

SERVICE PROVIDER REVIEW AND SELECTION PROCESS

SERVICE PROVIDER REVIEW PROCESS

The Service Provider process review will identify areas of inefficiency and further examination of requirements but is not limited to, filling identified gaps in existing Service Provider networks, contract renewal and immediate business requirement.

The review process is conducted in steps below:

- Current inefficiencies;
- Customer Service / CSI;
- Geographical Footprint;
- Skills / Expertise / Equipment capability;
- Volumes vs Value;
- Change in supplier network, business or industry;
- Expiry of existing contracts and when the last the network was evaluated.

If a business need for a particular service is identified, Hollard Claims Procurement Department (Procurement) may decide to procure such service through a tender process. A tender process can be segmented into a formal Request for Proposal (RFP) or informal Request for Supplier Information(RFSI) , depending on the merits of the short and long term business requirements and the complexity of the category of good and/or services being procured.

The minimum Entry Level Criteria is applied at all times and Objective Selection Criteria (OSC) is designed to be fair and transparent, based on requirements that are reasonable. The OSC promotes and allows companies to compete in terms of their value offering which comprises aspects of:

- Cost, price and fees (Total Cost of Ownership);
- Quality;
- Customer Service excellence;
- Proof of good business practices;
- Technology and Equipment;
- Transformation;
- Other Commercial aspects.

The Objective Selection Criteria (OSC) is also aligned to the greater Hollard Vision which is:

- **Cost**: focus on the best price for both Hollard and the supplier;
- **Customer**: focus on customer service excellence and striving for a low complaint ratio and quick complaint resolution;
- **Transformation**: (economic inclusion) with the focus on alignment with the transformation of the country, working towards positive change.

MINIMUM ENTRY LEVEL CRITERIA

Hollard has developed a minimum Entry Level Criteria regardless of goods or services offered.

These are relevant to the specific industry and service offering whether offered by a sole proprietor, natural person or a juristic person (such as a Company or a Trust).

Listed in order of priority:

- Transformation / B-BBEE - Hollard strongly supports the DTI's B-BBEE initiative and will give first preference to:
 - entities that have current, up to date and compliant certification, affidavits and supporting documentation;
 - have a minimum level 4 status – especially those businesses that are 51% (or more) black owned and black woman owned, respectfully;
- Commercial aspects which cover costing structures, ensuring costs are fair and transparent, aligned to a total cost of ownership model, industry and/or market related and negotiable;
- A valid and current Tax Clearance Pin reflecting the name under which the entity trades to validate the current compliance status with all taxes (including Income Tax);
- A valid VAT (if the entity is a VAT Vendor) Certificate and proof of CIPC registration for companies;
- Audited financial statements;
- In-force and applicable insurances in place; and be able to provide a copy of the insurance schedule;
- Adherence to industry regulations and recognised associations which you should be an active member of;
- Suitable experienced, qualified and accredited staff, premises, proper tools and equipment with relevant accreditations and industry approvals;

- The proof of shareholding or ownership of the business. This becomes important as it relates to transformation and especially Broad Based Black Economic Empowerment (B-BBEE). Hollard supports meaningful transformation which translates to real economic inclusion and for this reason Hollard scrutinises every B-BBEE declaration submitted by Service Providers. Hollard pays particular attention to Qualifying Small Enterprises (QSE) and Exempted Micro Enterprises (EME) who claim 51% (or more) Black ownership. This is because these businesses do not need to undergo rigorous B-BBEE verification through a SANAS accredited verification agency. The QSEs and EMEs who declare 51% (or more) Black ownership can simply do so by means of a duly sworn affidavit, however, our experience has taught us that this simple method of B-BBEE declaration is subject to various gaps that may undermine the spirit and purport of B-BBEE. We, therefore, accept the B-BBEE declaration through a sworn affidavit (as the law requires us to do so) from QSEs and EMEs, however, we go further by asking the declaring business to furnish Hollard with more information that evidence real economic inclusion. This information will include Shareholder Certificates, Memorandum of Incorporation, Annual General Meeting minutes, Annual Audited Financial Statements, Proof of Payment of Dividends, any positive identification of the shareholders/owners. We do this to ensure that any alleged majority Black owner does (a) derive correct financial benefits from the entity they allegedly own, and (b) they actively have control of the business by participating through voting (and other means).
- All Service Providers who choose to participate in the Hollard RFP or RFSI process need to undergo Hollard's due diligence process. It becomes compulsory, as part of the due diligence process, for Service Providers to consent to Hollard undertaking various checks on that business, its fiduciaries and shareholders/owners. Background checks include and not limited to: criminal risk indicators, criminal record and history, adverse listings and company financial health indicators relating to business solvency. Hollard processes all Personal Information of the participating businesses and their personnel in line with the requirements stipulated in the Protection of Personal Information Act (POPIA) or any of its equivalent (for international businesses governed by other jurisdictions).

THE SERVICE PROVIDER SELECTION PROCESS

The Objective Selection Criteria (OCS) is formulated and applied in terms of relevance to specific goods or services as listed below in no particular order, when Service Providers are selected:

- Compliance to Minimum Level Criteria;

- Supply & Demand: the number of Service Providers required geographically per type and number of claims vs policies held within that geographic area;
- Availability of general and specialised services in the various geographical areas and reasonable km radius;
- Costing structure offered (fees, prices and charges);
- Scope of services offered;
- Good business governance being practiced and adherence to regulatory requirements;
- Past experience and history with Hollard and in the market (where applicable);
- General quality of service delivered;
- Customer Service focus;
- Network (branches / coverage) and infrastructure of the company meeting geographical requirements.
- Statutory compliance.

Definitions

Minimum Selection Criteria

Minimum base and acceptable criteria. The minimum and allowable qualifications used to screen applicants by comparing their qualifications to those minimally necessary to do the job or complete a service.

Objective Selection Criteria

With objective criteria, different people measuring the criteria will reach the same results because they are clearly defined or quantifiable in nature.

Total Cost of Ownership (TCO)

The total cost of ownership (TCO) is the purchase price of an asset plus the costs of operation. Assessing the total cost of ownership represents taking a bigger picture look at what the product is and what its value is over time.

When choosing among alternatives in a purchasing decision, buyers should look not just at an item's short-term price, known as its purchase price, but also at its long-term price, which is its total cost of ownership. The item with the lower total cost of ownership is the better value in the long run.