

**NAMIBIA FINANCIAL INSTITUTIONS  
SUPERVISORY AUTHORITY**

(ESTABLISHED UNDER ACT 3 OF 2001)

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CIRCULAR LETTER 5/2002

**MEDICAL AID FUNDS GOVERNANCE**

**1. GUIDELINES OF COMPLIANCE CONDITIONS: HEALTHCARE CONSULTANTS**

1.1 A medical aid scheme must not compensate any person whatsoever for acting as a consultant unless such person:

- a) has been authorized by the Registrar to act as a consultant;
- b) is a fit and proper person for purpose of acting as a consultant;
- c) enters into a prior written agreement with the medical fund concerned, and the nature and compensation payable to such person must be fully disclosed in the financial statements of the medical fund concerned;
- d) disclose to the prospective member the name of the medical fund concerned and the fact that he or she is acting in terms of an agreement;
- e) disclose to the prospective member the registered contributions for the cover;
- f) disclose to the prospective member the nature of the services rendered by the consultant;
- g) provides best advice and acts at all times in good faith towards the member, the prospective member and the medical fund concerned;
- h) provides documentary proof to the member or prospective member that he or she has obtained authorization from the Registrar;
- i) discloses to the member or prospective member the compensation payable to the consultant, which shall not be in excess of the maximum amount determined under the guidelines of the Registrar;
- j) complies with the minimum level of services provided for in the authorization requirements;
- k) undertakes not to receive any other incentive, reward or compensation from any other source in addition to the disclosed compensation as contemplated in subparagraph 1.1 (c).

1.2 Has to become and remain a member of a controlling body, which is registered in Namibia.

1.3 Annual financial statements must be submitted to the Registrar (NAMFISA) as required.

1.4 Be registered with the Registrar of companies at the Ministry of Trade and Industry.

1.5 Must have a contract with a registered medical aid fund in Namibia.

1.6 Must pay N\$1 000.00 authorization fee to do business with a medical aid fund.

1.7 Any person desiring to be authorized as a consultant must apply in writing to the Registrar (NAMFISA), and proof of educational qualification(s) and appropriate experience and copies of ID/passport must accompany the application.

1.8 Registrar may grant authorization to a consultant for two years at a time, to expire at the end of the second year.

1.9 A maximum amount is payable as determined under the guidelines by the Registrar in a given year in respect of the services rendered to a medical fund by any consultant.

(1.10 No compensation is payable unless such compensation has been indicated in the rules of the medical fund concerned.)

1.11 No advance compensation will be paid to a consultant for services not yet rendered.

**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**

- 1.12A medical fund must not prevent a person from applying for membership of a fund in his or her own capacity, without using a consultant to apply for such membership.
- 1.13A person is disqualified from performing consultant services if he or she is an unrehabilitated insolvent or has previously received a disqualifying rating as a consultant.
- 1.14Any person who has paid a consultant compensation where there has been a material misrepresentation is entitled to the full return of all the money paid.

## 2. COMPLIANCE CONDITIONS: HEALTHCARE ADMINISTRATORS

- 2.1 A person desiring to act as an administrator of a medical fund must apply to the Registrar for authorization.
- 2.2 Be registered with the Registrar of companies at the Ministry of Trade and Industry.
- 2.3 Must pay N\$5,000.00 authorization fee to do business with a medical aid fund. *(By who → what does act say)*
- 2.4 An application for authorization referred to in subparagraph 2.1 must be in writing and must contain:
  - a) the full name and curriculum vitae of the person who is the head of the administrator's business;
  - b) the home and business addresses and telephone numbers of the person referred to in paragraph (a);
  - c) the name of the auditor;
  - d) a report prepared by the auditor indicating whether or not the administrator's system of internal financial control is adequate for the size and complexity of the business of the medical fund or funds to be administered;
  - e) a copy of the proposed administration agreement between the administrator and the medical fund or funds concerned; and
  - f) such other information or documents as the Registrar may from time to time require.
- 2.5 The "interim" guidelines of NAMFISA is that a maximum amount payable in a given year in respect of the administration services (including manage care) rendered to a medical fund by any administrator will not exceed N\$80.00 of the contribution per member per month *on open funds*, payable in respect of administration services rendered by such administrator during that year.
- 2.6 The "interim" guidelines of NAMFISA is that a maximum amount payable in a given year in respect of the administration services (including manage care) rendered to a medical fund by any administrator will not exceed N\$43.00 of the contribution per member per month *on close funds*, payable in respect of administration services rendered by such administrator during that year.
- 2.7 Authorization as an administrator is only valid for a period of two years.
- 2.8 Prior to the commencement of administrative functions with regard to a particular medical fund, an administrator must enter into a written agreement with the relevant medical fund in which the terms and conditions of the administration of the medical fund are recorded.
- 2.9 The agreement referred to in subparagraph 2.8 must provide:
  - a) for the scope and duties of the administrator;
  - b) that the administrator must, on behalf of the medical fund, administer the business of a medical fund in accordance with the Act and its regulations, any other applicable law, and as provided for in the rules of the medical fund;
  - c) for the basis on which the administrator is to be remunerated;
  - d) for the termination of the agreement at the instance of either party after notice in writing of a period of not less than 90 days and not more than 120 days; and
  - e) that all registers, minute books, records and all other data pertaining to the medical fund, must at all times remain the sole property of the medical fund concerned, and be kept in safe custody at the registered address of the medical fund.
- 2.10 Any changes to the agreement referred to in subparagraph 2.8 must be in writing and must be effected by way of an addendum to the existing agreement or a new agreement between the administrator and the medical scheme.

