

10 March 2015

To: Principal Officers - All registered insurers and reinsurers
All registered insurance agents, brokers and reinsurance brokers
Chairperson - LAAN
Chairperson - NIBA
Chairperson - AIM
Chairperson – NIA

CIRCULAR LETTER: I/STI/01/2015 & LTI/01/2015.

Effective date: With immediate effect

SUBJECT: WAITING PERIODS IN RESPECT OF INSURANCE POLICIES

- 1.1 This Circular Letter is issued by virtue of NAMFISA's functions and powers, and those of its Chief Executive Officer in his capacity as such and as the Registrar of Long-term and Short-term Insurance in terms of the Namibia Financial Institutions Supervisory Authority Act No. 3 of 2001 ("NAMFISA Act"), 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 insurance agents, brokers and reinsurance brokers.
- 1.2 Insurance policies are often subject to waiting periods whereby an insured must wait for a specified time period before being eligible for benefit(s) under an insurance policy.
- 1.3 The Registrar has observed that insured persons are not always aware of the waiting periods that are applicable in respect of insurance policies. Such a state of affairs at times result in insured persons erroneously believing that they are covered against certain risks immediately upon entering into an insurance contract. This false sense of security that can result from insured

persons erroneously believing that they are covered against certain risks can result in unnecessary hardship once a peril occurs.

- 1.4 In light of the above-mentioned undesirable state of affairs, the Registrar urges all registered insurers, insurance agents, insurance brokers and reinsurance brokers to implement measures to ensure that policyholders are made aware of any waiting periods that are applicable in respect of insurance policies, e.g. requiring policyholders to sign a letter indicating that they have been informed of the applicable waiting periods, etc.
- 1.5 Registered insurers, insurance agents, insurance brokers and reinsurance brokers are furthermore also cautioned not to make misrepresentations to members of the public regarding waiting periods that are applicable in respect of insurance policies. Engaging in such misrepresentations to members of the public regarding waiting periods that are applicable in respect of insurance policies will make such insurers liable for cancellation of their registration as envisaged in terms of section 17(11)(c) of the LTI and STI Acts.
- 1.6 Similarly, insurance agents, insurance brokers and reinsurance brokers are also cautioned that engaging in misrepresentations to members of the public regarding waiting periods that are applicable in respect of insurance policies will make such insurance agents, insurance brokers and reinsurance brokers liable for cancellation of their registration as envisaged in terms of section 59(1)(b)(i) of the LTI Act and section 57(1)(b)(i) of the STI Act.
- 1.7 Registered insurers are further instructed to provide the Registrar, by no later than the **30 June 2015** with assurances from the Principal Officer which specify that:
 - 1.7.1 They have revised their internal mechanisms and implemented measures as aforesaid aimed at ensuring that policyholders are made aware of any waiting periods that are applicable in respect of insurance policies.



1.7.2 The Principal Officer is satisfied that the implemented measures as aforesaid are effective.

The Registrar therefore requires full cooperation and support in this process by all industry players and stakeholders at large. Should you still need more clarity, please do not hesitate to contact either the long-term insurance or the short-term insurance manager.



Phillip N. Shilimi

CEO OF NAMFISA AND

REGISTRAR OF LONG-TERM AND SHORT-TERM INSURANCE