

9 July 2014

To: Principal Officers - All registered insurers and reinsurers
All insurance agents and brokers and reinsurance brokers
Chairperson - LAAN
Chairperson - NIBA
Chairperson - AIM
Chairperson - NIA

DIRECTIVE LETTER: I/STI & LTI/08/2014

Effective date: 1 November 2014

**SUBJECT: REGISTRATION OF ALL PERSONS (BOTH JURISTIC AND NATURAL)
CONDUCTING INSURANCE BUSINESS AS INSURANCE AGENTS
AND BROKERS AND REINSURANCE BROKERS**

The insurance industry is hereby informed of clarification in the initial Directive Letter **I/STI & LTI/01/2014**, its consequent withdrawal and replacement with this Directive Letter. The principle of the initial directive is embodied in this new Directive Letter.

1. Introduction

1.1 This Directive Letter is issued by virtue of NAMFISA's functions and powers, and those of its CEO in his capacity as the Registrar of Long-term and Short-term Insurance, in terms of the Namibia Financial Institutions Supervisory Authority Act No. 3 of 2001, and is applicable to all registered insurers, reinsurers, insurance agents and brokers and reinsurance brokers under the Long-term Insurance Act No. 5 of 1998 ("LTI Act") and the Short-term Insurance Act No. 4 of 1998 ("STI Act").



1.2 It is a legal requirement that every person (juristic or natural) who wishes to carry on or who carries on the business of an insurance agent or broker or of a reinsurance broker in Namibia, excluding non-commission earning employees of a registered insurer, must apply to be registered as such in terms of section 55 of the LTI Act and/or section 53 of the STI Act.

1.3 The purpose of this Directive Letter is to direct all persons conducting insurance business as insurance agents and brokers and reinsurance brokers in Namibia, excluding non-commission earning employees of a registered insurer, who are either unregistered, incorrectly registered as agents instead of brokers, or brokers who do not fully comply with the prescribed registration requirements, to comply with the requirements as set-out in the LTI and STI Acts.

2. The current insurance practice

2.1 Individual persons selling insurance business for brokerages are incorrectly registered as insurance agents instead of insurance brokers as defined under section 1 of the LTI Act and the STI Act.

2.2 Furthermore, the Registrar has in the past registered individual persons as insurance brokers without such persons complying with the registration requirements under sections 56 and 57 of the LTI Act and sections 54 and 55 of the STI Act.

2.3 Persons performing the activities of insurance agents and brokers and reinsurance brokers are not dually registered to perform such activities.

2.4 These practices will no longer be allowed to continue as they are contrary to the LTI and STI Acts.



3. The law

- 3.1 In terms of section 55(1) of the LTI Act and section 53(1) of the STI Act, no person shall carry on the business of an insurance agent or broker or a reinsurance broker, excluding non-commission earning employees of a registered insurer, in Namibia unless such person is registered to carry on such business.
- 3.2 Any person seeking registration to conduct insurance or reinsurance business as an insurance agent or broker or reinsurance broker in Namibia must comply with the registration requirements in terms of sections 55, 56 and 57 of the LTI Act and/or sections 53, 54 and 55 of the STI Act.
- 3.3 In terms of section 66 of the LTI Act read with section 60 thereof and section 65 of the STI Act read with section 58 thereof, no person shall transact long-term or short-term insurance business with an unregistered insurance agent or broker or reinsurance broker and doing so may result in a criminal conviction.

4. Conclusion

- 4.1 Both the LTI Act and the STI Act require every person (juristic or natural) who conducts or wishes to conduct insurance business in Namibia as an insurance agent or broker or reinsurance broker, excluding non-commission earning employees of a registered insurer, to apply to the Registrar for registration as an insurance agent or broker or reinsurance broker. It is therefore compulsory and not discretionary for any person carrying on insurance business to register as an insurance broker or agent or reinsurance broker in terms of the Acts.

5. The directive



- 5.1 All persons conducting insurance or reinsurance business as insurance agents or brokers or reinsurance brokers in Namibia, excluding non-commission earning employees of a registered insurer, must be registered in strict compliance with the LTI and STI Acts, subject to this Directive Letter.
- 5.2 All insurance and reinsurance brokers working for brokerage firms, including close corporations, and who are incorrectly registered as insurance or reinsurance agents by the Registrar must be registered as insurance or reinsurance brokers in terms of section 55 of the LTI Act and section 53 of the STI Act. These incorrectly registered insurance or reinsurance agents must return their certificates of registration to the offices of NAMFISA and apply afresh for registration of insurance or reinsurance brokers. New certificates of registration shall only be issued once all the requirements for registration as an insurance or reinsurance broker as set out under sections 55, 56 and 57 of the LTI Act and sections 53, 54 and 55 of the STI Act have been complied with. Such correct registration must be completed by **31 October 2014**.
- 5.3 All individual insurance and reinsurance brokers registered under the LTI Act and/or the STI Act must ensure that they comply with all registration requirements under sections 55, 56 and 57 of the LTI Act and sections 53, 54 and 55 of the STI Act by **31 October 2014**. Such insurance and reinsurance brokers will not be notified individually of any non-compliance and are expected to make certain that they are in full compliance with the LTI Act and the STI Act.
- 5.4 Any person carrying on insurance or reinsurance business as an insurance agent or broker or reinsurance broker, excluding non-commission earning employees of a registered insurer, without being registered as such is contravening section 55 of the LTI Act and/or section 53 of the STI Act, which contraventions constitute criminal offences, and such person shall on conviction be liable in terms of section 69(a)(i) of the LTI Act and/or section 68(a)(i) of the STI Act.



The Registrar therefore requires full cooperation and support in this process by all industry players and stakeholders at large. Should you still need more clarity, please do not hesitate to contact either the Long-term Insurance manager or the Short-term Insurance manager.

A handwritten signature in black ink, appearing to read 'Phillip N. Shiimi', written in a cursive style. The signature is positioned above a horizontal line.

Phillip N. Shiimi

CEO of NAMFISA and Registrar of Long-term and Short-term Insurance