

13 July 2016

To: Principal Officers of:

All registered insurers and reinsurers

All insurance agents and brokers and reinsurance brokers

Chairperson-LAAN

Chairperson-NIBA

Chairperson-AIM

Chairperson-NIA

CIRCULAR LETTER: I/STI/04/2016

Effective Date: With Immediate Effect

**SUBJECT: THE REQUIREMENT TO DISCERN LONG TERM AND SHORT TERM
INSURANCE POLICIES**

1. INTRODUCTION

- 1.1. This Circular is issued in terms of the NAMFISA's functions and powers, and those of the Acting Chief Executive Officer in his capacity as such and his various capacities as Registrar in terms of the Namibia 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 insurers, reinsurers, agents and brokers.
- 1.3. The purpose of this Circular is to inform all registered insurers, reinsurers, agents and brokers that they must refrain from offering long-term and short-term insurance products under a single policy document.



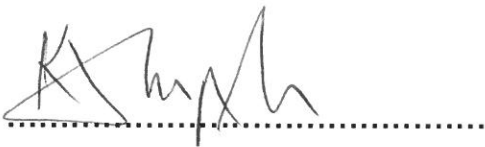
2. THE CURRENT PROCESS

- 2.1. The current practice is that certain policies, particularly those offered through retail outlets, do not distinguish between a short-term and long-term insurance product and a single policy offers both long-term and short-term insurance cover.

3. THE PROCESS GOING FORWARD

- 3.1. The new process as prescribed below will be followed from the effective date of this circular and will apply to all insurance policies.
- 3.2. A single policy cannot provide both long term and short term insurance products. There should be a discernment of long term and short term insurance policies.
- 3.3. Registered insurers, reinsurers, agents and brokers should refrain from selling policies that cover for both short term and long term insurance products in a single policy document. Short term and long term insurance products must be offered in separate policy documents.

I trust that all registered insurers, reinsurers, agents and brokers will give their full corporation to ensure effective compliance with the above.

A handwritten signature in black ink, appearing to read 'K. Matomola', is written over a horizontal dotted line.

KENNETH S. MATOMOLA
ACTING CHIEF EXECUTIVE OFFICER
REGISTRAR: SHORT-TERM INSURANCE