QUARTERLY REPORT
NAMFISA

Quarterly Report 2016

Fourth Quarter

Preface

This Quarterly Report is compiled to provide consolidated data and analysis thereof relating to the transactions on services rendered by financial institutions supervised by NAMFISA. The purpose of this Report is to inform all stakeholders about the latest developments with respect to such financial transactions, as well as those on the regulatory and supervisory front.

While all other regulated entities provide quarterly and annual data to NAMFISA through the Electronic Regulatory System (ERS), pension funds currently only provide annual data. NAMFISA is working with the pension funds to obtain and publish pension data on a quarterly basis. The data is important for supervisory purposes. First, the data enables NAMFISA to assess whether financial institutions remain financially sound, stable and safe. In this regard, NAMFISA assesses the capital of financial institutions against statutory requirements. Second, the data also helps NAMFISA to determine whether and what risks may be emerging in the financial system. The resulting assessment is used to compile a section on non-banking financial sector in the annual Financial Stability Report, which NAMFISA and the Bank of Namibia jointly issue.

The analysis in this Report is based on the data provided by all supervised financial institutions and on the supervisory and enforcement work conducted by NAMFISA. The quality of analysis depends on the available data and the accuracy of the submitted data as well as on the response rate by industry regarding analysis queries submitted by the respective departments. It is however important to emphasize that the industry's response to NAMFISA's data collection has been very positive, which is confirmed by both the accuracy and the timely submission of the data.

Going forward, the Authority endeavors to provide deeper analysis of the supervised financial institutions, financial services, risks in the Non-Banking Financial Institutions ("NBFI") sector, and the regulatory and supervisory responses. In particular, NAMFISA will enhance its capacity on data analysis including information on consumer complaints and resolutions.

Executive Summary

This Quarterly Report provides consolidated data and information about the financial institutions and services supervised by NAMFISA. The Report also informs stakeholders about the latest developments with respect to financial institutions and services, as well as regulatory and supervisory developments during the fourth quarter of 2016.

In terms of number of players in the market, the long-term insurance industry comprised of 16 insurers and a total of 4201 financial intermediaries. During the period under review, total assets reported amounts to N$47.6 billion compared to N$47.0 billion recorded in the previous quarter. The increase could be attributed to increases in the value of receivables.

Regarding short-term insurance, the industry reported 14 financial institutions and a total of 1311 financial intermediaries. In terms of financial records, total assets declined on a quarterly basis from N$6.1 billion to N$5.8 billion, the decrease could be attributed to dividend payout to shareholders in December 2016.

During the period under review, the medical aid industry had ten entities registered of which five were open ("unrestricted") and another five were closed ("restricted"). Their total assets increased on a quarterly basis by 1.3 percent to N$1.4 billion during the period under review.

In terms of the pension fund industry, two retirement funds were de-registered, resulting in a total of 91 active retirement funds as at end December 2016. During the period under review, the total assets of the pension funds industry rose to N$137.5 billion from N$133.1 billion.

During the period under review, total assets for the friendly societies industry increased by 1.9 percent amounting to N$1.2 million. The friendly societies industry is one of the smallest sectors under the supervision of the Authority. As at 31 December 2016, only five friendly societies were registered with NAMFISA, down from seven as at the previous quarter. However only one society is currently active.

During the period under review, the assets of collective investment schemes declined by 1.7 percent to N$48.3 billion. The decrease in investments is a result of withdrawals from institutional funds for investments in other securities such as bonds and for compliance with the unlisted investments requirements and withdrawals from unit trust schemes. Further unit trust schemes and companies reduced the assets by 1.5 percent and 0.4 percent, respectively.

The investment assets under management declined by 1.5 percent quarterly to N$150.8 billion as at 31 December 2016. The geographic allocation of assets is as follows: The managers invested 47.0 percent of the assets in the CMA and offshore markets, with the CMA accounting for 33.6 percent. Diversification and access to larger, more liquid financial markets continue to be the key considerations for investing in the CMA and offshore markets.

