

Guidance Notes to Consultants

This is guidance to Consultants to assist their decision making about what cover to arrange in the insurance to be provided by the Consultant. The guidance is not part of the contract and the Employer carries no liability for it.

1. For the purpose of construction works contracts, insurance provided by Eskom (the *Employer*) has been arranged on the basis of “project” or “contract” value, where the value is the total of the Prices at Completion of the whole of the works including VAT.

A “project” is a collection of contracts or work packages to be undertaken as part of a single identified capital expansion or refurbishment of a particular asset or facility.

A “contract” is a single contract not linked to or being part of a “project”.

2. There are three main “formats” of cover and deductible structure; Format A, Format B and Dx Format.

Format A is for a Tx or Dx project or contract value less than or equal to R500M (five hundred million Rand) inclusive of VAT and also for a Gx project or contract less than or equal to R350M (three hundred and fifty million Rand) inclusive of VAT.

Format B is for all projects (and any related contracts or sub-contracts within that overall Project Value) from the following list:

Project Name
1. Medupi Project
2. Kusile(Bravo) Project
3. Ingula Project
4. Matla C& I Project
5. GAS 1 Project
6. OCGT/GAS1 Tx Project
7. Dhuva-Leseding Tx Project
8. Cape Corridor Tx Project
9. Medupi Tx Project
10. Dedisa Tx Project
11. Southern Grid Ph2 Tx Project
12. Tafelbay Dx Project
13. Ingula Tx
14. Kusile Tx

Format Dx applies only to Distribution Division projects and contracts. If a Distribution Division project or contract exceeds the Format A limit, the Eskom Insurance Management Services [EIMS] need to be contacted for advice on how to formulate the insurance cover. Cover and deductibles for Distribution Division are per the relevant policy available on the internet web link given below.

Format A generally applies to Transmission Division projects and contracts. If a Transmission Division project or contract exceeds the Format A limit, the Eskom Insurance Management Services [EIMS] need to be contacted for advice on how to formulate the insurance cover.

3. **Further information and full details of all Eskom provided policies and procedures may be obtained from:**

<http://www.eskom.co.za/c/101/insurance-policies-procedures/>

4. The Insurance which the Consultant is to provide against liability of the Consultant for claims made against him arising out of his failure to use reasonable skill and care (first row in the Insurance Table of clause 81.1 in the PSC3)) should indemnify the Consultant for those sums which the Consultant could become legally liable to pay as damages arising from any claim first made against the Consultant and reported to Insurers during the prevailing-policy Period of Insurance. Such claims could arise out of any negligent act, error or omission committed or alleged to have been committed by the Consultant in the conduct of professional services in connection with the contract.

- Indemnity and insurance
- The Parties provide the Insurances stated in the Insurance Table below. The amounts of Insurance and the periods for which the Parties maintain these Insurances are:

Party Responsible	Insurance Against	Minimum Amount of Cover and Period
<p>Provided by the <i>Consultant</i></p>	<p>Failure of the Consultant to use the skill and care normally used by professionals providing services similar to the services.</p> <p>As a guide for the Consultant's consideration: The Insurance provided shall indemnify the Consultant for those sums which the Consultant shall become legally liable to pay as Damages arising from any claim first made against the Consultant and reported to Insurers during the Period of Insurance, directly arising out of any negligent act, error or omission committed or alleged to have been committed by the Consultant in the conduct of professional services in connection with the Contract.</p>	<p>Whatever the <i>Consultant</i> deems necessary in respect of each claim, without limit to the number of claims</p> <p>Period of Insurance: effective from the starting date to the completion date or the termination date</p> <p>and, as a further guide for the Consultant's consideration): Annually Renewable and/or if Contract Specific: Immediately following the conclusion of the Period of Insurance, continuing for 1 or 2 or more years the period of time set forth in the Insurance Policy Schedule as the Run Off Period.</p>
<p>Provided by the <i>Consultant</i></p>	<p>Liability for bodily injury to or death of a person (not an employee of the <i>Consultant</i>) or loss of or damage to property arising from or in connection with the <i>Consultant's providing the services</i>.</p>	<p>For any occurrence or series of occurrences arising out of one event but unlimited during the Period of Contract and Period of Insurance:</p> <p>Whatever the <i>Consultant</i> deems necessary.</p> <p>AND, in terms of professional services for Projects/Contracts, as described below, whatever the <i>Consultant</i> deems necessary in addition to that provided by the <i>Employer</i>.</p>
<p>Provided by the <i>Consultant</i></p>	<p>Liability for death of or bodily injury to employees of the Consultant arising out of and in the course of their employment in connection with this service contract.</p>	<p>As prescribed by the Compensation for Occupational Injuries and Diseases Act No. 130 of 1993 and the <i>Consultant's</i> common law liability for people falling outside the scope of the Act with a limit of Indemnity of not less than R500 000-00.</p>

<p>Provided by the Employer. The Consultant is responsible for the deductibles</p>	<p>If Professional Services provided form a part of designated 'works' Projects/Contracts.</p> <p>Liability for bodily injury to or death of a person (not an employee of the Consultant) or loss of or damage to property (other than the works materials and plant and Equipment) arising from or in connection with the Consultant's providing the services.</p> <p>In respect of their involvement in the performance of The Insured Contract(s) at The Contract Site(s) but excluding loss damage or liability arising out of negligent act, error or omission in the performance of the professional duties undertaken by the professional(s) in the course of their business.</p>	<p>For any occurrence or series of occurrences arising out of one event but unlimited during the Period of Contract and Period of Insurance:</p> <p>R20M (Twenty million Rands). Deductible: R1M (One million Rand) for 'Format B' type works, and, R20,000.00 (or R50,000 spread of fire) third party property damage for 'Format A' and 'Format Dx' type works</p>
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- Generally it is noted and understood that the limit of the *Consultant's* liability for failure to Provide the Services is **limited to the total of the Prices (the overall services contract value).**