

DIRECTIVE

NO. : I/STI/02/2024

**TO : ALL REGISTERED SHORT-TERM INSURERS AND REINSURERS
NAMIBIA INSURANCE ASSOCIATION
NAMIBIA SAVINGS AND INVESTMENT ASSOCIATION**

DATE : 27 DECEMBER 2024

EFFECTIVE DATE : 31 DECEMBER 2024

SUBJECT : SUBMISSION OF REVISED ANNUAL RETURNS

1. INTRODUCTION

- 1.1. This Directive is issued by virtue of the Namibia Financial Institutions Supervisory Authority's ("NAMFISA") functions and powers and those of its Chief Executive Officer in his capacity as the Registrar of all registered short-term insurers and reinsurers ("the Registrar") in terms of the Short-term Insurance Act, 1998 (Act No. 4 of 1998) ("the STI Act"), read with the Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001).

- 1.2. This Directive should be read together with Directive I/LTI/01/2024 & I/STI/01/2024 (attached hereto for ease of reference) in so far as the Directive relates to annual returns. The industry should note that the external auditors of the registered short-term insurers and reinsurers are not required to perform agreed-upon procedures on the information to be submitted in the annual return as previously indicated in Directive **I/LTI/01/2024 & I/STI/01/2024**, as the requirement will now be that reasonable assurance is provided on the annual returns, as indicated in paragraph 3.2 below. Furthermore, the applicable timelines will be those stipulated in this Directive.
- 1.3. The information submitted by registered insurers and reinsurers is used by NAMFISA to assess the financial soundness of the insurance sector, populate the early warning system of registered insurers and reinsurers, and for corrective supervisory measures to be determined and implemented by the Registrar.
- 1.4. The purpose of this Directive is to provide all registered short-term insurers and reinsurers with the annual return template to be submitted annually, within six months after the end of the insurer or reinsurer's financial year.

2. THE LAW

- 2.1. Section 22 of the STI Act stipulates the following:

“(1) Every registered insurer and reinsurer shall-

(a) keep proper accounts of, and financial information relating to, its short-term insurance business; and

(b) annually, within six months after the end of its financial year, submit to the Registrar-

(i) a revenue account for that year in respect of each class of short-term insurance business in respect of which it is registered;

- (ii) unless it has no share capital, a profit and loss account for that year in respect of its short-term insurance business;*
 - (iii) a balance sheet showing its financial position at the end of that year;*
and
 - (iv) a statement of reinsurance business accepted, ceded and retroceded by or to it, containing the terms and conditions of any such acceptance, cession or retrocession,*
duly audited and certified by its auditor, together with a written report by that auditor.
- (2) The accounts, balance sheet and statement referred to in subsection (1) shall be prepared by the registered insurer or reinsurer concerned in such form as may be determined by the Registrar and shall be accompanied by such documents and information as the Registrar may require.”*

2.2. Section 23(4) of the STI Act prescribes the following:

“(4) The auditor of a registered insurer or reinsurer shall, in addition to the duties imposed upon him or her by or under the Public Accountants' and Auditors' Act, 1951 (Act 51 of 1951)-

(a) audit the accounts, balance sheet and statements of the registered insurer or reinsurer and, if the auditor is satisfied that they are prepared in the form determined by the Registrar and that-

- (i) the accounts, balance sheet and statement referred to in section 22 present fairly, or give a true and fair view of, or reflect correctly, the matters dealt with therein;*
- (ii) the statement of assets referred to in section 28 is a true and fair statement of the assets of the registered insurer or reinsurer;*
- (iii) the statement of liabilities referred to in section 33 is a true and fair statement of the liabilities of the registered insurer or reinsurer; and*
- (iv) the margin of solvency contemplated in section 20 is maintained by the registered insurer or reinsurer,*

according to the books of the registered insurer or reinsurer, the auditor shall, if he or she is so satisfied, certify such accounts, balance sheet and statements to that effect, or, if he or she cannot so satisfy himself or herself, certify such accounts, balance sheet and statements subject to such qualifications as he or she may deem necessary; and

(b) as soon as practicable after the audit-

(i) furnish the registered insurer or reinsurer with a written report on his or her findings; and

(ii) submit to the Registrar a written report on any material irregularity, if any, that he or she believes has taken place or is taking place in the conduct of the affairs of the registered insurer or reinsurer which has caused or is likely to cause financial loss to it or to its policyholders or creditors.”

