

**NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY
AUTHORITY**
(ESTABLISHED UNDER ACT 3 OF 2001)
P O BOX 21250, WINDHOEK NAMIBIA
8TH FLOOR SANLAM CENTRE,
TEL 290 5000, FAX 258957

September 2, 2002

ENQUIRIES: E. Tjipepa

THE BOARD OF TRUSTEES AND ADMINISTRATORS

CIRCULAR LETTER: 6/2002

MEDICAL AID FUNDS OPERATIONS

We refer to our Circulars 4/2002 and 5/2002 with regards to Medical Aid Funds Governance, which dealt with the first phase of rectifying past practices, specifically issues around Corporate Governance and transparency in the industry.

The second phase of the process deals with the appointment of Principal Officers, bona fide registered offices of the Medical Aid Funds, and the specific management and operational functions of the Funds.

1. APPOINTMENT OF PRINCIPAL OFFICERS

In Circular 4/2002 we laid out the duties of the Principal Officer, in accordance with the Medical Aid Funds Act, 1995. The constitution of the new Board of Trustees, which was effective on August 1, 2002 by all the Medical Aid Funds, has brought us to the following phase of appointing independent Principal Officers for the Funds. Therefore, all Boards of Trustees are hereby required to:

- Appoint a Principal Officer who is fit and proper to execute the duties laid out in Circular 4/2002;
- The Principal Officer should be a fulltime employee of the Medical Aid Fund and/or an employee of a member company in the case of Closed (employer-sponsored) Funds; and may not be a director, partner, member, employee or other official of any organization serving as the administrator of a registered medical aid fund, or the director, partner, member, employee or other official of any organization rendering services to the administrator in connection with the business of such fund;
- The remuneration of the Principal Officer must be determined by the Board of Trustees according to the qualifications and/or experience of such person;
- The Principal Officer may appoint in consultation with the Board of Trustees concerned, a person or persons to assist him/her in the carrying out his/her duties;

We suggest that you look at people with the knowledge of the Healthcare and Medical Aid Funds industry; and with a financial and/or legal background. However, if the current Principal Officer meet the above criteria, the Board may retain him/her.

**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

This person should be appointed by October 1, 2002; otherwise you will need to appoint a temporary person to execute these functions until you have made a final appointment. However, the final approval of the Principal Officer and his/her remuneration must be done by NAMFISA.

2. ESTABLISHMENT OF AN OFFICE

In terms of Section 23 read with Section 26 of the Medical Aid Funds Act, 1995, a Medical Aid Fund should have a bona fide business address and a postal address. In accordance with the previous Circulars on Corporate Governance and for the purposes of transparency, it is therefore, necessary for all Medical Aid Funds to be physically and operationally separated from the Administrators of the Fund. Therefore, all Boards of Trustees are hereby required to:

- Establish an office registered in the name of the Medical Aid Fund;
- Set up to properly manage the affairs of the Fund;
- Start the process of taking over the accounting records, bank records, contracts, agreements, membership records, minutes, and all such records that is legally the property of the Fund from the Administrator;
- All the above records should be kept in the registered office of the Fund.

All Administrators currently in possession of any abovementioned records of the Funds are required to start handing them over to the Board of Trustees of the Funds. The Administrators are also urged to act in good faith when handing over, especially financial records to the Board of Trustees.

You are given a period of three (3) to six (6) months from the date of this Circular to comply with this requirement; any extensions will be granted by the Registrar only under extreme circumstances and on a case by case basis. However, you are required to consult with NAMFISA throughout this interim period to ensure proper execution of these requirements within the set timeframe.

3. REVIEW OF CURRENT CONTRACTS AND AGREEMENTS

All Boards of Trustees must with immediate effect review all existing contracts of the Funds and ensure that they are legally binding and that they serve the best interests of the members of the Funds. The revised contracts must be submitted to NAMFISA by no later than October 31, 2002 for approval.

Your usual cooperation is much appreciated in our quest to make the industry a "fair playground" for all role players.

Yours truly,



Marcelina Gaozes
General Manager (Deputy Registrar): Provident Institutions
FOR REGISTRAR: MEDICAL AID FUNDS