



NAMIBIA FINANCIAL
INSTITUTIONS SUPERVISORY AUTHORITY

– Safeguarding the Nation's Wealth! –

Enquiries: E.U. Tjipepa

July 11, 2003

CIRCULAR LETTER PI/SI/1/2003

**UNDESIRABLE BUSINESS PRACTICE APPLIED BY CERTAIN PARTIES
IN THE SHORT-TERM INSURANCE BUSINESS**

This notice serves to advise all Short-term insurers, reinsurers, insurance brokers, reinsurance brokers, agents and including hire purchase companies (institutions) and any other interested parties not to carry on the business of short term insurance in Namibia unless such person is registered with NAMFISA to carry on such business.

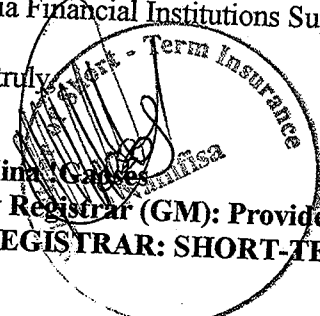
We have become aware of certain practices by some registered insurance/reinsurance companies knowingly contracting with insurance brokers, agents and especially the reinsurance brokers and hire purchase companies who are not registered with NAMFISA and doing insurance business with these institutions

We would also like to inform you that the practice of leaving no choice to the client to determine with whom a policy is to be taken, cannot be condoned and this should be dealt with in terms of Section 60 of the Short-term Insurance Act, (Act No.4 of 1998). The effect of these practices is to discriminate against certain registered parties and consequently, their members and to undermine the principle of regulation.

Notice is hereby given of our intention to publish a notice in the Government Gazette in terms of section 25 (3) of the Short-term Insurance Act, 1998 (Act 4 of 1998) of registered entities or to inform all our registered entities to cease any contractual agreements with such entities. This notice would declare this conduct as irregular or undesirable.

Consequently, all parties are instructed, to cease the practices referred to above with immediate effect to enable the matter to be dealt with in terms of section 25 (3) of the Short-term Insurance Act, (Act No.4 of 1998) and in terms section 4 (2)(h) of the Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001).

Yours truly,


Marcelina G. G. G.
Deputy Registrar (GM): Provident Institutions
FOR REGISTRAR: SHORT-TERM INSURANCE