

**NAMIBIA FINANCIAL
INSTITUTIONS SUPERVISORY AUTHORITY**

- Safeguarding the Nation's Wealth -

November 9, 2004

**TO: NAMAF, MEDICAL AID FUNDS, HEALTHCARE CONSULTANTS AND MEDICAL AID
FUND ADMINISTRATORS**

CIRCULAR LETTER: PI/MA/6/2004

**RE: REVISED REMUNERATION GUIDELINES ON HEALTHCARE CONSULTANTS
RENDERING PARTICULAR SERVICES TO THE NEW AND CURRENT MEMBER OF
MEDICAL AID FUNDS**

NOTE: THIS CIRCULAR LETTER REPLACES THE CIRCULAR LETTER PI/MA/5/2004.

1. In terms of the Medical Aid Funds Act, 1995 and the Namibia Financial Institutions Supervisory Authority Act, 2001 the Registrar hereby issues remuneration directives relating to healthcare consultants as set out in the Schedule.
2. The aim of these directives is to remove any doubt relating to the fees that should be paid to healthcare consultants and to ensure that the financial soundness of medical aid funds will not be compromised by exorbitant fees paid to consultants
3. These envisaged consultancy fees broadly correspond with the fees payable to healthcare consultants in the SADC region.
4. Furthermore the Registrar through this initiative seeks to stimulate growth in the membership base and number of medical aid funds in Namibia for the purpose of making healthcare more accessible and to alleviate the burden on the State to provide healthcare for its citizens.
5. These directives repeal previous directives, particularly Circular 7/2002 and PI/MA/3/2003, only in so far as they are inconsistent with such previous directives.

SCHEDULE

1. New member

New member as defined in Circular Letter 7/2002

1.1 The maximum amount payable to a healthcare consultant for the introduction of a new member to a medical aid fund may not exceed the lesser of N\$65.00 or 3.5% of the sum of the monthly gross premium payable by a new member introduced.

1.2 The amount payable to a consultant for ongoing consulting services to be rendered by the consultant to the client, may not exceed the lesser of N\$35.00 or 1.75% of the sum of the monthly gross premium payable by a member. This must be paid by the client and should be disclosed; in addition the terms of the contract between the healthcare consultant and his or her client must be expressed in the contract.

1.3 The amount payable to a consultant in terms of paragraph 1.1 shall be paid for twelve months following the introduction of a new member to a fund, provided that the member remains with the fund during this period.

2 Existing member

2.1 If a healthcare consultant renders ongoing consulting services to a member, the maximum amount payable by such member to such consultant may not exceed the lesser of N\$35.00 or 1.75% of the sum of gross monthly premium payable in respect of that member. This amount is payable by the member and should be disclosed.

3. General

3.1 Healthcare consultant remuneration may only be determined as contemplated in paragraph 1.1 and 2.1 and may not be varied in terms of different categories or status of members.

3.2 Healthcare consultant remuneration in case of 1.1 must be made strictly on a month to month basis and only upon receipt of the relevant monthly premium by the medical aid fund.

3.3 Any arrangement to advance and/or annualize remuneration to healthcare consultants by medical aid funds in case of 1.1 is strictly prohibited. The Registrar may cancel the registration of healthcare consultant and take such measures against a medical aid fund or administrator, including forensic investigations as may be necessary to recover any payments in contravention of this paragraph should the incidence of such practice be discovered.

3.5 What constitutes ongoing consultant services must be expressly included in the contract between the healthcare consultant and his or her client. However, this office has resolved not to determine or define such "ongoing services", but reserves the right to determine that services contemplated in such contract does not constitute "ongoing services"

3.6 No medical aid fund or administrator may appoint a healthcare consultant for its members without the express consent of the members.

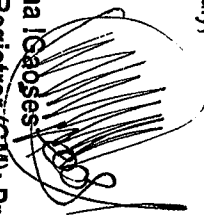
4. Coming into operation

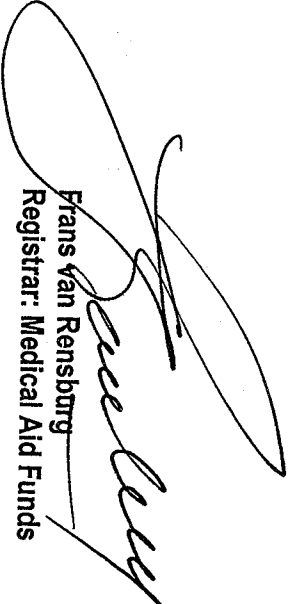
4.1 These directives shall come into effect immediately, and will be reviewed 12 months thereafter.

4.2 Compliance herewith in all respect will be observed strictly.

4.3 Failure to comply may lead to suspension of registration of medical aid funds, and healthcare consultants may be deregistered. The Registrar shall publish such details on the Namfisa website and in the Government Gazette.

Yours truly,


Marcelina Coosjes
Deputy Registrar (GM): Provident Institutions


Frans van Rensburg
Registrar: Medical Aid Funds