

**NAMIBIA FINANCIAL INSTITUTIONS
SUPERVISORY AUTHORITY**
(ESTABLISHED UNDER ACT 1 OF 2001)
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ENQUIRIES: EU TJJEPA

REF. NO. 14/P

April 19, 2002

TO: ALL MEDICAL AID FUND ADMINISTRATORS, MEDICAL AID FUNDS, NAMA, ASSOCIATION OF HEALTHCARE ADVISORS AND ALL OTHER HEALTHCARE INTERMEDIARIES

CIRCULAR LETTER 2/2002

PAYMENTS TO HEALTHCARE INTERMEDIARIES BY MEDICAL AID FUNDS AND/OR MEDICAL AID ADMINISTRATORS

You are hereby reminded that Regulation 3 of the Regulations promulgated in terms of Government Notice No. 11 of 1997 prohibits a registered fund or its administrator from paying or offering to pay or causing to be paid or offering any reward to any person -

- (a) for introducing any person as a new member of such fund; or
- (b) for consenting or retain any person as a member of the fund.

No person shall receive or agree to receive any amount, which he or she knows is being paid to him or her as a reward for any purpose mentioned in subregulation (1).

It has come to our attention that certain medical aid funds and/or administrators intend to act in a manner that will contravene this Regulation, either by contravening the latter or the spirit thereof. Fees currently being paid for value-added consultancy services by the funds/administrators have been calculated on the basis of affordability and the value-added by the intermediary to the fund and its members, as opposed to being calculated on a basis designed to give a particular fund/administrator a competitive marketing edge without due regard to the long-term financial implications thereof on the funds in question. However, certain funds/administrators propose to pay intermediaries fees that are far in excess of current industry norms, even allowing for inflationary increases, and cannot be justified in terms of the nature and extent of the services that intermediaries must render in exchange thereof. Kindly indicate all payments to intermediaries by breaking them down as follows within the audited financial statements:

- (a) administration fees
- (b) consulting fees
- (c) all other fees payable to intermediaries; and
- (d) indicate all fees that allows for inflation increase.

BOARD: CHAIRPERSON: MS. A.C. NAKALE, VICE-CHAIR: MR. H.A.R. MEIRING, MEMBERS: MR. L. IPANGELWA & MRS. L. MOUTON
CHIEF EXECUTIVE OFFICER: FRANS VAN RENSBURG

It has also come to our attention that certain healthcare intermediaries are abusing the status quo, by attempting to make the other funds/administrators to also contravene the said Regulation, by threatening to either withdraw existing members from these funds or to refuse to place new members with such funds.

NB. //
We hereby inform all industry role players that the above-mentioned practices are to be discontinued with immediate effect. Failing, will result in this office taking the necessary steps under section 45 of the Medical Aid Funds Act 23 of 1995.

We also request all the players in the industry to report any contravention to us immediately.

Kind regards

MARCELA NAUJES
FOR REGISTRAR

MEDICAL AID FUNDS

