

To: Principal Officers - All registered Short-term insurers and reinsurers
All registered short-term insurance agents, brokers and reinsurance brokers
Chairperson - NIBA
Chairperson – NIA
Chairperson – AIM
Chairperson - LAAN

DIRECTIVE: I/STI/01/2016

EFFECTIVE DATE:

This Directive will come into effect immediately in respect of new policies.

All registered insurers and reinsurers with insurance policies which cover losses arising as a result of non-accident related deaths will have to ensure that they cease offering such insurance policies upon the renewal date of such policies.

SUBJECT: PERSONAL ACCIDENT INSURANCE POLICIES

1. BACKGROUND

- 1.1 This Directive is issued by virtue of NAMFISA's functions and powers, and those of its Chief Executive Officer in his capacity as the Registrar of Short-term Insurance in terms of the Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001) ("NAMFISA Act") and the Short-term Insurance Act, 1998 (Act No. 4 of 1998) ("STI Act") and is applicable to all registered short-term insurers and reinsurers.
- 1.2 The purpose of this Directive is to direct all registered short-term insurers and reinsurers to cease offering insurance benefits in respect of deaths which arise as a result of a non-accident related causes.



2 THE CURRENT INSURANCE PRACTICE

- 2.1 The Registrar has observed that some registered short-term insurers and reinsurers are offering death insurance benefits in respect of losses arising from non-accident related deaths.

3 THE LAW

- 3.1 Item 6(a)(ii) of Schedule 1 of the STI Act defines personal accident insurance as:

Effecting and carrying out short-term insurance contracts providing fixed pecuniary benefits or benefits in the nature of indemnity (or a combination of both) against risks of the person insured-

(ii) dying as a result of any accident or an accident of a specific class.

4 CONCLUSION

- 4.1 Personal accident insurance policies can only cover loss which arises as a result of the insured person dying as a result of an accident i.e. motor vehicle accident, accidental drowning, et cetera.
- 4.2 Personal accident insurance cannot cover for a loss which arises as a result of a non-accident related cause i.e. death as a result of an illness, suicide, et cetera.
- 4.3 Registered short-term insurers and reinsurers can therefore not underwrite benefits due to the death of an insured person as a result of non-accident related causes.



- 5.1 Registered short-term insurers and reinsurers are directed to cease offering insurance benefits in respect of deaths which arise as a result of a non-accident related causes.
- 5.2 Registered insurers and reinsurers with insurance policies which cover losses arising as a result of non-accident related deaths are further instructed to provide the Registrar, by no later than **1 April 2016**, with written confirmation from the Principal Officer which specifies that:
- 5.2.1 All insured persons with insurance policies which cover losses arising as a result of non-accident related deaths have in writing been notified that the registered insurer or reinsurer will upon the renewal date of such policy not cover losses arising as a result of non-accident related causes.
- 5.2.2 Affected insured persons have been informed of their right to seek insurance cover with a registered long-term insurer.
- 5.3 Registered short-term insurers and reinsurers which fail to provide the Registrar with written confirmation by **1 April 2016** will in terms of section 69(1)(a) of the STI Act be liable to a fine of N\$1 000 for each day during which such failure continues.

The Registrar therefore requires full cooperation and support in this process by all industry players and stakeholders at large. Should you still need more clarity, please do not hesitate to contact the short-term insurance manager.



Kenneth S. Matomola
ACTING CHIEF EXECUTIVE OFFICER
REGISTRAR OF SHORT-TERM INSURANCE