



Short Term Insurance Policy

Council	Resolution	Date
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1. Preamble

- 1.1. It is required of the Municipal Manager as the accounting officer, to take all reasonable steps to ensure that the Council has and implements crucial policies for effective financial and risk management as stated in Section 55 (2) (b) of the Municipal System Act 32 of 2000.

*55 (2) As accounting officer of the municipality the municipal manager is responsible and accountable for –
(b) all assets and the discharge of all liabilities of the municipality;*

- 1.2. The safeguarding of assets and the protection of Council against liabilities, forms part of proper assets & insurance management systems as prescribed by Section 63 of the Municipal Finance Management Act, Act 56 of 2003

63 (1) The accounting officer of a municipality is responsible for the management of—

(b) the liabilities of the municipality.

- (2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure—*

(a) that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality;

(b) that the municipality's assets and liabilities are valued in accordance with standards of generally recognised accounting practice; and

(c) that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.

- 1.3. This policy needs annual revision in terms of Section 24(2)(c)(v) and must be placed on the website in terms of Section 75(1)(b),(l) & (2) of this Act.

24. (2) An annual budget—

(c) must be approved together with the adoption of resolutions as may be necessary—

(v) approving any changes to the municipality's budget-related policies.

75. (1) The accounting officer of a municipality must place on the website referred to in section 21A of the Municipal Systems Act the following documents of the municipality:

(b) all budget-related policies;

(l) any other documents that must be placed on the website in terms of this Act or any other applicable legislation, or as may be prescribed.

- (2) A document referred to in subsection (1) must be placed on the website not later than five days after its tabling in the council or on the date on which it must be made public, whichever occurs first.*

- 1.4. A standard for short-term insurance in the municipal environment had been prepared that takes all circumstances related to the municipality into account. There are however aspects in addition to this standard, that the Council can decide on as policy, to reduce premium without an increase in risk, or where the Council is prepared to accept risk because of a very slim probability that an event might occur.

2. Definitions

- 2.1 **Accounting Officer** means the Municipal Manager appointed in terms of Section 82 of the Local Government Structures Act, 1998 (Act no. 117 of 1998) and being the head of administration and accounting office in terms of section 55 of the Local Government: Municipal Systems Act 2000 (Act no. 32 of 2000).
- 2.2 **Chief Financial Officer (CFO)** means an officer of the municipality designated by the Municipal Manager to be administratively in charge of the budgetary and treasury functions.
- 2.3 **MFMA** refers to the Local Government: Municipal Finance Management Act (Act no. 56 of 2003)
- 2.4 **Insurance Section** means the section of the municipality designated by the Chief Financial Officer to be administratively in charge of the short term insurance functions.
- 2.5 **General Public** means the general body of mankind or of a nation, state, or community including businesses
- 2.6 **Public liability claims** is part of the law of tort which focuses on civil wrongs. In other words this refers to claims from the general public against the municipality.
- 2.7 **Damage** means loss of or physical damage to tangible property.
- 2.8 **Injury** means accidental death of or bodily injury to or illness of any person

3. Objective

3.1 The MFMA was introduced with the following objective:

“

3.1.1 The object of this Act is to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements for—

- a) ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities;***
- b) the management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings;***

”

3.2 The objective of this Short Term Insurance Management Policy is to ensure that the;

3.2.1 municipality has transparent Insurance claim processes and procedures;

3.2.2 general public are informed about the correct processes & procedures when filing a claim with the municipality;

3.2.3 general public are aware of the required documentation when filing a claim with the municipality;

3.2.4 managers and staff implement their responsibilities with regards to insurance management;

3.2.5 managers and staff apply the correct processes & procedures when reporting;

3.2.6 managers and staff use the required documentation when filing a claim with the municipality;

3.2.7 unions are informed about the correct processes & procedures;

3.2.8 unions are aware of the required documentation;

3.3 All insurance claims must be dealt with in line with the processes and procedures set out in the **“STANDARD OPERATING PROCEDURES FOR INSURANCE CLAIMS”**. (Refer to Annexure A)

4. Public Liability Claims / General Public Claims

- 4.1. When a member of the General Public wants to institute a claim the following procedures should be followed:
- 4.2. Claims will be forward to Council's insurer for determination of liability and appointment of an assessor at their discretion. The public should utilize their own insurer for the damages suffered and supply the Council with the insurer's details.
- 4.3. The public must contact the nearest Town Office or the Municipal Insurance Unit at the Municipal Head Office in Caledon in order to obtain the required INS004 document for completion pertaining to the claim.
- 4.4. Give notice in writing of the intention to claim against the municipality within six (6) months of the claim arising. The notice must be delivered to the municipality by hand, or via email. Then within thirty (30) days after the notice, formalize and quantify the claim. If notice is given after six (6) months, the third party must apply for condonation.
- 4.5. **All claims should be directed and addressed to the Municipal Insurance Unit as delegated per the approved delegations.**

5. Appeal procedure

5.1. Repudiation letter by insurance

When Public liability claim is rejected by the municipality's insurance and the third party is not satisfied with the outcome, the next step is to contact the Ombudsman for short term insurance.

5.2. Claim falling within excess

Third party claims falling within excess is not handled by municipality's insurance and must be presented to the Insurance Claims Evaluation (ICE) Committee to determine the municipality's liability. The resolution of the Committee is communicated to the third party. If the third party is dissatisfied with the outcome, they have the right to appeal according to the Local Government: Municipal Systems Act, 2000, section 62 which state the following:

“Appeals

62.(1) A person whose rights are affected by a decision taken by a political structure, political office bearer, councillor or staff member of a municipality in terms of a power or duty delegated or sub-delegated by a delegating authority to the political structure, political office bearer, councillor or staff member, may appeal against that decision by giving written notice of the appeal and reasons to the municipal manager within 21 days of the date of the notification of the decision.

