

DIRECTIVE

NO. : I/MAF/01/2024

**TO : PRINCIPAL OFFICERS OF REGISTERED MEDICAL AID FUNDS
TRUSTEES OF REGISTERED MEDICAL AID FUNDS
NAMIBIAN ASSOCIATION OF MEDICAL AID FUNDS**

DATE : 31 JANUARY 2024

EFFECTIVE DATE : WITH IMMEDIATE EFFECT

**SUBJECT : SUBMISSION OF QUARTERLY REPORTS AND
AUDITED ANNUAL FINANCIAL STATEMENTS**

1. INTRODUCTION

- 1.1 This Directive is issued by virtue of the functions and powers Namibia Financial Institutions Supervisory Authority (“NAMFISA”) and those of its Chief Executive Officer in his capacity as the Registrar of Medical Aid Funds (“the Registrar”) in terms of the Medical Aid Funds Act, 1995 (Act No. 23 of 1995) (“the MAF Act”), read with the Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001).

- 1.2 The purpose of this Directive is to notify the medical aid funds industry of the quarterly and annual reporting requirements henceforth, in light of the international financial reporting standard (“IFRS”) 17 that took effective on 1 January 2023.

2. THE LAW

- 2.1 In terms of section 4(3) of the MAF Act, the Registrar may, by written notice, require a medical aid fund to submit any document or information relating to the affairs of the medical aid fund as the Registrar may require in the performance of his functions in terms of the MAF Act.
- 2.2 The MAF Act does not prescribe the manner in which outstanding claims payable and gross provision for claims incurred but not yet reported liabilities, should be measured.
- 2.3 In accordance with Directive I/MAF/01/2019, all registered medical aid funds are required to complete and submit to the Registrar, within 30 calendar days of the end of each quarter, the quarterly return as created by NAMFISA on its Electronic Regulatory System.
- 2.4 This Directive should be read together with Directive I/MAF/01/2019 in so far as the Directives relate to the submission of accounts and complete information.

3. CURRENT PRACTICE

- 3.1 The quarterly returns created by NAMFISA on its Electronic Regulatory System are currently based on regulatory requirements and are submitted within 30 calendar days of the end of each quarter.

3.2 All registered medical aid funds are further required to submit the following information to the Registrar annually, within six months after the end of its financial year:

- a) Number of principal members;
- b) Gross contributions;
- c) Contributions receivable (including contributions receivable aged 30 days and above);
- d) Healthcare cost;
- e) Non-healthcare expenditure;
- f) Investment income;
- g) Net surplus for the year;
- h) Current and non-current investment assets;
- i) Total current and non-current assets;
- j) Cash and cash equivalents;
- k) Accumulated funds;
- l) Total current and non-current liabilities;
- m) Outstanding claims payable; and
- n) Gross provision for claims incurred but not yet reported.

4. THE PRACTICE GOING FORWARD

4.1 The regulatory reporting requirements in terms of quarterly reporting remain as is currently designed on NAMFISA's Electronic Regulatory System until said return has been realigned to collect data based on the IFRS 17. NAMFISA aspires to align the quarterly return to collect data based on IFRS 17 subsequent to the transition period.

4.2 All registered medical aid funds may continue to measure outstanding claims payable and gross provision for claims incurred but not yet reported liabilities based on the same methodology currently used to measure said liabilities in their quarterly returns. Alternatively, those registered medical aid funds that have

changed their reporting systems to comply with IFRS 17 reporting requirements and who will measure its insurance contract liabilities under the Premium Allocation Approach (“PAA”) may measure and report the abovementioned liabilities in accordance with IFRS 17 in their quarterly return, provided that such entities shall inform the Registrar of the change in methodology upon submission of the corresponding quarterly return.

- 4.3 In addition, all registered medical aid funds will be required to continue to submit the information listed in paragraph 3.2 of this Directive to the Registrar on an annual basis, within six months after the end of its financial year, and in the form to be determined by the Registrar (referred to hereafter as the “annual return”) until the quarterly return has been realigned on NAMFISA’s Electronic Regulatory System to collect data based on the IFRS 17. The external auditors of the registered medical aid funds will be required to perform agreed upon procedures on the information to be submitted in the annual return in accordance with international standard on related services (“ISRS”) 4400 (revised) – *agreed-upon procedures engagements*, where such information is not explicitly disclosed in the entity’s audited annual financial statements, to verify the information is, in all material aspects, valid, accurate and complete. The annual return template will be distributed to all registered medical aid funds during the month of April 2024. The outstanding claims payable and gross provision for claims incurred but not yet reported liabilities are required to be measured in accordance with the same methodology applied to report said liabilities in the quarterly returns.

- 4.4 The Registrar reserves the right to request any additional information in terms of section 4(3) of the MAF Act.

5. LEVY CONSIDERATION

- 5.1 Under the implementation of IFRS 17, the levy basis for the medical aid funds industry will remain unchanged. The IFRS 17 framework introduces new guidelines

for the accounting of insurance contracts, aiming to enhance transparency and comparability of financial reporting. However, the calculation and assessment of levies for regulatory purposes will continue to be based on the existing levy basis and rates (i.e., gross contributions, using the rates specified in paragraph 10 of The Imposition of levies on Namibia Financial Institutions: Namibia Financial Institutions Supervisory Authority Act, 2001, Government Notice No. 265 of 2017 (GG 6438)). This decision is made in recognition of the unique nature of the medical aid funds industry and aims to provide stability and consistency during the transition to the new reporting standard. NAMFISA remains committed to facilitating a smooth transition for industry participants while maintaining the necessary regulatory oversight and financial stability within the sector.

- 5.2 All the levy returns are required to be submitted by all registered medical aid funds in the current form and manner as determined by the NAMFISA and onto NAMFISA's Electronic Regulatory System.

6. THE DIRECTIVE

- 6.1 The Registrar hereby directs:

- 6.1.1 all registered medical aid funds to continue completing and submitting to the Registrar within 30 calendar days of the end of each quarterly, the quarterly return as is currently on NAMFISA's Electronic Regulatory System;
- 6.1.2 all registered medical aid funds to submit to the Registrar annually, within six months after the end of its financial year, the information listed in paragraph 3.2 of this Directive to the Registrar on an annual basis, within six months after the end of its financial year, and in the form to be determined by the Registrar (i.e., annual return) until the quarterly return has been realigned on NAMFISA's Electronic Regulatory System to collect data based on the IFRS 17 accounting standard. The external auditors of the registered medical aid funds are required to perform agreed upon procedures on the information to be submitted in the annual return, where

such information is not explicitly disclosed in the entity's audited annual financial statements, to verify the information is, in all material aspects, valid, accurate and complete;

6.1.3 all registered medical aid funds to measure its outstanding claims payable and gross provision for claims incurred but not yet reported liabilities in accordance with the same methodology applied to report said liabilities in its quarterly returns; and

6.1.4 all registered medical aid funds to submit their levy returns in the current form and manner as determined by NAMFISA and onto NAMFISA's Electronic Regulatory System.

We trust that all registered medical aid funds will give their full cooperation to ensure effective compliance with the above.

For further information or clarification on this Directive, please do not hesitate to contact Mr. Louis Potgieter at telephone number (061) 290 5213 or via e-mail at lpotgieter@namfisa.com.na.



KENNETH S. MATOMOLA
REGISTRAR OF MEDICAL AID FUNDS