteria in the Bidding Document, the Evaluation Criteria was based on **Compliance Based Method** for which M/s State Life Insurance Company (SLIC) failed to meet against 2 parameters.

In view hereof, the SLIC's assertion proves to be unjustified for any consideration.

This issues with the approval of the competent authority.

Yours faithfully,


(Taslim Kazi)
Director-GSD

Copy forwarded for information to:

- 1- The Chairman, NAB, Islamabad,
- 2- The Managing Director, PPRA, Islamabad