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PPOA CIRCULAR NO. 8/2011

2nd September, 2011

To: All Accounting Officers
All CEO's, State Corporations
All Vice Chancellors, Public Universities
All Managers, Co-operative Societies
All Clerks, Local Authorities
All Principals, Public Colleges/Schools
All Chairpersons, CDF Committee's

RE: ISSUANCE OF BID BONDS/TENDER SECURITIES BY INSURANCE COMPANIES

Your attention is drawn to Section 57 of the Public Procurement and Disposal Act, 2005 which provides all public procuring entities with the discretion to require and determine the form and amount of tender security from bidders submitting their tenders.

Regulation 41(3) of the Public Procurement and Disposal Regulations, 2006 (the Regulations) stipulates that the tender security to be provided by bidders shall only be in any of the following forms:

- (a) Cash;
- (b) A bank guarantee;
- (c) Such insurance company guarantee as may be approved by the Authority;
- (d) A letter of credit.

Pursuant to Regulation 41(3)(c) of the Regulations, PPOA hereby updates the insurance companies previously authorized vide Circular No 2/2008 of 25th August, 2008 to transact bid bonds/tender securities. The approved updated list contained in **Appendix I** of this Circular shall be valid with effect from the date of this circular until and unless reviewed.

In issuing bid bonds, insurance companies shall adhere to the format set out in **Appendix II** herein.

You may visit the PPOA website, www.ppoa.go.ke, for details, updates and an electronic version of this information.



M. J. O. JUMA
DIRECTOR GENERAL

(Encls).

Copy to: **The Chief Executive Officer**
Insurance Regulatory Authority
P.O Box 43505 - 00100
NAIROBI

Insurance companies authorized to transact Bid Bonds

Below is the list of all insurance companies authorized to transact miscellaneous class of insurance business and by extension bid bonds business:

SERIAL NO.	NAME OF COMPANY
1.	APA Insurance Company Ltd
2.	Africa Merchant Assurance Company Ltd
3.	British American Insurance Company Ltd
4.	Cannon Assurance Ltd
5.	Chartis Kenya Insurance Co. Ltd
6.	Concord Insurance Co. Ltd
7.	CIC Insurance Group Ltd
8.	Corporate Insurance Co. Ltd
9.	Fidelity Shield Insurance Co. Ltd
10.	First Assurance Co. Ltd
11.	GA Insurance Limited
12.	Gateway Insurance Co. Ltd
13.	Geminia Insurance Co. Ltd
14.	Insurance Company of East Africa Ltd
15.	Intra Africa Assurance Co. Ltd
16.	Invesco Insurance Co. Ltd
17.	Kenindia Assurance Co. Ltd
18.	Kenya Orient Insurance Co. Ltd
19.	Lion of Kenya Insurance Co. Ltd
20.	Madison Insurance Co. Ltd
21.	Mayfair Insurance Co. Ltd
22.	Mercantile Insurance Co. Ltd
23.	Occidental Insurance Co. Ltd
24.	Pacis Insurance Co. Ltd
25.	Phoenix East Africa Assurance Co. Ltd
26.	Real Insurance Co. Ltd
27.	Tausi Assurance Co. Ltd
28.	The Monarch Insurance Co. Ltd
29.	The Heritage Insurance Co. Ltd
30.	The Kenya Alliance Insurance Co. Ltd
31.	Trident Insurance Co. Ltd
32.	UAP Insurance Co. Ltd
33.	Xplico Insurance Co. Ltd

FORMAT OF TENDER SECURITY INSTRUMENT

Whereas (Name of the tenderer) (hereinafter called "the tenderer" has submitted its tender dated..... (Date of submission of tender) for the(Name and/or description of the tender) (Hereinafter called "the Tender").

KNOW ALL PEOPLE by these presents that WE.....of (Name of Insurance Company) having our registered office at..... (hereinafter called the "the Guarantor"), are bound unto.....(Name of Procuring Entity) (hereinafter called "the Procuring Entity") in the sum of(Currency and guarantee amount) for which payment well and truly to be made to the said Procuring Entity, the Guarantor binds itself, its successors, and assigns by these presents.

Sealed with the Common Seal of the said Guarantor this _____-day of _____ 20_____.

THE CONDITIONS of this obligation are:

If after tender opening the tenderer withdraws his tender during the period of tender validity specified in the instructions to tenderers; or

1. If the tenderer, having been notified of the acceptance of his tender by the Employer during the period of tender validity;
 - (a) fails or refuses to execute the form of Agreement in accordance with the Instructions to Tenderers, if required; or
 - (b) fails or refuses to furnish the Performance Security, in accordance with Instructions to Tenderers;

We undertake to pay to the Procuring Entity up to the above amount upon receipt of its first written demand, without the Procuring Entity having to substantiate its demand, provided that in its demand the Procuring Entity will note that te amount claimed by its due to it, owing to the occurrence of one or both of the two conditions, specifying the occurred condition or conditions.

This guarantee will remain in force upto and including thirty (30) days after the period of tender validity, and any demand in respect thereof should reach the Guarantor not later than the said date.

(Date)

(Signature of the Guarantor)

(Witness)

(Seal)