The NSX's overall market capitalization gained 3.0 percent to N$1.7 trillion (31 December 2016). Year-on-year, market capitalization declined by 21.8 percent to N$1.7 trillion, during the period under review. Further, the market capitalization of the other boards also increased during the quarter i.e. the Main Board capitalization increased by 3.6 percent and the Development Capital Board gained 65.5 percent in capitalization.

In terms of microlending transactions, eleven new applications for registration were approved, while fifteen microlenders licenses were cancelled. As a result, by the end of the review period, a total of 277 microlenders were registered. Over the same period, the overall loan book increased on a quarterly basis by 10.2 percent relative to a slowdown of 15.3 percent in the previous quarter. However, the overall loan book declined on a yearly basis by 0.9 percent to N$4.2 billion.

With regard to the complaints, a total of 191 were received from consumers of financial services during the period under review. Out of the total number of complaints received, 85.9 percent of the complaints were resolved, and the resolution resulted in consumers receiving N$5.0 million from financial institutions.

In terms of compliance monitoring conducted as per the "Ladder of Supervisory Intervention", 67.0 percent (331) of regulated institutions were fully compliant, with no regulatory or financial soundness problems posed to the financial system. In this respect, only 6.0 percent were classified as stage 5 (fully non-compliant).

Corporate Charter

Mission

NAMFISA's Mission is to effectively regulate and supervise financial institutions and to give sound advice to the Minister of Finance.

Vision

NAMFISA's Vision is to be a respected regulator of the financial sector that fosters a stable and safe financial system contributing to the economic development of Namibia.

Values

- We are committed to teamwork
- We passionately serve
- We value integrity
- We drive performance excellence

Strategic Intent

The NAMFISA Strategic Intent:

Establish a sound regulatory and supervisory framework that promotes a safe, stable, and trusted financial sector

Have a well-managed, efficient and effective regulator of financial institutions

Have well informed and financially literate consumers of financial products and services

Provide data, research and policy advice on financial services

In pursuit of the strategic intent, the Authority's regulatory and supervisory approach will strive to:

- Employ risk based supervision
- Promote market soundness and integrity
- Enhance consumer awareness and protection.

Abbreviations

- **RA** – Retirement Annuity
- **MAF** – Medical Aid Funds
- **CAR** – Capital Adequacy Requirement
- **CMA** – Common Monetary Area
- **IBNR** – Incurred But Not Reported
- PF – Pension fund
- **NSX** – Namibian Stock Exchange
- CIS – Collective Investment scheme
- JSE – Johannesburg Stock Exchange
- CM – Capital markets
- **LTI** – Long Term Insurance
- ML – Microlending
- **STI** – Short Term Insurance
- CC – Consumer complaints
- **FS** – Friendly societies
- **SIH** – Statement of Investment Holdings

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Part A: Industry Developments

Long-term Insurance

Industry review

Total assets for the industry was valued at N$47.6 billion during the reporting period signalling a slight increase of 1.1 percent from N$47.0 billion reported in the previous quarter. However, in comparison to the same quarter of 2015, total assets increased by 6.3 percent from N$44.7 billion.

Table 1: Assets and net written premiums, N$ million

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Assets	44 746	45 433	47 142	47 045	47 554
Net premiums	1 763	1 829	1 674	1 899	2 006

Liabilities

Total liabilities for the quarter under review marginally increased by 0.3 percent from N$40.6 billion reported in the previous quarter to N$40.7 billion reported during the quarter under review. In comparison to the same quarter of 2015, total liabilities increased by 5.4 percent from N$38.5 billion.

Table 2: CAR Cover by number of Insurers

FREE ASSETS TO CAR	NUMBER OF INSURERS							
	Mar 15	Jun 15	Sep 16	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16
Covered 0-1 times	0	0	0	0	0	0	0	0
Covered 1-2 times	2	1	1	2	2	1	2	1
Covered 2-5 times	3	6	6	3	4	6	6	1
Covered 5-10 times	4	1	1	3	2	1	1	0
Covered 10+ times	7	8	8	8	8	8	7	14

The above table indicates categories of free assets to Capital Adequacy Ratio (CAR), categorised as indicated in the above table.

