

09 April 2015

TO: All Long Term Insurance agents, brokers and reinsurance brokers

All Long Term Insurers

All short Term Insurers

Chairperson - NIBA

Chairperson - AIM

CIRCULAR LETTER: I/STI/02/2015 & LTI/02/2015

Effective date: Immediately

SUBJECT: CIRCULAR ON ISSUANCE OF FRAUDULENT INSURANCE POLICIES

1. Introduction

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

2. Current Practice

It has come to the Registrar's attention that unauthorized and fraudulent Insurance policies are being issued to the consumers.



3. The law

- 3.1 Sections 25 (1)(a) of both the Long-Term Insurance Act (Act 5 of 1998) and the Short-Term Insurance Act (Act 4 of 1998) require every registered insurer to act in all respects in good faith in the carrying on of their insurance business.
- 3.2 Section 3(a) of the NAMFISA Act states that one of the functions of NAMFISA is "to exercise supervision, in terms of this Act or any other law, over the business of financial institutions and over financial services."
- 3.3 Section 4(2) (h) of the NAMFISA Act further states that NAMFISA "may do anything which is necessary or expedient to perform its functions."

4. Instruction

- 4.1 The Insurance sector, more specifically brokers and agents, is therefore instructed to immediately desist from any unauthorized and fraudulent practices in the completion of proposal forms and issuance of insurance policies.
- 4.2 Insurers are instructed to put in place internal mechanisms aimed at detecting unauthorized and fraudulent activities in the issuing of insurance policies.
- 4.3 The said measures must include verification and authentication measures aimed at verifying the authenticity of any proposal forms and policies sold by agents and brokers.
- 4.4 Insurers are further instructed to provide the Registrar, by no later than the 30th April 2015, with Board approved assurances which specify that :
 - 4.4.1 they have revised their internal mechanisms and implemented measures as aforesaid aimed at curbing the occurrence and increase of fraudulent and unauthorised policies.
 - 4.4.2 the Board is satisfied that the implemented measures as aforesaid are effective.

5. Conclusion

Detected future non-compliance with the law will lead to the Registrar invoking the provisions of sections 57 of the Short Term Insurance Act, No 4 of 1998 and section 59 of the Long Term Insurance Acts, No 5 of 1998. The Registrar will also henceforth pursue all allegations of contravention of sections 67 of the Long Term Insurance Act and sections 66 of the Short Term Insurance Act to the fullest extent of the law. In addition, the Registrar will report any



activities that may amount to fraud or forgery of any kind to the Namibian Police for criminal investigation.

Should you need clarity please do not hesitate to contact the Supervisory Support Division at 061 – 290 5207 (Ms Hilka Alberto).

A handwritten signature in black ink, appearing to read 'Phillip N. Shiimi', written in a cursive style.

Phillip N. Shiimi

CEO of NAMFISA and Registrar of Long Term and Short Term Insurance