

**BANGLADESH RURAL ELECTRIFICATION BOARD**  
**DHAKA, BANGLADESH**  
**PBS INSTRUCTION 200-03**

**SUBJECT:** MINIMUM INSURANCE AND FIDELITY COVERAGE FOR THE PBSs.

**I. PURPOSE**

To set forth the policy and guidelines of maintaining minimum insurance and fidelity coverage's for the PBSs as per requirements of Bangladesh Rural Electrification Board.

**II. POLICY:**

- A. Each PBS shall procure specific minimum insurance and fidelity guarantee policy to cover the probable risks of its properties and employees as stated in the guidelines and shall maintain it as long as the risks exist and any portion of its loan remains unpaid to BREB.
- B. The PBSs shall furnish BREB satisfactory evidence that such insurance and fidelity coverage are being continuously maintained.
- C. The PBSs shall purchase such coverage from any nationalized insurance company of the country, or from private sector Public Ltd insurance companies which are listed with stock exchange.

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D. If any PSS fails to purchase or maintain the required\ Insurance and fidelity coverage, BREB may take such insurance and fidelity coverage on behalf, and in the name of that PBS. In such cases, the PBS shall be liable to pay the cost thereof to BREB.

**III. SPECIFIC MINIMUM REQUIREMENTS OF BREB:**

**A. WORKMEN'S COMPENSATION/BENEFIT SCHEME:**

Workmen's compensation insurance/benefit scheme, covering the concerned employees of the PBS shall be maintained as per PBS Instruction 300-32.

**B. COMPREHENSIVE PHYSICAL DAMAGE INSURANCE OF VEHICLES/  
AUTOMOBILES**

Comprehensive or separate fire, theft and windstorm insurance on all motor vehicles and trailers owned by the PBS, shall be maintained. The amount of insurance coverage shall not be less than the actual cost of the vehicles.

**C. FIDELITY COVERAGE FOR THE EMPLOYEES**

Fidelity guarantee coverage shall be maintained for the following designated employees having financial authority to sign cheques, write cheques, handle cash, or responsible for issue and storage of materials and equipment.

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Such coverage shall be made with the insurance company on specified amount as follows:

Designated Employee	Amount of the Coverage (Taka)
Assistant General Manager- Finance-Accounts and Finance Revenue	5,00,000.00 each
Assistant General Manager (Admin)/ (Engineering) who is the Store-in- Charge	3,00,000.00
Accountant, and Accountant (Revenue)	2,00,000.00 each
Store Keeper	5,00,000.00
Cashier	5,00,000.00 each
Store Assistant	3,00,000.00
Assistant Cashier	3,00,000.00 each

**D. PROPERTY INSURANCE**

Properties owned/used any way by the PBS in respect of which the probable risks of theft, damage etc. are considered higher are required to be insured. If the PBSs management in consultation with BREB do not consider the property insurance cost effective, such insurance shall be maintained under self insurance scheme either in BREB or by the PBSs individually as may be considered convenient taking into account all facts, circumstances and costs.

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Operating Procedures of self insurance scheme shall be as follows:

Authority	Operating Procedures
PBS Board	Identify the properties in which risk involvement is very high.
General Manager	Prepare a list annually, of the properties as identified by the PRS Boards
GM and AGM Finance/ Finance- Accounts	Determine the sum to be insured based on average/maximum cost of stores, furniture, equipment etc.
GM and AGM Finance/ Finance Accounts	Obtain quotation from any 3 (three) Insurance Companies (if available) to know the annual insurance premium involved in the property insurance.
PBS Board	Obtain BREB's approval regarding properties and sums to be insured and premium involved there.
PBS Board	Create an Insurance Reserve Fund with the amount of annual insurance premium as approved by BREB
PBS Board	Take a resolution to invest the amount of Insurance Reserve Fund in Fixed Deposits or Government Securities, if available
GM and AGM Finance/ Finance- Accounts/ HR&Admin	Replace the property, if any damaged, lost etc. from the Insurance Reserve Fund with approval from BREB

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**Notes on the Property Insurance:**

Whenever it appears that the value of any property may exceed the limit of the insured amount in case of insurance maintained with insurance companies, an endorsement to the policy should be promptly secured increasing the limit of sum insured for that particular property.

