

Agriculture Insurance Company of India Limited
EOI for Selection of Consultant for Business Strategy



Agriculture Insurance Company of India Ltd. (AIC)
13th Floor, AMBA DEEP Building,
14, Kasturba Gandhi Marg,
New Delhi – 110 001.

Expression of Interest (EOI)

FOR

APPOINTMENT OF CONSULTANT FOR BUSINESS STRATEGY

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THIS EOI DOCUMENT IS NOT TRANSFERABLE

PROSPECTIVE CONSULTANTS are advised to study the EOI document carefully. Submission of EOI shall be deemed to have been done after careful study and examination of this EOI document with full understanding of its implications. The response to this EOI should be full and complete in all respects. Incomplete or partial response shall be rejected.

The applicant firm shall bear all costs associated with the preparation and submission of EOI including cost of presentation and demonstration for the purposes EOI, if so desired by AIC. AIC will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the EOI process.

DOCUMENT CONTROL SHEET

Name of the Company	Agriculture Insurance Company of India Limited
EOI Reference No	AICBS/1/2017
Cost of the EOI Document / Application fee	Rs. 25,000/- (Rupees Twenty-Five Thousand Only) in the form of Demand Draft / Bankers Cheque from a scheduled bank in favor of "Agriculture Insurance Company of India Limited", payable at Delhi only to be submitted along with the EOI response documents.
Date of issue of EOI	07.03.2017
Last Date and Time for Submission of EOI response documents	Date: 12.04.2017, 17:30 hours, EOI response received after the stipulated time and date shall be rejected summarily. AIC shall not be responsible for postal delays.
Last date for receiving any query on the EOI	Date: 20.03.2017, 17:30 hours
Address for Communication	Ms. Kanika Sharma, Shandil, Company Secretary, Agriculture Insurance Company of India Ltd. (AIC) 20 th Fl, AMBA DEEP Building, 14, Kasturba Gandhi Marg, New Delhi – 110 001. Phone: 01146869852

The Applicant **shall not provide** any commercial proposal with response to this EOI. Any commercial proposal received with EOI response shall be rejected summarily.

1. Introduction and Objective of this EOI

Agriculture Insurance Company of India Limited (AIC) has been formed under the aegis of the Government of India and promoted by 6 Public Sector Organizations as a specialty Crop Insurance Company to the Indian farming community. AIC was incorporated on 20th December, 2002 with an Authorized Share Capital of INR 15 billion and a Paid-up Capital of INR 2 billion. AIC commenced business operations from 1st April, 2003, by taking over Crop Insurance operations from its major Promoter, General Insurance Corporation of India.

Currently, AIC covers 25 million farmers under its various crop insurance schemes, making it by far the largest Crop Insurance Company in the world. Of the farmers covered, more than 86% belong to the small & marginal category. Therefore, the major challenge is to reach this large segment of low net worth customers living in remote villages and provide them insurance service at an affordable cost. The Company functions through 17 State level offices called Regional Offices, with less than 300 employees on the rolls, but deals with around 150 thousand Bank Branches & Primary Agricultural Co-op. Societies at the village level. For further details about AIC, its mission and vision, please refer to Company's website www.aicofindia.com.

AIC intends to select a well reputed consultant firm who will assist it to gain a clear way forward about its future business strategy, goal and role and suiting to that the most appropriate organisational structure best suitable for achieving the goal. Further, leveraging its public sector form, its leadership position in terms of experience, market share and technical expertise any possible repositioning in the fast changing agriculture insurance system of the country. The Terms of Reference (TOR) for the consultancy are provided later in this document.

The EOI document is not a recommendation or an invitation to enter into the contract, agreement or any other arrangement in respect of the services. The provision of the services is subject to compliance to selection process and

appropriate documentation. AIC invites application from reputed Consultancy Firms to submit their "Expression of Interest" who fulfill the eligibility criteria as given below for selection of Consultants for the TOR stated in the EOI. AIC may consider releasing a limited RFP for the shortlisted Firms in this EOI.