- 2.3. In terms of section 6(a) of the STI Act, the Registrar may by written notice require any registered insurer and reinsurer to submit any document or information relating to the affairs of the insurer or reinsurer as the Registrar may require in the performance of his functions in terms of the STI Act.
- 2.4. In terms of section 7 of the STI Act, where any person is obliged or entitled in terms of a provision of the STI Act to perform any act within a specified period or before or on a specified date, the Registrar may at any time, whether before or after the expiry of that period or date, extend that period or date if the Registrar is satisfied that it is just and equitable to do so in any particular case.
- 2.5. In terms of section 69(1)(a) of the STI Act, any person who fails to submit or furnish to the Registrar, any statement, report, return, or other information or document within the period requested, shall be liable for a fine of N\$1,000.00 for each day during which such failure continues.

- 2.6. In terms of Regulation 10(2)(a), a registered insurer or reinsurer which fails to submit to the Registrar any statement, report, return or other document in accordance with a requirement of these regulations within the period determined by or under these regulations or, if that period has been extended by the Registrar under section 7 of the STI Act, within the extended period, is liable to a fine of N\$1,000.00 for each day during which such failure continues.

3. DIRECTIVE

ANNUAL RETURNS

- 3.1. The Registrar hereby directs all registered short-term insurers and reinsurers to complete and submit to the Registrar annually, the revised annual return attached herewith and marked “**Annexure A 1 (STI)**”, within six months after the end of its financial year. All registered short-term insurers and reinsurers are therefore required to submit this revised annual return **Annexure A 1 (STI)** and not the current existing annual return for short-term insurers and reinsurers as indicated in Directive **I/LTI/01/2024 & I/STI/01/2024**.
- 3.2. The external auditors of the registered short-term insurers and reinsurers are required to provide reasonable assurance on the information to be submitted in the annual return by way of a written report.
- 3.3. The revised annual return must be submitted for all financial years ending on or after 31 December 2024. The annual returns must include information from the immediately preceding financial year, where applicable, and the external auditors of the insurer or reinsurer are required to provide reasonable assurance on this comparative information.

- 3.4. Failure to comply with the timeline stipulated in paragraph 3.1 above may result in penalties being imposed in terms of section 69(1)(a) of the STI Act.
- 3.5. The submission of an incomplete and/ or inaccurate annual return will be treated as non-submission until such time as the return has been corrected and resubmitted. A penalty will therefore be applied for each day until the resubmission date.
- 3.6. A submission will be regarded as incomplete and/ or inaccurate if it exhibits any of the following features:
- 3.6.1. where the Statement of Financial Position does not balance;
 - 3.6.2. material inaccuracies in the quantitative data;
 - 3.6.3. inconsistencies noted between the annual return and other information filed with the Registrar (i.e., quarterly returns); or
 - 3.6.4. any other inaccuracies that inhibit the Registrar's reliance on the data contained in the annual return.

REGULATION 8 RETURN

- 3.7. In terms of section 7 of the STI Act, the Registrar grants an extension to all registered short-term insurers and reinsurers with financial years ending between 31 December 2023 and 30 November 2024. These entities may submit their Regulation 8 returns for these financial years by no later than **31 May 2025**.
- 3.8. The external auditor's written report referred to in paragraphs 1.2 and 3.2 above is required to incorporate the auditor's reasonable assurance on the information reported in Regulation 8 returns.
- 3.9. Failure to comply with the timeline stipulated in paragraph 3.7 above may result in penalties being imposed in terms of Regulation 10(2)(a).

We trust that all registered short-term insurers and reinsurers will give their full cooperation to ensure effective compliance with the above.

For further information or clarification on this Directive, please do not hesitate to contact the Insurance and Medical aid Funds Division at telephone number (061) 290 5213 or via e-mail at imaf@namfisa.com.na.

A handwritten signature in black ink, appearing to read 'K. Matomola', with a stylized, cursive script.

KENNETH S. MATOMOLA
REGISTRAR OF SHORT-TERM INSURANCE