In total LTI have 16 insurers of which 14 insurers are covered for more than 10 times, whilst the remaining 2 insurers are covered between 1-2 times and 2-5 times respectively. The higher the CAR ratio the healthier the insurer because company possess enough reserves to act as buffer against adverse events. It should be noted that the one insurer with a CAR cover of 1-2 times, will be closely monitored by the Registrar going forward.

The long-term insurance industry gross premium income increased from N$2.0 billion reported in the third quarter of 2016 to N$2.1 billion observed in the quarter under review. This increase is mainly attributable to growth of new business, as the number of new insurance policies increased by 9.3 percent from the previous quarter of 2016. Further, inflationary increases on existing insurance policies also plays a significant role in the increase in gross premium income

Investment income

Investment income declined from N$760.0 million reported in the previous quarter to N$410.0 million recorded during the fourth quarter of 2016. The primary reason is that insurance industry is heavily invested in ordinary shares in companies (around 61.0 percent of total investments in the current quarter compared to only 7.0 percent of total investments in the previous quarter) yielding returns on investments in the form of dividends during the fourth quarter of 2016. Secondly, the industry's investment in government stocks is quite large and government bonds are perceived to be a lower risk investment instrument yielding low returns.

The "other income" category, consist of fee income, commission income and other sundry incomes (e.g. reinsurance profit share) which declined to N$561 000 in comparison to the same quarter of 2015.

The commission paid for the quarter under review amounted to N$134.0 million which is a decrease from N$177.0 million reported in the previous quarter of 2015.

Claims and Expenses

Total gross policyholder benefits paid in the quarter under review fell by 5.6 percent from N$1.5 billion reported in the third quarter to N$1.4 billion recorded in the reporting period.

Policy statistics

The number of new policies for individual business for the period under review stood at 126 457 which significantly increased by 43.7 percent from 87 992 policies recorded in the quarter under review. The number of new policies for group insurance business for the quarter under review was recorded at 9 100 policies which is an increase from 7 247 policies reported in the third quarter of 2016. Usually, commission trend moves parallel with gross premium income however it was noticed that due to the new system that was introduced some insurers erroneously calculated commission and such anomaly will be rectified in the next reporting period.

Short-Term Insurance

Industry Review

Industry total assets slightly decreased from N$6.1 billion reported in the previous quarter to N$5.8 billion recorded in the current quarter of 2016. This is in line with reductions in cash and cash equivalents accounts which decreased by 23.0 percent and 18.0 percent, respectively. This decline is mostly owed to distributions paid to shareholders by way of ordinary dividends and distributions to cell owners under ART business.

Liabilities

The STI total liabilities for the fourth quarter decreased by 7.1 percent from N$4.2 billion reported in the third quarter to N$3.9 billion recorded in the fourth quarter. The reduction is mainly attributed to decreases in insurance liabilities across the short-term insurance industry.

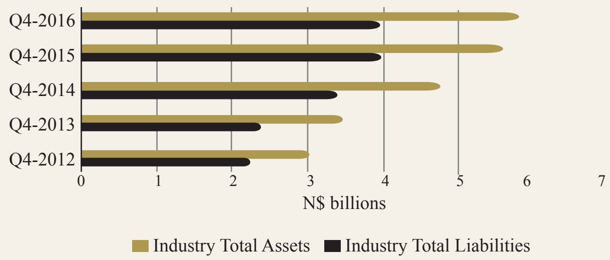
Solvency

In terms of solvency, the free asset ratio for the short-term insurance industry slightly increased to 31.0 percent. Further, the industry solvency is supported by a healthy current ratio of 1.5 during the period under review. It should be noted that the range differs from company to company due to the types of risks and the type of insurance business or classes underwritten.