2. Eligibility Criteria

Consultant Firms meeting the following Eligibility Criteria may respond to this EOI:

S.no	Eligibility Criteria	Document to be submitted along with the EOI
1	The Firm should be a registered Company under Indian Companies Act 1956 or a Regd. Partnership Firm or Limited Liability Partnership, in India The firm / company shall be operating for 5 years as on the date of EOI	Copy of Certificate of Incorporation and Certificate of commencement of Business (in case of Public Ltd Company) issued by the Registrar of Companies.
2	The firm must have a minimum revenue of INR 50 crore for any two of the past three years i.e., 2013-14, 2014-15, 2015-16	The Firm must produce a certificate from the Company's Chartered Accountant to this effect. Audited balance Sheet for last 3 Years. i.e. 2013-14, 2014-15, 2015-16
3	The firm should have at least 10 insurance engagement in the insurance sector in the past ten years	Copy of Letter of Engagement
4	The firm should not have been blacklisted /barred/ disqualified by any regulator /statutory body.	A self-declaration must be furnished
5	The firm/Company shall have minimum experience of having executed 5 strategy projects	Documents confirming the same such as Purchase order/agreement etc to be provided

Please Note: The applicant consultant firm is required to meet the 100% Eligibility Criteria

The applicant consultant firm meeting the Eligibility Criteria will be called for a capability presentation and understanding of the AIC's objective. The presentation will be evaluated based on the following parameters:

- i. Understanding of the agri-insurance market landscape – globally and particularly in India (10 Marks)
- ii. Understanding of the business and operating model of AIC (10 Marks)
- iii. Proposed high level strategy for AIC in a 5-year and 10-year time frame (30 Marks)
- iv. Experience of strategy formulation in agri-sector (10 Marks)
- v. Experience in strategy & business plan formulation in general insurance projects (20 Marks)
- vi. Experience of working with the public-sector insurers (5 Marks)
- vii. Team Lead – 20 years of experience in General Insurance Sector (5 Marks)
- viii. International Expert – One international expert conversant with developments in agri-insurance globally and at least 20 years' experience in the insurance sector (5 Marks)
- ix. Regulations and Corporate Structuring Expert – One expert on corporate structuring with at least 20 years' industry experience (5 Marks)

The applicant consultant firm need to score at least 70% of the score in the presentation to be declared as a shortlisted firm in the EOI. The limited RFP will be subsequently shared only with the firms shortlisted in the EOI.

3. Broad Scope of Work

Launching of Pradhan Mantri Fasal Bima Yojana (PMFBY) by Government of India is a landmark policy shift in the crop insurance space. It transformed the entire programme of the country to a market based insurance product. The sole objective is to increase the penetration level that has eluded the policy makers despite successive evaluation and redesigning of the earlier schemes. Government's ambition of bringing 50% of farmers or gross cropped area under PMFBY by 2018-19 necessitated empanelment of four PSU General Insurance Companies (PSGICs).

PSGICs joining crop insurance has thrown open a new challenge as to what would be AIC's standing vis-à-vis the PSGICs as they are the part owner of AIC [@ 8.75% each, total 35% of Rs. 200 cr of subscribed share capital of AIC].

AIC, as per mandate of Government, was created to be a mono-line and exclusive agriculture insurance company focusing primarily on implementation of Government Crop Insurance programmes. Crop insurance schemes so far predominantly ran on multiagency platform utilizing the rural banking network for distribution and State Governments' yield estimation for determining the losses. The multiagency framework and mono-line business nature did not require a robust network of offices for AIC and therefore AIC has maintained a lean and thin two tier organizational structure i.e., Corporate Office at New Delhi, and Regional Offices at State Capitals. On the other hand, PSGICs have a huge network of divisional offices, branch offices, micro offices, agents, brokers, micro insurance brokers, surveyors, and loss assessors to underwrite and manage the claims which are the new-fangled requirements as per terms and conditions of PMFBY.

The question of AIC's future goal or role or repositioning is looming large and needs to be sorted out soon. There is, inter-alia, two basic aspects: (1) To avoid conflict of interest with its promoters as they are competing in the same market place for same line of business and (2) exploring the possibilities to capitalize the respective strengths and competencies of AIC and PSGICs for the potential synergy for mutual benefit. Accordingly following Terms of Reference is suggested for the consultancy work to develop a high level comprehensive strategic goal for AIC in a 5-year and 10-year time frame. The TOR is illustrative and not exhaustive.

- i. A comprehensive SWOT (strengths, weaknesses, opportunities and threats) analysis of AIC to be carried out considering every relevant aspect keeping in view stakeholders' expectations .
- ii. Examining the best practices in terms of administration and institutional mechanism evolved and sustained at international level for agricultural insurance system and to what extent such model can be adopted in the Indian context given the existing system.
- iii. Whether AIC will continue to have as many as six promoters as of now or there is a need to restructure the ownership and what is the best suitable alternative for effective governance and orientation going forward.
- iv. Keeping in view the strengths and core competencies of AIC and PSGICs, how the best possible business cooperation/ collaboration be effected between AIC and the PSGICs ensuring not only the maximum benefit for everyone but also help reach Government's aspiration of achieving the desired penetration.
- v. Way forward to make AIC a big global brand for agriculture insurance.