- 2.11 If on the date of coming into operation of this circular, an agreement is in force, under which an administrator is administering a medical fund and the existing agreement does not comply with the requirements in this circular, such administrator must enter into a new agreement with the medical fund concerned. The new agreement should comply with this circular and be modified with every medical fund within a specified period as indicated below, unless the medical fund notifies the Registrar that the interest of the medical fund are protected in terms of the existing agreement and the Registrar is satisfied with it.
- 2.12 If the administration agreement between a medical fund and an administrator is terminated, such administrator must furnish a report to the Registrar not later than 60 days after such termination, confirming:
- that all documents of title relating to assets, the assets register, minute books, members' records and other records and information pertaining to the medical fund have been delivered to the trustees of the medical fund or the new administrators, as the case may be;
  - the date and address of such delivery; and
  - the name of the trustee or person at the new administrator's business to whom the documents referred to in paragraph (a) have been delivered.
- 2.13 If an administrator is for any reason unable to comply fully or partially with this circular, the report referred to in subparagraph 2.12 must contain full particulars regarding documentation which has not been delivered, the reasons thereof as well as a plan with the dates on which compliance will take place, to enable the Registrar to approve of such further period as may be determined by him or her.
- 2.14 Prior to the commencement of administrative functions outsourced to other companies by the administrator on behalf of a medical fund, an administrator must enter, with prior approval by the Board of Trustees of the medical fund, into a written agreement with the relevant company that would provide such service, with specific details on the following:
- the scope and duties of the service provider;
  - the basis on which the service provider is to be remunerated;
  - the duration of the contract for the service to be rendered;
  - the termination of the agreement at the instance of either party after notice in writing of a period of not less than 30 days and not more than 60 days; and
  - that all registers, records and all other data pertaining to the medical fund, must at all times remain the sole property of the medical fund concerned, and be kept in safe custody at the registered address of the medical fund.

### 3. GENERAL

- Our circular letter dated April 19, 2002 and the resolution made on the special meeting held on May 7, 2002, with regards to payments to intermediaries and brokers still remains in effect until appropriate amendments has been made to the Act, *but only if NAMFISA has satisfied itself that it is in the best interests of the members and beneficial to all the players in the market.*
- The administration fees (including manage care) are for the "interim", until we have completed our audit on the industry. The audit will enable us to determine fair and equitable fee schedule for the Medical Funds for fees payable to the Administrators.
- The "interim: fee schedule for the Medical Funds for fees payable to consultants has not been finalized and will be released in due time.

I hereby determine that Paragraph 1 of this circular, containing conditions to be complied with by Healthcare Consultants shall come into operation on July 1, 2002; and that Paragraph 2 of this circular containing conditions to be complied with by Healthcare Administrators of this circular shall be into operation on August 1, 2002. However, both of them are subject to change as might be determined by the Registrar of Medical Aid Funds (NAMFISA).

Kind regards,

Marcelina G. Gaores

General Manager: Provident Institutions & Deputy Registrar: MEDICAL AID FUNDS  
FOR REGISTRAR: MEDICAL AID FUNDS