Table 3: Solvency ratio

NET ASSET RATIO RANGE Q4 2016	NUMBER OF ENTITIES
1% - 20%	3
21% - 25%	0
26% - 30%	1
31% - 35%	1
35% <	9
Total Insurers	14

Chart 1: Assets and Liabilities Trend Analysis



The chart depicts a financially prudent relationship between assets and liabilities, with assets exceeding liabilities in all quarters. This indicates that the net asset position and consequently the solvency of the industry remained healthy and fairly constant over the fourth quarters of the last five years.

Investment income

In terms of investment portfolio, the industry mainly invested in government bodies, local institutions, shares in companies, fixed long term deposits, subsidiaries & associates and loans or advances. For the quarter under review, majority of investments were held in local institutions (18.0 percent).

During the period under review, investments increased by 2.0 percent, amounting to N$3.1 billion. Investments are one of the strategies commonly undertaken by insurers to maximise shareholders' value and enhance profitability.

Overall, the average investment in foreign assets is within the limits of 65.0 percent as stipulated under Regulation 8 (4) to the Short-term Insurance Act No. 4 of 1998. It has been observed that non-compliance with Regulation 8 is one of the most common findings during inspections of insurers. The Registrar will continue to monitor and engage the affected entities to ensure compliance in order to mitigate concentration risk.

Gross Written Premiums

The short-term insurance industry recorded a 5.8 percent decrease in gross written premium from N$850.0 million reported in the previous quarter to N$800.0 million observed in the reporting period. The reduction in GWP is attributed to the high rate of cancellations of policy contracts experienced within the alternative risk transfer (ART) business.

Premium Earned

Premiums earned excludes premiums placed with insurers in foreign markets subject to the approval by the Registrar in terms of sections 2(2) and 42 (1) (b) of the Act. Section 4 of this report details exemptions submitted and approved by the Registrar for the quarter under review.

The personal class of insurance business reported the highest net premium earned for the quarter amounts to N$244.8 million, this is an increase of N$1.4 million from the previous quarter. This increase is attributed to new vehicles purchased by first-time policyholders. The personal class of insurance as per the Act is primarily designed to cover the interest of natural persons.

Expenses

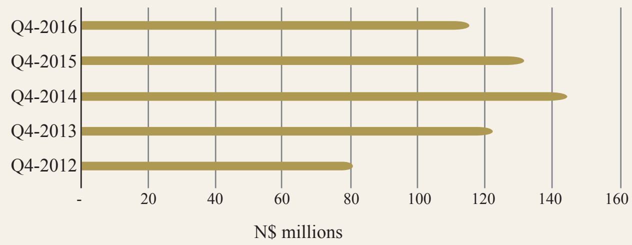
The industry claims decreased from N$384.0 million reported in the previous quarter of 2016 to N$330.0 million in the reporting period reflecting a 13.2 percent decline. The decrease in claims incurred is attributed by a decrease in both the frequency and severity of claims experience during the quarter under review. The previous quarter of 2016 observed severe high value fire and accident claims, events that did not reoccur in the period under review and resulting in a decrease in severe claims observed in the industry. During the period under review personal class of insurance recorded the highest claims of 41.0 percent of the total claims experienced in the quarter.

Total commission incurred by the industry for the quarter under review declined from N$58.4 million reported in the previous to N$54.8 million recorded in the current quarter representing a decrease of 6.2 percent. The decrease in net commission is directly proportional to the size of the insurance book of the industry.

Underwriting profits

The short-term insurance industry generated an underwriting surplus amounting to N$236.0 million during the review period from N$188.0 million reported in the previous quarter depicting a 25.5 percent increase. The increase in underwriting profit is attributed to appropriate underwriting mechanisms deployed by insurers to make sure that entities generate adequate surplus. Another contributing factor to industry profits is the fact that insurers managed their expenses well in the last quarter of the year.