**E. TERMINATION AND EFFECTIVENESS OF FIDELITY COVERAGES:**

- (i) Fidelity bond is a continuing instrument. It may be terminated only upon written notice by the PBS to the Insurance Company, subject to written consent of BREB.
- (ii) Upon discovery of any fraudulent or dishonest act of any employee covered under such insurance, fidelity coverage for such employee shall automatically be cancelled, but coverage for all other employees shall remain in effect.
- (iii) Dishonest act, if any, on the part of any employee covered under such insurance, when detected by the PBS management, the concerned employee shall immediately be transferred and assigned to other duties not requiring fidelity coverage and official administrative proceedings against him/her should be initiated for the dishonest act.

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**IV. PROCUREMENT OF SUCH INSURANCE AND FIDELITY COVERAGE:**

To minimize the expense of such insurances, while taking new policy or renewal, the PBS will invite offer through RFQ from the Insurance Companies and one company having the lowest rate of premium shall be selected. The Quotation Evaluation Committee will consist of the DGM (Senior)- Convener, AGM Finance Accounts)/ (Revenue)- Member- Secretary, AGM (Admin)-Member, AGM (O&M)- Member and Asstt. Engineer (Concerned Executive Engineer's Office)-Member.

**V. SUBMISSION OF EVIDENCE OF COVERAGE:**

- A. The PBSs shall furnish to BREB evidence of compliance with the required insurance and fidelity bond coverage at least fifteen (15) days prior to the expiry of the current policies, otherwise loan funds will not be advanced.
- B. The PBSs shall furnish BREB a schedule 'of their insurance policies then in force, showing the name of the Insurance Company, specific type of policy, policy number, expiration date and the amount of coverage.
- C. The PBSs shall furnish BREB a certification of replacement coverage in lieu of duplicate policies.

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D. When any additional required policy is purchased, BREB is to be furnished in detail all the relevant information and data.

**VI. NOTIFICATION AND REPORTING OF CLAIMS:**

- A. Upon discovery by the PBS or BREB of any fraudulent or dishonest act of any employee covered under the fidelity coverage and in cases of accident involving injury to persons, employees, or direct damage to the insured property of the PBS, the PBS shall promptly lodge FIR with the nearest Police Station and shall notify/report to the Insurance Company in writing with a proof of loss, if any. A copy of the notice/report should be sent immediately to BREB.
- B. The PBSs shall, when necessary to protect all rights under the fidelity bond, file suit against the Insurance Company to recover all claims.
- C. BREB should be furnished with a copy of any claim submitted to the Insurance Company seeking recovery of loss for damages or destruction of property.
- D. AGM (Admin) will be responsible for administrative works like, Inquiry/ FIR, police verification, Report to provide compensation and also report to BREB etc. and also be responsible for necessary work such as file suit against the Insurance Company to recover all claims. GM, PBS will monitor the overall matter.

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**VII. BREB ASSISTANCE:**

- A. BREB will assist the PBSs as far as possible to develop their insurance programs.
- B. BREB will negotiate directly with Insurance Companies, as necessary, to resolve the problems regarding rates of insurance and fidelity coverage and also to facilitate the settlement of claims.

**VIII. MORTGAGED PROPERTY:**

In the event of damage to, or the destruction of, the mortgaged property, or any portion thereof, covered by insurance, the Mortgager (the PBS) shall repair or replace such destroyed/damaged or lost portion to bring the mortgaged property in the same condition as substantially it was.

**IX. INSURANCE COVERAGE ON VEHICLES:**

The PBSs will ensure necessary insurance coverage on all vehicles as per laid down procedure described in Section IV above.

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