4. EOI Document and cost

The EOI document can be downloaded from AIC's website <http://www.aicofindia.com>. In that event, the applicant should pay the Application Fee of Rs.25,000/- at the time of submission of EOI document by means of DD drawn on any scheduled Commercial Bank for the above amount in favour of Agriculture Insurance Company of India Limited, payable at Delhi and should be kept within the EOI document cover.

5. Queries on the EOI

- i. The applicant firm should carefully examine and understand the scope and, terms and conditions of EOI and may seek clarifications as per timelines mentioned above, in writing by mentioning the relevant page and para number of the EOI, from The Company Secretary 20th Floor, AMBA DEEP Building, 14, Kasturba Gandhi Marg, New Delhi – 110 001. No oral or individual consultation shall be entertained.
- ii. AIC may, at its discretion, consider holding a meeting to clarify the queries of applicant firms, date of such meeting will be intimated through AIC's website and no individual correspondence shall be made. The clarification, if any, in response to the queries, and any other clarifications/ amendments /corrigendum furnished thereof will become part and parcel of the EOI and it will be binding on the parties.
- iii. Non-receipt of reply to the queries raised by any of the applicant firm shall not be accepted as a valid reason for non-submission of EOI. In addition, non-reply to any query may not be deemed as the query has been accepted by AIC
- iv. At any time prior to deadline for submission of EOI, AIC, at its own initiative or in response to a clarification requested, in order to allow applicant firms reasonable time to take the amendment into account in preparing their response, may extend the deadline for the submission of EOI by a reasonable period as decided by AIC.

6. Submission of EOI

All documents shall be submitted in English and on A4 size paper, spirally bound securely and in serial order. All pages of EOI should be serially numbered, stamped and signed by Authorized Signatory.

7. Evaluation of EOI

- i. AIC will evaluate the EOI submitted by the applicant firms by the officers of AIC.
- ii. AIC will scrutinize the documents received to determine whether they are complete in all respects as per the requirement of EOI. AIC may, at its discretion, waive any minor non-conformity or any minor irregularity in the documents which do not constitute a material deviation. AIC's decision about 'minor non-conformity' is final and the waiver shall be binding on all the applicants and AIC reserves the right for such waivers.
- iii. EOI submitted by the bidder will be evaluated based on the Eligibility Criteria mentioned above. During the process of scrutiny, evaluation, and comparison of offers, AIC may, at its discretion, seek clarifications from the applicants. Applicants who will qualify from Eligibility Criteria will qualify for evaluation of EOI based on the presentation as mentioned above. Based on the scoring minimum marks in evaluation of presentation as mentioned above will be shortlisted and notified in due course.
- iv. Only shortlisted applicants who has scored minimum marks as mentioned above, will be invited to participate in the RFP/Tender. No interim enquiries will be entertained. The decision taken by AIC shall be final and no representation or correspondence shall be entertained.

8. Modification/Cancellation of EOI

- i. The EOI is not an offer by AIC but an invitation to get the response from the interested applicant consultancy firms for shortlisting them. No contractual obligations whatsoever shall arise from the Expression of Interest process.
- ii. AIC reserves the right to cancel EOI process at any time, without thereby incurring any liabilities to the applicants. Reasons for cancellation, as determined by AIC in sole discretion include but are not limited to, the following:
 - a) Services contemplated are no longer required
 - b) Change in the scope of work or due to unforeseen circumstances and/ or factors and/ or new developments

- c) The project is not in the best interest of AIC
- d) Any other reason

9. Intimation to the Shortlisted Firms

AIC will prepare the list of firms on the basis of evaluation. The short-listed applicants will be intimated in due course on the website of AIC at www.aicofindia.com. AIC may issue RFP to the shortlisted firms as part of EOI. AIC reserves the right to issue RFP based on the responses and the requirement of AIC. No interim enquiries will be entertained. The decision taken by AIC shall be final and no representation or correspondence shall be entertained. AIC reserves the right to accept / reject any or all EOI received in response to this advertisement without assigning any reasons, whatsoever. The details of terms and conditions of RFP along with EMD and PBG details shall be shared with shortlisted applicant after the process of EOI is over.