Chart 2: Profit before tax



The industry reported profit before tax of N$115.6 million for the quarter under review compared to N$107.9 million reported in the previous quarter representing an increase of 7.1 percent. The increase in industry profitability is attributed to a decrease in the frequency and severity of overall claims experienced within the short term insurance space coupled with improved efficiencies in operations.

Performance Ratios

The cession ratio, normally defined as the portion of insurance risk transferred to a reinsurer, increased from 26.0 percent reported in the previous quarter to 30.0 percent recorded in the fourth quarter of 2016. The increase in cession ratio is attributed to the high risk policies underwritten against a decrease in GWP for quarter under review.

During the period under review, the industry reported a decreased net loss ratio of 53.0 percent and an increased expense ratio of 39.0 percent, compared to 61.0 percent and 37.0 percent respectively reported in the previous quarter. The reduction in the net loss ratio is attributed to the decrease in the claims experience within the short term insurance industry. The net claims incurred decreased from N$380.0 million to N$330.0 million during the quarter under review. The movement in the expense ratio was mainly influenced by the increase in management expenses from the previous quarter.

Lloyd's and Non-Lloyd's Market

The outflow of premiums from the country is mainly due to new business and renewal periods of existing policies. A substantial amount of insurance premiums continue to leave the country mainly due to the cautious and selective appetite of the local industry on risks underwritten.

The Aviation class of insurance dominated the majority of the approved Lloyds premiums leaving the country taking up 57.0 percent, followed by the marine class contributing 30.0 percent and miscellaneous contributing the least with 13.0 percent for the quarter under review. Non-Lloyds was mainly dominated by the marine class of insurance representing 96.0 percent of the premiums leaving the country with the fire and miscellaneous both contributing 2.0 percent respectively.

Premiums leaving the country under the marine class of insurance are mainly in respect of protection & professional indemnity and marine hull liability for both Lloyds and Non-Lloyds exemptions. Premiums leaving the country under the miscellaneous class of insurance is mainly in respect of personal accident, goods in transit and damage to property liability under Lloyd's exemptions and general public liability cover under non-Lloyds exemption applications.

The industry is advised to consider local underwriting capacity in terms of these classes of insurance in order to develop the local insurance market. The industry is encouraged, as per letter dated 29 May 2015, to engage in co-insurance amongst themselves depending on the risk appetite of individual insurers and the statement of financial position capacity to take on additional risks.

Medical Aid Fund

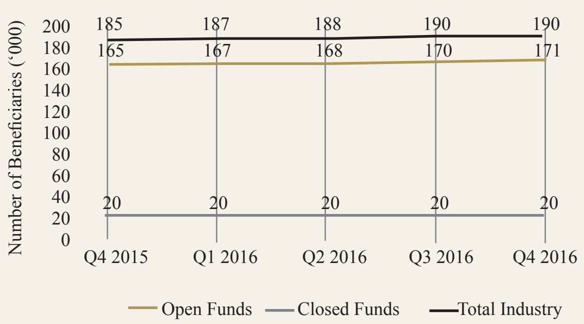
Industry Review

Total industry assets increased slightly by 1.3 percent to N$1.4 billion as at 31 December 2016, on account of accounts receivable, cash and cash equivalents that increased by 89.5 percent and 56.4 percent respectively. Specifically, the higher value of cash and cash equivalents are due to lower seasonal claims, while the advance payments of administrator fees by some funds was responsible for the rise in accounts receivable. Current liabilities amount to N$314.7 million as at the end of this quarter, falling by 17.3 percent from the prior quarter. This was mainly due to a reduction in healthcare expenditure during the period under review.

