

**GOVERNMENT OF NAGALAND
HOME DEPARTMENT
NAGALAND STATE DISASTER MANAGEMENT AUTHORITY
NAGALAND: KOHIMA**

NO. NSDMA/R-T/407/2015(VOL:1)/56

Dated, Kohima the 7th February, 2024

Notice inviting Expression of Interest

Expression of Interest (EOI) for the implementation of multi-year parametric weather disaster risk insurance scheme of Nagaland State Disaster Management Authority, Home Department, Government of Nagaland is floated for inviting bids. The Expression of Interest (EOI) requirement is uploaded on NSDMA website www.nsdma.nagaland.gov.in and www.gem.gov.in.

2. Eligible firms may submit their bids as per prescribed Performa attached.

Lhouchalie Viya
7/2/24.

(LHOUCALIE VIYA) IAS
Commissioner & Secretary to the Govt of Nagaland

Expression of Interest (Eoi) for the
implementation of a
Multi-year Parametric Weather Disaster Risk
Insurance Scheme (PDRIS)



NAGALAND STATE DISASTER MANAGEMENT
AUTHORITY
HOME DEPARTMENT
GOVERNMENT OF NAGALAND

Contact information:

Nagaland State Disaster Management Authority
Home Department
Nagaland Civil Secretariat
Kohima-797001
Nagaland, India

February, 7th 2024

Table of contents

1. EXECUTIVE SUMMARY.....	3
2. INTRODUCTION.....	3
3. SCOPE OF WORK.....	4
4. ELIGIBILITY AND SUBMISSION REQUIREMENTS.....	6
5. EVALUATION CRITERIA.....	7
6. TERMS AND CONDITIONS.....	8
7. CONTACT INFORMATION.....	9
8. APPENDICES.....	11

1. Executive Summary

Brief overview of the project

Based on the experience of an earlier insurance development project financially supported by the InsuResilience Solutions Fund (ISF), the Nagaland State Disaster Management Authority (NSDMA) is planning to purchase a structured re-/insurance solution covering the risk of extreme precipitation on a multi-year basis, where the final premium amount will also be influenced by the actual claims experience during the policy period (e.g. through the implementation of an experience account / no- or low-claims bonus). NSDMA is also keen to ensure that the additional automated ground weather stations purchased with ISF funding are included in the trigger parameters of the new insurance cover.

Key objectives and desired outcomes

The main objectives for this project are to 1) enable a faster recovery from natural hazards by providing necessary financial resources in order to create management capacities to allow immediate emergency response in Nagaland; and 2) to better protect the population and critical infrastructure from extreme weather events and their consequences.

Against this background, it is planned to commission an insurance or a reinsurance company (or a consortium thereof) for the product development of the envisaged parametric insurance product and its implementation by means of an international public tender. The public tender is carried out by the Nagaland State Disaster Management Authority (NSDMA) on behalf of the Government of Nagaland. The NSDMA is supported by an international Disaster Risk Financing and Insurance (DRFI) consultant. The contract with the risk transfer solution provider(s) will be signed between the selected solution provider(s) and the Government of Nagaland, represented by NSDMA.

Contact information for inquiries

Nagaland State Disaster Management Authority
Home Department
Nagaland Civil Secretariat
Kohima-797001
Nagaland, India

2. Introduction

Background and context of the Disaster Risk Transfer Parametric Insurance Solution (DRTPIIS)

Nagaland is one of the smallest states in India located to the east of Assam and west of Myanmar. Featuring a largely mountainous terrain where agriculture constitutes about 70% of its economy, Nagaland has high levels of humidity and heavy rains in the monsoon months of May to September. Flood affects all the low-lying areas of Nagaland bordering Assam.

During the Monsoon season 2017, heavy storms, flash floods, heavy rain and landslides claimed 22 lives, 44 grievous injuries and caused severe damage to public and private properties. Altogether, 7,700 houses were fully or severely damaged. In total, around 655.00 people (33.6% of Nagaland's population) were affected by the above-mentioned severe weather events.

India's states have access to the State Disaster Response Fund (SDRF), supplemented by resources from the National Disaster Response Fund (NDRF). However, in the event of a major disaster the two state funds would not be able to provide resources with the volume and rapidity that would be needed to finance emergency aid, make compensation payments to victims, and reconstruct critical infrastructure. To improve the protection of the state of Nagaland against natural disasters, NSDMA implemented a first sub-sovereign extreme precipitation insurance scheme, which increased the financial capacity of the existing state and national disaster response funds, putting them in a position to provide compensation at a sufficient level and sufficiently quickly in the event of disaster.

