

Enquiries: Long-term Insurance Department

1 April 2014

Principal Officers - All registered Insurers and reinsurers

All insurance and reinsurance brokers and agents

Chairperson - LAAN

Chairperson - NIBA

Chairperson - AIM

Chairperson - NIA

Circular Letter: LTI/04/2014

Effective date: With immediate effect

SELLING OF INSURANCE PRODUCTS OUTSIDE APPROVED CLASSES OF INSURANCE

1. Background

- 1.1. This circular is issued by virtue of NAMFISA's functions and powers, and those of its Chief Executive Officer in his capacity as the Registrar of Long-term Insurance, in terms of the Namibia Financial Institutions Supervisory Authority Act No. 3 of 2001 and is applicable to all registered insurers and reinsurers under the Long-term Insurance Act No. 5 of 1998 (LTI Act). All references to Sections are to the LTI Act unless otherwise stated.
- 1.2. Section 13 makes provision for classes of long-term insurance business in which an insurer and reinsurer may be registered to carry on business.

2. The current insurance practice

- 2.1. The Authority has observed that some registered long-term insurers/reinsurers are trading/selling insurance products that are outside the scope of their approved licenses. This practice contravenes section 13 and accordingly section 69(b) (ii).



- 2.2. Any insurer/reinsurer that continues trading/selling insurance products outside the scope of its approved license or class (es) of insurance products shall do so contrary to the law.

3. The law

Long-term Insurance Act, 1998:

- 3.1 *In terms of Section 2 (1) No person shall carry on long-term insurance business in Namibia unless such person is registered to carry on such business.*
- 3.2 *Long-term insurance business is defined as the business of providing or undertaking to provide policy benefits under long-term policies.*
- 3.3 *“Long-term policy” means a disability policy, fund policy, funeral policy, health policy, life policy or sinking fund policy, or a contract comprising a combination of any of these policies.*
- 3.4 *In terms of section 13 (1) - the classes of long-term insurance business in respect of which-*
(a) an insurer may be registered to carry on business other than reinsurance business;
(b) a reinsurer may be registered to carry on reinsurance business only, in Namibia are-
(i) disability insurance business;
(ii) fund insurance business;
(iii) funeral insurance business;
(iv) health insurance business;
(v) life insurance business;
(vi) sinking fund insurance business.
- 3.5 *Section 13 (2) states that if a registered insurer or reinsurer or a person applying for registration and the Registrar do not agree as to the class to which any particular long-term insurance business belongs, or if such insurer or reinsurer or person so requests, the Registrar shall determine the class under which such business shall be dealt with.*
- 3.6 *In terms of Section 15 (1) any person who intends to carry on business as a long-term insurer or reinsurer in any particular class of long-term insurance business in Namibia, shall subject to the provisions of this Act, apply to the Registrar for registration in respect of that particular class of long-term insurance business.*

- 3.7 *Section 69(b) (ii) states that a registered insurer or reinsurer which fails to observe any prohibition imposed upon such insurer or reinsurer under a provision of this Act; shall be guilty of an offence and on conviction be liable to a fine not exceeding N\$150 000 or to imprisonment for a period not exceeding 10 years or to both such fine and such imprisonment.*

4. The directive

- 4.1 All registered long-term insurers or reinsurers trading/selling insurance or reinsurance products outside the classes of their approved licenses should cease to do so with immediate effect.
- 4.2 All registered long-term insurers or reinsurers trading/selling insurance or reinsurance products outside the classes of their approved licenses should seek and obtain appropriate registration licenses to enable them to continue trading/selling such products. The remedy must be sought with immediate effect.
- 4.3 The Registrar shall take action in terms of section 69(b) (ii) against any long-term insurer or reinsurer found to be trading/selling insurance or reinsurance products falling outside its approved license or class (es).

5. Conclusion

The Registrar therefore requires full cooperation and support in this process by all industry players and stakeholders. Should you still need more clarity, please do not hesitate to contact the Long-term Insurance Department, contact number 061 – 290 5000.

Regards,



Phillip N. Shiimi

REGISTRAR OF LONG-TERM INSURANCE