

NAMIBIA FINANCIAL
INSTITUTIONS SUPERVISORY AUTHORITY

- Safeguarding the Nation's Wealth -

December 02, 2003

Enquiries: W.U. Kamburona

CIRULAR LETTER PIM/A/2003

TO: ALL PRINCIPAL OFFICERS OF MEDICAL AID FUNDS

RE: MARKETING OF LONG- AND SHORT-TERM INSURANCE PRODUCTS

Namfisa was established by the Namibia Financial Institutions Supervisory Authority Act, 2001 to supervise, financial institutions and financial services rendered by these institutions in terms of all relevant legislation; for the purposes of protecting the users of financial services.

The Medical Aid Funds are regulated in terms of the Medical Aid Funds Act, 1995. Section 1 of the said Act refer to medical services to mean "any health care treatment of any person, by a person registered in terms of law, which treatment has as its object-

- (a) the physical or mental examination of any person
- (b) the diagnosis, treatment or the prevention of any physical or mental defect, illness or deficiency;...
- (c) nursing or midwifery..."

It should therefore be clear that the business of fund is to pay expenses related to medical services; and it is in light of the latter, that the office of the Registrar deemed it necessary to issue the following directives:

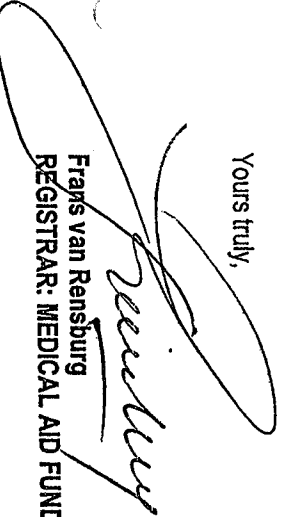
1. Funeral benefits, Gap Covers, Health Insurance, etc are strictly speaking insurance business to which the requirements of either Long-term Insurance Act, 1998 or Short-term Insurance Act, 1998 apply.
 - It is not the business of the fund to offer funeral policies, gap covers, etc. in terms of the Medical Aid Funds Act.
 - These benefits can only be underwritten by a registered insurer.
 - Therefore, the funds should forthwith desist from offering funeral, insurance and re-insurance policies as part of its business. Funds intending to offer and market these products in addition to its core-products are advised to register as Long- and/or Short-term insurance agents or brokers with NAMFISA by February 28, 2004; because only a registered insurance agent/broker may market and/or sell insurance products.
 - Failure to obtain this license(s) will result in Funds being prohibited from marketing or selling these products.

2. Funds are further urged to advise SOS, Rescue 911 and Road Club to apply for long- and/or short-term insurance license(s) with NAMFISA or obtain underwriting for these products with *bona fide* long- or short-term insurer, registered in Namibia; and have it finalized by the end of March 31, 2004 in order to own and market health insurance policies, via the Medical Aid Funds.

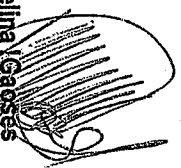
- If SOS, Rescue 911 and Road Club fail to comply, Funds will be prohibited from marketing or selling these products on their behalf.

We hope that you will find the above in order. However, if you have any queries, please call us at anytime.

Yours truly,



Frans van Rensburg
REGISTRAR: MEDICAL AID FUNDS



Marcelina Gassos
DEPUTY REGISTRAR (GM): PROVIDENT INSTITUTIONS