



NAMIBIA FINANCIAL
INSTITUTIONS SUPERVISORY AUTHORITY

- Safeguarding the Nation's Wealth! -

August 17, 2004

All Registered Independent Insurance Agents
All Registered Insurance Brokers
All Registered Reinsurance Brokers
All Registered Insurers/Reinsurers
NIBA Chairman
AIM Chairman
IRC Members
RFIN Secretary

Circular No: PI/LT/1/2004

Effective Date: 01 March 2005

REGISTRATION OF INDEPENDENT LONG-TERM INSURANCE AGENTS

This circular is applicable to all independent long-term insurance agents registered in either natural or juristic capacity.

After extensive consultation with representatives of the Life Offices and associations representing Long-term insurance agents and brokers on matters relating to the activities of the independent long-term insurance agents, particularly the degree of investment risk exposure to the investing public, the Registrar has formulated risk mitigation approaches that endeavors at maintaining the protection of the investing public.

It must be noted, that due to social constraints at the time that the Long-term Insurance Act, 1998 (Act No.5 of 1998) was passed, the Registrar exercised his powers and prerogative in registering and allowing a number of agents to independently carry out insurance business without being employed as insurance agents of one or more insurers. This exemption has led to what is termed today as "*independent long-term insurance agents*" currently existing in the long-term insurance market.

Liabilities of the independent insurance agents are not carried by insurers as they are not employees of the insurers, and independent agents are not by Law required to hold bank guarantee neither professional indemnity insurance. The lack of such arrangements, put the investing public at financial risk when dealing with independent agents.

The Regulatory Authority has reviewed the prudence of the existence of independent insurance agents and particularly in view of Namfisa's role of providing adequate protection to the

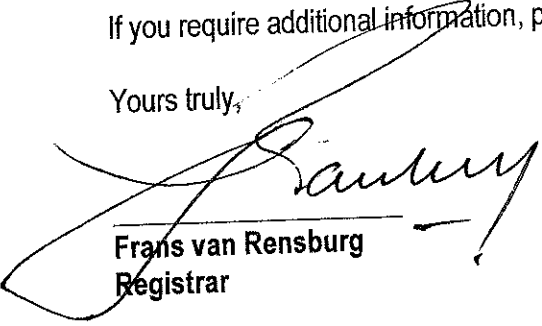
investing public against prejudices. Therefore, all registered independent long-term insurance agents are being offered a grace period of six (6) months in which they should choose one of the following three (3) options in order to safe-guard the investing public interests:

1. to either join one of the registered Long-term Insurance Companies as Long-term insurance agent; or
2. either join one of the registered Long-term Insurance Broker Houses as a broker; or
3. start-up and register own Long-term Insurance Broker House.

In order to have a smooth execution and compliance, a grace period is granted in which all independent agents must comply. After the grace period has expired, registration of all independent agents will become null-and-void with immediate effect. The registration of new independent long-term insurance agents has been suspended.

If you require additional information, please contact us.

Yours truly,



Frans van Rensburg
Registrar



Marcelina Gaoes
Deputy Registrar (GM):
Provident Institutions