



NAMIBIA FINANCIAL
INSTITUTIONS SUPERVISORY AUTHORITY

- Safeguarding the Nation's Wealth! -

November 15, 2005

Enquiries: Ms. M. !Gaoses

TO: PRINCIPAL OFFICERS: SHORT-TERM INSURANCE BROKERS

COPY: PRINCIPAL OFFICERS: SHORT-TERM INSURANCE COMPANIES

Circular Letter: PI/ST/ 1/2005

DIRECTIVE ON POLICY FEES PAYABLE BY POLICYHOLDERS

The Registrar of Short-term Insurance hereby gives the following directive after various consultative meetings with the short term insurers and brokers.

POLICY FEE: DEFINITION

- "Policy Fee" – Mean any Policy Fee/Surcharge Fee (be it monthly debit order administration fee or any other fee for services justified and disclosed to clients) charged to the policyholder.

DIRECTIVE

1. The wording "Policy Fee" must be used by everyone in the industry for the debit order administration costs or any other fee for services justified and disclosed to clients.
2. The fee will be capped on ten percent (10%), VAT exclusive of the Gross Premium payable by client.
3. The fee must be disclosed on all schedules and quotations, respectively.
4. The Policy fee can be charged based on monthly or annual premiums.
5. In addition, with immediate effect quotations obtained by brokers from different insurers must be disclosed to the clients, in order for them to make informed decisions.

The Register declares points 1, 2, 3 and 4 above to be in effect from January 1, 2006.

Your cooperation and support in this process will be greatly appreciated.

Sincerely,

Lily Brandt

REGISTRAR: SHORT-TERM INSURANCE COMPANIES