The development of this insurance scheme, which covered rainfall events occurring in 2021, 2022 and 2023 was financially supported by the Insu Resilience Solutions Fund (ISF). The Government of Nagaland, a first-time buyer of climate risk insurance and encouraged by the positive experience of implementing the ISF project, has decided to continue purchasing insurance at the sub-sovereign level even after the completion of the project. Further, it is important to note that activities planned under the ISF project related to strengthening the disaster risk management framework and infrastructure in Nagaland have also been successfully completed. Although these measures, such as the expansion of the existing network of automated weather stations also have an indirect impact on the robustness and efficiency of the insurance solution, the influence of this investment on the long-term and sustainable strengthening of disaster risk management in Nagaland cannot be overestimated. In particular, the establishment of a decentralized payout system based on distributed ledger technology and the integration of this system into the Nagaland State Disaster Management Information System (NSDMIS) should be mentioned here. This novel and robust system has received much positive attention outside Nagaland and is considered a beacon system with high replication potential.

Based on the experience of an earlier insurance development project funded by the InsuResilience Solutions Fund (ISF), the Nagaland State Disaster Management Authority (NSDMA) is planning to purchase a structured re-insurance solution covering the risk of extreme rainfall on a multi-year basis, where the final premium amount will also be influenced by the actual claims experience during the policy period (e.g. through the implementation of an experience account/no or low claims bonus). Nagaland is also keen to ensure that the additional automated ground weather stations purchased with ISF funding are included in the triggering parameters of the new insurance cover.

Objectives of the EOI/RFP

The main project objectives of the new **Disaster Risk Transfer Parametric Insurance Solution (DRTPIIS)** for Nagaland are to (1) enhance the robustness and reliability of SDRF/NDRF payments in order to fulfil the legal obligations to the population of Nagaland, and (2) to mobilize additional funds in order to pay a more meaningful compensation to disaster affected victims and (3) to allow the state to implement build-back-better principles when rebuilding infrastructure after the occurrence of a disaster.

3. Scope of Work

Detailed description of the project

The selected risk transfer solution / re-/insurance provider(s) will be responsible for the following:

- to design and develop an innovative parametric insurance product in close consultation with

the NSDMA,

- to file such product with the Indian Insurance Regulator for necessary approval,
- to provide Disaster Risk Insurance cover to NSDMA as per the policy on receipt of agreed premium from the NSDMA
- to make available necessary support for risk assessment, risk underwriting, pricing and claim settlement.
- to provide re-insurance support (if needed) for the insurance policy to be issued by the Insurance company, subject to receipt of applicable reinsurance premium and applicable regulations

Desirable product characteristics

1	Product type	Parametric Weather Insurance Product
2	Insured asset(s) (directly or indirectly)	Government of Nagaland explicit and implicit contingent liabilities
3	Geographic scope	State of Nagaland
4	Policyholder / insured	Nagaland State Disaster Management Authority (NSDMA)
3	Insured peril(s)	Extreme precipitation / flood
4	Insurance payout structure	To be agreed (proportional to the extreme precipitation intensity)
5	Frequency of payouts and premium levels (target rate on line -RoL)	Target RoL: 15%
6	Data basis (incl. type, source, granularity, data history and availability)	To be agreed. Objective: To maximize the relevance of ground weather station data in the development of the risk transfer solution.
7	Loss assessment method	As per the agreed insurance cover and based on data available from the agreed data source.
8	Average time until the claims payment reaches NSDMA	Goal: Less than 2 weeks once a payout has been triggered
9	Index definition	To be agreed
10	Coverage period	1-3 years; multi-year (3 years) coverage preferred
11	Insurance policy inception date	April 1, 2024, at the very latest (earlier inception date preferred)
	Other desirable structural elements	Experience account / no claims bonus: In case the actual claims experience remains below an agreed scenario, NSDMA will receive credit for the respective difference, e.g., in the form of a no- or low-claims bonus (or other mechanisms, to be agreed).

	Premium budget	Max. INR 126.000.000 / EUR 1.440.000 for three years Max. annual average premium budget: INR 42.000.000 / EUR 480.000
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4. Eligibility and Submission Requirements

Eligibility criteria for potential solution providers

The risk transfer solution provider's services are to be provided by a team of experts and support staff. The solution provider must be an insurance or reinsurance company licensed to conduct business in India, which may partner with other companies / firms (e.g. with expertise in climate risk or parametric data analysis) in a consortium able to also implement the developed insurance product together with the NSDMA. The risk transfer solution provider(s) must be able and willing to underwrite the risks to be covered under the project.

