

4 March 2014

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

DIRECTIVE: I/STI & LTI/03/2014

Effective date: 1 June 2014

SUBJECT: REGISTRATION OF PRINCIPAL OFFICERS

1. Introduction

- 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 such and as the Registrar of Long-term and Short-term Insurance in terms of the Namibia Financial Institutions Supervisory Authority Act No. 3 of 2001 ("NAMFISA Act"), the Long-term Insurance Act No. 5 of 1998 ("LTI Act") and the Short-term Insurance Act No. 4 of 1998 ("STI Act") and is applicable to all insurance agents and brokers and reinsurance brokers.
- 1.2 It is a legal requirement that every person (juristic and natural) who wishes to carry on or who carries on the business of an insurance agent or of an insurance broker or of a reinsurance broker in Namibia must be registered as such in terms of section 55 of the LTI Act and/or section 53 of the STI Act.



- 1.3 The purpose of this directive is to direct all registered long-term and short-term insurance agencies and brokerage firms, including close corporations ("Insurance Intermediary Firms"):
- 1.3.1 To appoint a fit and proper natural person to be its principal officer in Namibia and who shall, unless the Registrar in exceptional circumstances otherwise determines, be a person who is a Namibian citizen; and
- 1.3.2 To comply with the provisions of section 19 of the LTI Act and the STI Act, which shall apply mutatis mutandis to Insurance Intermediary Firms, insofar as it relates to the principal officer, subject to this directive.
- 2. The current insurance practice**
- 2.1 Insurance Intermediary Firms currently comprise agents or brokers, as defined in the LTI and STI Acts, whether registered in their individual capacities or not, who are members, directors and/or employees of the Insurance Intermediary Firms, some or all of whom are also the organs of such entities.
- 2.2 There is currently no formal requirement for the appointment of an individual who acts as the contact person between the Insurance Intermediary Firms and NAMFISA or the Registrar of Long-term and Short-term Insurance and who performs the functions of a principal officer as contemplated in section 19(5) of the LTI and STI Acts in respect of insurers.
- 2.3 NAMFISA and the Registrar of Long-term and Short-term Insurance currently experiences various impediments and complications to the effective supervision and regulation of Insurance Intermediary Firms due to the absence of principal officers for such entities, especially when it comes to communication with the Insurance Intermediary Firms and ensuring compliance with the LTI and STI Acts as well as the NAMFISA Act, by the Insurance Intermediary Firms.



3. The law

- 3.1 Section 3(a) of the NAMFISA Act states that one of the functions of NAMFISA is "to exercise supervision, in terms of this Act or any other law, over the business of financial institutions and over financial services." Insurance agents, insurance brokers and reinsurance brokers are included in the definition of financial institutions in the NAMFISA Act.
- 3.2 Section 4(2)(h) of the NAMFISA Act further states that NAMFISA "may do anything which is necessary or expedient to perform its functions."

4. Conclusion

- 4.1 NAMFISA and the Registrar of Long-term and Short-term Insurance are legally mandated to supervise, i.e. observe and direct the business of Insurance Intermediary Firms.
- 4.2 In order for NAMFISA and the Registrar of Long-term and Short-term Insurance to effectively perform their functions it is required that Insurance Intermediary Firms appoint principal officers to perform a similar function to those performed by principal officers of insurers as provided for in section 19 of both the LTI Act and the STI Act.

5. The directive

- 5.1 All registered long-term and short-term insurance agencies and brokerage firms, including close corporations, must appoint a fit and proper natural person to be its principal officer in Namibia and who shall, unless the Registrar in exceptional circumstances otherwise determines, be a person who is a Namibian citizen, by **31 May 2014**, with effect from the Effective Date stated above all long-term and short-term insurance agencies and brokerage firms, including close corporations, whether registered before, on or after the Effective Date, must appoint such a principal officer.



- 5.2 All registered long-term and short-term insurance agencies and brokerage firms, including close corporations, must comply with the provisions of section 19 of the LTI Act and the STI Act, which shall apply mutatis mutandis to such entities, insofar as it relates to the principal officer, subject to this directive.

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 either the Long-term Insurance manager or the Short-term Insurance manager.



Phillip N. Shiimi

CEO of NAMFISA and Registrar of Long-term and Short-term Insurance