Membership

As shown in chart 3, membership effectively remained steady as it only increased by 0.3 percent to 190 436 beneficiaries as at 31 December 2016. Specifically, the number of open medical aid fund beneficiaries increased by 0.2 percent, while closed medical aid funds beneficiaries increased by more than two-fold by 0.6 percent over the same period. The number of beneficiaries increased from 19 791 as at 30 September to 19 911 as at end of the current quarter. The increase in dependents was 0.6 percent, more than three times the principal member increase rate of 0.2 percent. However, as at 31 December 2016, there were 9700 pensioners, a 1.6 percent decrease mainly as a result of deaths and resignations due economic hardships

Chart 3: Total Beneficiaries for the Medical Aid Fund Industry[1]



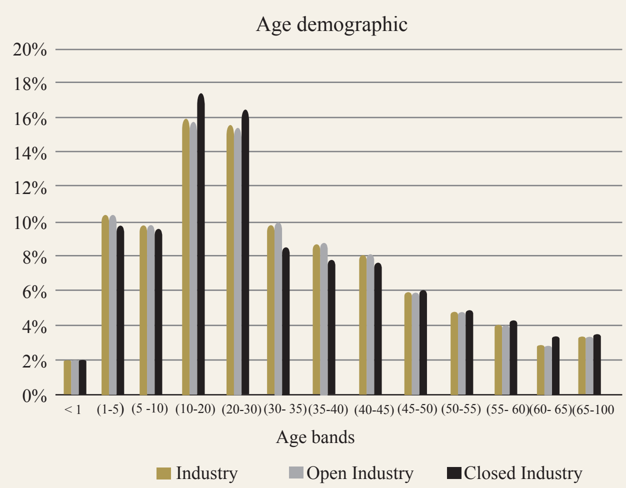
Note: The figures illustrated in Chart 3, and all other charts in this report, are for nine (9) medical aid funds. The one (1) closed medical aid fund did not have any membership as the Fund has become dormant.

Industry Average Age and Membership Ratios

Average Age

As with the previous quarter, the average age of beneficiaries for the open medical aid funds declined slightly from 30.4 to 29.2 years as at 31 December 2016. However, the average age of closed medical aid fund beneficiaries remained unchanged at 30.9 years. The industry average age of beneficiaries for the quarter under review also continued to decline to 29.4 years, which is good for the industry as it shows a young and healthy membership profile. Chart 4 shows the distribution of members across each age band for the period under review. The largest proportion of members falls in the 10 to 30 age bands.

Chart 4: Age analysis of total beneficiaries



Pensioner Ratio

The proportion of pensioners to total beneficiaries was 5.1 percent, going down slightly from the 5.2 percent as at 30 September 2016. The open funds pensioner's ratio was 4.9 percent, while for closed funds the value was 6.6 percent. The higher value for closed funds is expected due to the high number of continuation members within the closed medical aid funds industry.[2]

[1] Note: The figures illustrated in Chart 3, and all other charts in this report, are for nine (9) medical aid funds. The one (1) closed medical aid fund did not have any membership as the Fund has become dormant.

[2] A continuation member is a member who retires from employment and continues to be a member of a medical aid fund and includes members whose employment is terminated due to age, ill health or disability.

Dependency Ratio

The industry dependent ratio[3] of 1.3 means that on average for every 10 principal members, there are roughly 13 dependants, which remained virtually unchanged from the previous quarter. Generally, it is more affordable for closed fund principal members to enroll more than one dependant compared to those of open funds, due to subsidized contributions from sponsor employers of closed funds. Table 4 shows the industry dependent and pensioner ratios for the last two quarters.

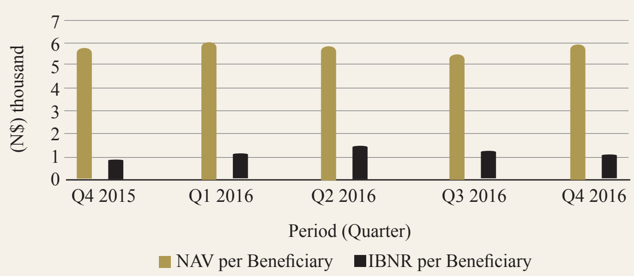
Table 4: Average Membership Ratios (Q4 2016 vs. Q3 2016)

