

11 May 2016

**To: Principal Officers- All registered (re)insurers
All insurance agents and brokers and reinsurance broker
Chairperson-LAAN
Chairperson-NIBA
Chairperson-AIM
Chairperson-NIA**

CIRCULAR LETTER: STI/01/2016

Effective Date: With Immediate Effect

**SUBJECT: ENFORCEMENT OF SECTIONS 2 AND 3 OF THE SHORT TERM INSURANCE
ACT, 1998 (ACT NO.4 OF 1998) (STI ACT)**

1. INTRODUCTION

- 1.1. This Circular is issued in terms of the NAMFISA's functions and power, and those of the Acting CEO in his capacity as such and his various capacities as Registrar in terms of the Namibian Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001) and all other authorising legislation.
- 1.2. The Circular is applicable to all registered (re)insurers and intermediaries, current and prospective applying to the Registrar of Short-term insurance (the Registrar) for exemption or approval to issue a policy in Namibia. The circular also applies to registered (re)insurers and intermediaries who want to effect or renew reinsurance business outside Namibia or issuing of a policy in a currency other than the Namibian Dollar.
- 1.3. The purpose of this circular is to inform all registered (re)insurers and intermediaries, current and prospective, of the procedural enforcement of sections 2 and 3 of the STI Act.



2. THE CURRENT PROCESS

- 2.1. Section 2(2) of the STI Act requires that an application for exemption be made to the Registrar by or on behalf of a foreign (re)insurer. The application must substantiate that there is no registered (re)insurer in Namibia that can provide the required cover on equitable terms.
- 2.2. Section 3(1) of the STI Act prescribes that registered (re)insurers are only entitled to carry on short-term insurance business and to issue written domestic policies in Namibia. The section further provides that registered (re)insurers are prohibited from varying policies to become payable outside Namibia or in a currency other than the Namibian Dollar.
- 2.3. Section 3(1) also empowers the Registrar to exempt or grant approval, upon application, for registered (re)insurers to effect or renew reinsurance business outside Namibia or to issue a policy in a currency other than the Namibian Dollar.
- 2.4. The current practice is that (re)insurers only apply for the exemption after the inception of the policy and some (re)insurers never make the exemption applications. This conduct results in the contravention of sections 2 and 3 of the STI Act which is a criminal offence in terms of section 68 thereof.

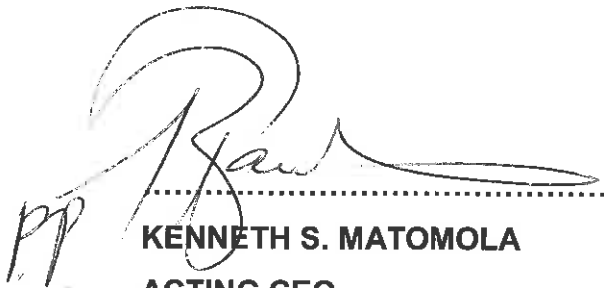
3. THE EXEMPTION APPLICATION PROCESS GOING FORWARD

- 3.1. The new process as prescribed below will be followed from the date of this circular and will apply to all future exemption applications. This circular does not apply to applications that have been received before the effective date of this circular for consideration by the Registrar.
- 3.2. The (re)insurer will be allowed to enter into a policy on condition that the policy will only come into effect if the exemption is granted by the Registrar.



- 3.3. The policy contract must contain a condition precedent to the effect that, notwithstanding the date on which the policy is concluded, the inception or the renewal of the policy will only come into effect from the date that the exemption application has been granted by the Registrar.
- 3.4. The (re)insurer will be required after entering in to a policy contract to make an application to the Registrar for an exemption for the policy that has been concluded but not yet effective.
- 3.5. Once the exemption is granted, the policy's inception or renewal date will be the date that the application for exemption is granted by the Registrar and not the date on which the policy was concluded.

I trust that all the current and prospective (re)insurers and intermediaries will give their full corporation to ensure effective compliance with the enforcement of sections 2 and 3 of the STI Act.

A handwritten signature in black ink, appearing to read 'Ken Matomola', is written over a dotted line. To the left of the signature, the letters 'PP' are handwritten.

KENNETH S. MATOMOLA
ACTING CEO

REGISTRAR: SHORT-TERM INSURANCE