The required expertise and financial strength cover the following areas (for more details see the evaluation matrix in the respective bidding conditions):

- Expertise in insurance and risk modelling, preferably for climate change related perils and with experience in India
- Expertise in non-life (general / property & casualty) insurance, preferably in parametric or index-based weather risk and with experience in India
- Expertise in data research and analysis, preferably with a focus on weather data and climate change patterns
- Minimum financial strength rating of B++ by AM Best (or equivalent)

Submission guidelines and deadline

The selection of insurance companies for the implementation of the Disaster Risk Transfer Parametric Insurance Solution (DRTPIS) will be made through a competitive bidding process. The insurance companies will develop a Disaster Risk Transfer Parametric Insurance Solution (DRTPIS) proposal and submit it through the bidding process.

The solution provider is explicitly encouraged to include in his submission his point of view, his assessment of the overall concept as well as the Terms of Reference and a critical analysis of the services planned under the assignment. This can take the form of critical comments regarding the logic and feasibility of certain aspects of the design as well as the methodology.

The deadline for the receipt of bidding documents is **12th March, 2024**. All bidding documents received after that deadline will be rejected automatically without being evaluated.

A firm or a consortium of firms will be selected under the procedures described in the "Evaluation and Selection Process".

Any question, communication or requests for additional information concerning this call for proposals are only permitted in writing up to 10 days before the deadline for the submission of the proposals. Such requests are to be sent by e-mail to the following recipients:

Name: The Joint Chief Executive Officer, NSDMA, Home Department, Civil Secretariate, Kohima, 797001, Nagaland **Email: johnny.naga@nsdma.org**

Interested parties are invited to participate in a pre-bid video conference for all tenderers scheduled at the date indicated below:

Pre-bid video conference: 28th February, 2024 at 11.30 am. A link to the video conference will be provided to interested bidders upon request.

Upon receipt of the EOI documents, please inform us by email to the address above that you have received them; and whether you intend to submit a proposal alone or in association.

Required documents and format

The qualification documents shall contain and will assess on:

5. Evaluation Criteria

Factors that will be used to evaluate submissions

The qualification documents shall contain and will assess on:

- Proof of the applicant's resources, experience and general ability to perform the services required, and of its product and regional knowledge. ***Company profile incl. staff information and reference projects demonstrating product and regional knowledge (in case of a consortium/association for each member firm in the consortium).***
- If firms are bidding jointly, applicants must provide a binding declaration of which is the lead firm in the consortium and what form the cooperation will take (sub-contracting, other forms). ***Explanation of structure (organisational) and declaration of intent (if applicable)***
- Only those applicants will be considered whose financial security and expertise are judged by the NSDMA to be appropriate for the work to be performed. ***Financial statements of the last 3 years.***
- Technical proposal: ***Draft product term sheet.***

Tender evaluation process

a. Qualification Documents

The procedure involves reviewing, on the basis of the qualification documents submitted in an informative, clear and concise form, whether the bidders are able to duly perform the required services. The following criteria basic criteria will be examined:

	Criteria	Points	
1.	Proof of experience		40
1.1	Experience in the Indian non-life insurance market	10	
1.2	Experience in developing parametric weather insurance products	15	
1.3	Experience in developing new / re-/innovative insurance products	15	
2.	Suitability for this specific project		60
2.1	Experience in developing multi-year structured re-/insurance solutions	15	
2.2	Experience in developing parametric insurance products for the Indian market	15	
2.3	Assessment of the bidder's own staffing levels with respect to the	15	

	services required, incl. experience of team leader and key staff		
2.5	Experience working with government institutions	10	
2.6	Do the application documents meet the formal criteria, are the complete and are they specific to this project?	5	
Total			100

Only those bidders who have obtained a score of at least 70 points will be selected for the opening of the technical proposal. If more than three bidders achieve this, the three with the highest score will be selected.

b. Technical Proposal including the draft Product Term Sheet

Only the Technical Proposals of the successfully post-qualified Tenderers will be opened. The quality of the technical proposal will be evaluated on a scale of 0 to 100 points, according to the criteria below, which will be examined in accordance with the requirements as indicated in the Terms of Reference (in particular: "Desirable product characteristics"). The technical evaluation will be made using the following criteria and maximum points:

Criteria	Points	
Overall impression		10
Clarity and completeness of documents, overall impression	10	
Product characteristics		90
Frequency of expected pay-outs, premium-risk relationship	20	
Relevance of ground weather station data for the product design	25	
Multi-year coverage period	20	
Experience account / low- or no claims bonus	25	
Total (maximum)		100

Approximately within two weeks after the submission deadline the two firms / consortium of firms with the highest score in the Technical Proposal will be requested to present their proposal and to answer questions from the evaluators designated by the NSDMA. The result of these interviews will be considered for the final evaluation of the Tenderer's proposal. The Tenderer with the highest score will be invited for contract negotiations. The contract negotiations will cover the Technical Proposal and acceptable alternatives of implementation and / or payment patterns. If the negotiations with the Tenderer having the highest score will not be successful, negotiations with the Tenderer placed next will be undertaken until an agreement will be reached.

The Technical Proposal of the successful Tenderer will form the basis of the re-/insurance contract.

6. Terms and Conditions

Legal and contractual requirements

- The application submitted in response to this EOI shall constitute an offer, which shall remain open for acceptance until the contract is awarded by the NSDMA, Home Department, Govt. of Nagaland.

- Neither this EOI nor any response submitted by the bidder(s) in response to this EOI shall constitute a legally binding agreement unless and until accepted by the NSDMA.

Confidentiality agreements

The Non-Disclosure Agreement attached to this EOI document (Annex "Confidentiality Agreement") forms an integral part of this agreement.

This EOI may not be reproduced in whole or in part without the prior written consent of the NSDMA, Home Department, Govt. of Nagaland. All information contained in this EOI is strictly confidential. It should not be divulged without the prior written consent of the NSDMA, Home Department, Govt. of Nagaland, whether the recipient bidder(s) intends to submit an application to the NSDMA, Home Department, Govt. of Nagaland or to any third party.

Insurance requirements

The applicant(s) shall be responsible for securing any appropriate general liability and other insurance coverage as deemed necessary.

Notification of selection or rejection

After the evaluation of the Technical Proposals, Tenderers that have not achieved the minimum required score will be notified in writing. After the winning Tenderer has been awarded the contract, the remaining Tenderers will be informed in writing about the rejection of their proposals. The result of the evaluation of their proposal and that of the winning Tenderer will be transmitted to the Tenderers.

Cancellation of tender

The tender procedure may be cancelled, prior to awarding the contract, without thereby incurring any liability to the Tenderers, and notwithstanding the stage in the procedures leading to the conclusion of the contract, if:

- the project has been cancelled;
- circumstances underlying the invitation to tender have changed materially;
- no Tender satisfies the criteria for the award of the contract;
- competition was inadequate;
- the conditions for a fair competition have not been implemented;
- the price / premium quotations are obviously unreasonable and/or exceed the financial resources earmarked for the contract. In this case, the NSDMA may, as an alternative to re-tendering, enter into negotiations with the winning Tenderer to try to obtain a satisfactory offer.

In the event of cancellation of the Tender procedure, Tenderers shall be notified thereof by the NSDMA. Such Tenderers shall not be entitled to compensation.

7. Contact Information

Contact details for inquiries and communication

Nagaland State Disaster Management Authority

Home Department

Nagaland Civil Secretariat

Kohima-797001

Nagaland, India

8. Appendices

FORMAT FOR LETTER OF PROPOSAL

Ref.No.

Date:

To

The Home Commissioner
Civil Secretariat, NSDMA,
Kohima-797001.

Subject: Expression of Interest (EOI) for empanelment and implementation of Disaster Risk Transfer Parametric Insurance Solution (DRTPIs) -reg.

Madam,

With reference to your letter of invitation No..... Dated..... on the subject cited

above, we wish to apply for the implementation of Disaster Risk Transfer Parametric Insurance Solution (DRTPIs). In this connection, the following documents are submitted in two separate envelopes or password protected documents via email sdma.nagaland@nsdma.org:

1. Qualification Documents (duly marked as envelop No. 1- Qualification Documents)
2. Technical Proposal including the draft Product Term Sheet (duly marked as Envelope No.2-Technivcal Proposal).
 - Profile of the Organization and experience.
 - Parametric Insurance Solution Proposal.
 - Infrastructure.
 - Financial Strength.
 - Marketing Channel.
 - Human Resource for implementing the scheme.

Enclosures: as above.

Yours faithfully,

Authorized Signatory

Confidentiality Agreement

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