Q3 2016	Open Funds	Closed Funds	Total Industry
Pensioner ratio (65+ years)	5.0%	6.2%	5.1%
No. of dependants per principal member	1.2	1.5	1.3
Q4 2016	Open Funds	Closed Funds	Total Industry
Pensioner ratio (65+ years)	5.0%	6.2%	5.1%
No. of dependants per principal member	1.2	1.4	1.3

Net Asset Value

The Net Asset Value ("NAV") per beneficiary of the whole industry was N$5 900 as at 31 December 2016, a decline of 7.5 percent from the preceding quarter. Over the same period, the Incurred but not Reported ("IBNR") per beneficiary was significantly less than the NAV per beneficiary at N$1 200. The NAV per beneficiary is therefore adequate to cover the total IBNR provision reported during the period under review. Chart 5 illustrates the industry's net asset value per beneficiary and IBNR per beneficiary.

Chart 5: Industry Net Asset Value per Beneficiary

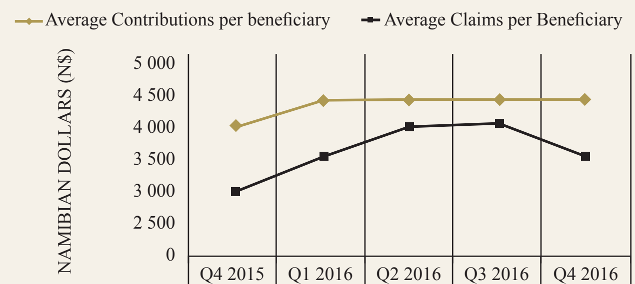


Contributions and Expenses

Contributions

Total contribution income for the quarter ended 31 December 2016 was N$846.8 million, effectively remaining unchanged from the preceding quarter when total contributions amounted to N$844.7 million. This slight increase of 0.24 percent commensurate with the equally imperceptible 0.28 percent increase in the membership of the industry over the same period. The annual increase in contributions was 11.7 percent. The per capita contribution was N$4 446.0 during the current quarter, effectively the same as the N$4 448.0 reported in the third quarter of 2016. This drop is as consequence of new members who joined at less comprehensive benefit options. Chart 6 shows the average contributions received per beneficiary over the past five quarters. The average contribution per beneficiary was sufficient to cover the average claims per beneficiary, over the reported quarters.

Chart 6: Average Contributions per Beneficiary



	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Average Contributions per beneficiary	4 102	4 414	4 463	4 448	4 446
Average Claims per Beneficiary	3 021	3 557	4 062	4 171	3 543

Quarter

The average contribution of closed funds tend to be higher than open funds as their contribution structures are income based and most of their members have taken up more comprehensive and thus costly benefit options. Thus, the average contribution for closed funds was N$4 700, while for open funds this amount was N$4 400.

Healthcare Expenditure

The sum of benefits paid from the risk pools of medical aid funds and the savings accounts of their members is referred to as Healthcare expenditure. Healthcare

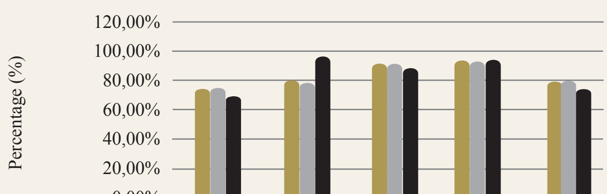
[3]The principal member to dependant ratio ("dependant ratio") measures the average number of dependants per principal member.

expenditure include claims paid to hospitals, pharmacies (medicine), general practitioners, medical specialists, pathologists, optometrists, dentists and radiologists amongst other healthcare related expenditure.

The industry's healthcare for this quarter decreased by 15.4 percent, or N$121.9 million in nominal terms to N$792.1 million. The per capita claims also decreased, albeit more significantly, from N$4 100 for quarter to N$3 500 during the fourth quarter of 2016, a decline of 15.6 percent. These notable fall is as a result of the depletion of benefits toward the medical aid funds' year end resulting in lower benefits utilization. The average contributions received per beneficiary, shows the average claims per beneficiary, over the past five quarters.

