

(2)



**PUBLIC PROCUREMENT OVERSIGHT AUTHORITY**  
*Transforming Procurement*

National Bank Building  
Telephone No. +254 (020) 3598799, 3598791  
Fax: +254 (020) 2119420, 2119410  
When replying please quote:

P.O. Box 58535-00200  
NAIROBI  
KENYA

**PPOA CIRCULAR NO. 2/2008**

25<sup>th</sup> August, 2008

- To : All Accounting Officers  
All CEOs, State Corporations  
All Vice Chancellors, Public Universities  
All Managers, Co-operative Societies  
All Clerks, Local Authorities  
All Principals, Public Colleges/ Schools  
All Chairpersons, CDF Committees  
The CEO, Association of Kenyan Insurers

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

---

As you may be aware, Section 57 the Public Procurement and Disposal Act, 2005 provides all public procuring entities with the discretion to require and determine the form and amount of tender security from bidders submitting their tenders.

Further, Regulation 41(3) of the Procurement and Disposal Regulations, 2006 stipulate that 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 the aforesaid provision of Regulation 41(3)(c), PPOA now approves the insurance companies listed in **Appendix I** as the companies authorised to transact bid bonds/tender securities. This list shall be valid until and unless reviewed.

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

For details, updates and electronic version of this information visit the PPOA Website: [www.ppoa.go.ke](http://www.ppoa.go.ke).



**ROBERT R. HUNJA**  
**INTERIM DIRECTOR-GENERAL**

c.c. The Chief Executive Officer  
Insurance Regulatory Authority  
Kenya Re Towers  
**NAIROBI**

### 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 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:

- 1. If after tender opening the tenderer withdraws his tender during the period of tender validity specified in the instructions to tenderers, Or
- 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 the Instructions to Tenderers;

He 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 the amount claimed by it is 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 up to 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]

\_\_\_\_\_  
[Witness]

\_\_\_\_\_  
[Signature of the Guarantor]

\_\_\_\_\_  
[Seal]

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:

1. Africa Merchant Assurance Co. Ltd.
2. AJG (K) Insurance Co. Ltd.
3. APA Insurance Co. Ltd.
4. Blue Shield Insurance Co. Ltd.
5. British American Insurance Co. Ltd.
6. Cannon Assurance Co. Ltd.
7. Concord Insurance Co. Ltd.
8. Co-operative Insurance Co. Ltd.
9. Corporate Insurance Co. Ltd.
10. Fidelity Shield Insurance Co. Ltd.
11. First Assurance Co. Ltd.
12. Gateway Insurance Co. Ltd.
13. Geminia Insurance Co. Ltd.
14. General Accident Insurance Co. Ltd.
15. Heritage All Insurance Co. Ltd.
16. Insurance Company of East Africa Ltd.
17. Intra Africa Assurance Co. Ltd.
18. Jubilee Insurance Co. Ltd.
19. Kenindia Insurance Co. Ltd.
20. Kenyan Orient Insurance Co. Ltd.
21. Kenyan Alliance Insurance Co. Ltd.
22. Lion of Kenya Insurance Co. Ltd.
23. Madison Insurance Co. Ltd.
24. Mercantile Life and General Assurance Co. Ltd.
25. Occidental Insurance Co. Ltd.
26. Phoenix of East Africa Assurance Co. Ltd.
27. Royal Insurance Co. Ltd.
28. Standard Assurance Co. Ltd.
29. Tausi Insurance Co. Ltd.
30. The Monarch Insurance Co. Ltd.
31. Trident Insurance Co. Ltd.
32. UAP Provincial Insurance Co. Ltd.
33. Pacis Insurance Co. Ltd.
34. Mayfair Insurance Co. Ltd.