(2) The municipal manager must promptly submit the appeal to the appropriate appeal authority mentioned in subsection (4).

(3) The appeal authority must consider the appeal, and confirm, vary or revoke the decision, but no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.

(4) When the appeal is against a decision taken by-

(a) a staff member other than the municipal manager, the municipal manager is the appeal authority.

(5) An appeal authority must commence with an appeal within six weeks and decide the appeal within a reasonable period.”

6. Property excluded from external insurance

6.1. All property owned by or leased to the Council, property held by the Council in trust and/or commission and/or custody and/or under Council's control and/or for which the Council is responsible must be insured except for the following property which are excluded unless specifically insured and stated in the schedule:

- 6.1.1. Dam Walls, Dam Contents, Canals, Viaducts, Reservoirs and Reservoir Contents
- 6.1.2. Pavilions, Sports Stadiums, Spectator Stands, Outdoor Sports Playing or Recreational Surfaces (Other Than Tennis Courts) Tartan Tracks (Unless Specifically Declared To Insurers)
- 6.1.3. Explosives (other than ammunition)
- 6.1.4. Bullion; precious stones or jewellery other than Mayor Regalia
- 6.1.5. Fences not around any of the insured fixed assets
- 6.1.6. Electricity Transmission and Distribution lines including their supporting structures (other than on or within 150 meters of electricity sub stations belonging to the insured or within 150 meters of the premises of the insured)
- 6.1.7. Water piping as well as storm water-piping including their supporting structures (other than on or within 150 meters of water treatment or purification works or reservoirs belonging to the insured)

- 6.1.8. Sewerage piping including their supporting structures (other than on or within 150 meters of any sewerage treatment plants belonging to the insured)
- 6.1.9. Driveways, pavements, outdoor parking surfaces
- 6.1.10. Roads, Road and Rail Bridges, Road and Rail Tunnels, Manhole Covers
- 6.1.11. Land, Topsoil, Backfill, Drainage or Culverts
- 6.1.12. Property or structures in course of construction, erection, dismantling testing or supplies in connection therewith
- 6.1.13. Property Damaged as a result of its undergoing any process of manufacturing, conversion or treatment
- 6.1.14. Accounts Receivable
- 6.1.15. Trees, Shrubs, Plants
- 6.1.16. Monuments, Statues
- 6.1.17. Graves and Tombstones
- 6.1.18. Property more specifically insured under any other Section of this policy except for the excess beyond the amount payable under such specific insurance

- 6.1.19. Trees, Scrubs and Plants
- 6.1.20. Monuments and Statues
- 6.1.21. Graves and Tombstones

6.2. The following items are excluded from external insurance

- 6.2.1. Boundary and other walls and fencing which are not erected around the insured buildings, structures or public work premises.
- 6.2.2. Directors' liability cover

6.3. An affordability test needs to be performed by the relevant department and presented to Accounting Officer before considering:

- 6.3.1. Public liability cover for municipal events
- 6.3.2. Municipal official's or councillor's private property

7. Property Insured, Reporting Risk and Unknown Claims

- 7.1. It shall be the duty of the Director of the Department concerned to notify the Insurance Unit via email without delay of any new insurable risk or of any alteration in an existing insurable risk which has arisen in connection with his / her Department.
- 7.2. On the occurrence of any unknown event likely to give rise to a claim against the Council, the Director of the Department concerned must register the claim

immediately on the collaborator Insurance claims model. The Insurance Unit shall notify the Council's insurer thereof.

- 7.3. The Director of the Department will receive a task requesting claims information to be completed. Included must be an estimate of the cost to repair or replace such damage or loss. Where applicable i.e. loss, theft, vehicle accident etc. the matter must be reported to the South African Police Service and a case number obtained.

8. Record Keeping

- 8.1. The Insurance Unit must keep record of all insurance claims by means of a register which includes the progress of each claim.

9. Appointment of Insurance Brokers

- 9.1. The Council shall call for tenders for the appointment of insurance brokers at least once every three (3) years, unless circumstance dictates a shorter period.
- 9.2. Insurance brokers will be appointed according to SCM regulations, their ability to administrate the Council's short term insurance portfolio and their record of sound brokerage service in the municipal environment.

10. Insurance Claims Evaluation Committee

- 10.1. A committee must be established to review all claims. The importance regarding claims should be considered because it is not only paid by the insurance company, but also by Council. The committee's composition and responsibilities will be outlined within its terms of reference. (Refer to annexure B)

11. IMPLEMENTATION AND REVIEW PROCESS

- 1.1. This policy will come into effect as from 1 July 2023;
- 1.2. This policy will be reviewed at least annually and significant changes be approved by way of a Council resolution.

MUNICIPALITY
SHORT TERM INSURANCE POLICY

Policy Title	Short term Insurance
File ref.	
Purpose	To ensure that the all parties are informed and aware of Insurance claim processes and procedures through transparency by the municipality.
Version	5
Policy owner	Director: Financial Services
Approval of council ref.	SC15/2023
Date approved	30 May 2023
Effective date	1 July 2023
Review frequency	Yearly
Policy review date	May 2026
Official responsible for revision	Manager: Assets & Insurance
Related Legislation	Municipal System Act 32 of 2000 Municipal Finance Management Act, Act 56 of 2003
Related Policies	Asset Management Policy
Implementation	Municipal Manager All Directors
Supplementary Documentation	Third Party claim document (INS004) Annexure A Standard Operating Procedure Annexure B Terms of Reference of Insurance Claims Evaluation Committee