The analysis on type of fund, although the claims rate for both type of funds was generally equal, closed funds tend to have higher per capita claim rates due to smaller membership numbers, which was N$3 500 as at 31 December 2016. A depiction of claims experienced by the industry, over the last five quarters (Chart 7).

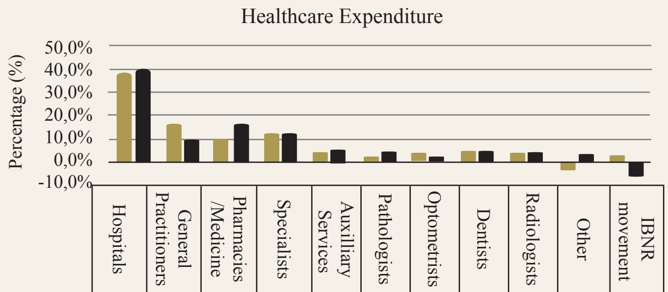
Chart 7: Claims ratio



	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Industry	73,6%	80,6%	91,0%	93,8%	79,1%
Open Medical Aid Funds	74,4%	78,6%	91,3%	93,7%	79,7%
Closed Medical Aid Funds	67,3%	96,7%	88,6%	94,6%	74,5%

For the current quarter, the total value of the four largest claim types was N$528.1 million. Hospital expense continue to make up the bulk of healthcare expenditure, accounting for about 40.0 percent (Chart 8). In the previous quarter, more was spent on general practitioners than on pharmacies and medicine, but this has reversed in this quarter with the latter accounting for 16.4 percent and the former 9.5 percent. The breakdown of claims into the major claims categories for the third and last quarters of 2016 as a percentage of total claims (Chart 8). The "other" category depicted on the graph include mainly dental specialists and therapists, psychiatric institutions, oncology benefit claims, and gym rebates.

Chart 8: Claims Typologies Q2 2016 and Q3 2016



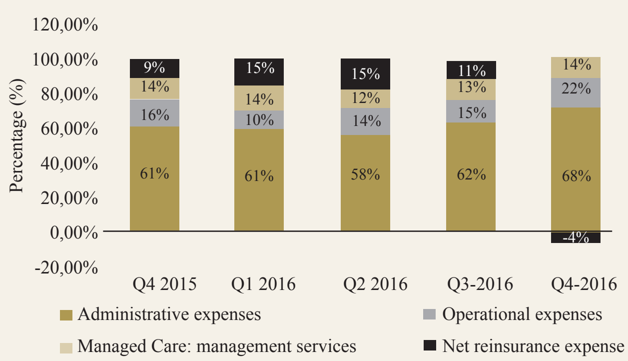
	Hospitals	General Practitioners	Pharmacies /Medicine	Specialists	Auxiliary Services	Pathologists	Optometrists	Dentists	Radiologists	Other	IBNR movement
Q3 2016	38,8%	17,0%	10,2%	12,2%	4,9%	2,9%	4,5%	5,2%	4,5%	-3,1%	3,0%
Q4 2016	40,0%	9,5%	16,4%	12,9%	5,7%	4,9%	2,6%	5,4%	4,7%	3,7%	-5,7%

Non-healthcare Expenditure

Non-healthcare expenditure by medical aid funds largely consists of administration costs, managed healthcare costs (e.g. fees for managing health benefits), operational expenditure and net-reinsurance expenditure. Non-healthcare expenses amounts to N$81.6 million for the quarter, which is a decrease of 10.7 percent from the preceding quarter of 2016. The decline in non-healthcare expenditure during the current quarter under review, was mainly attributable to a decrease of 133.3 percent in net reinsurance expense.

In total, the industry claimed more from insurers than the premiums they paid during the fourth quarter of 2016 which resulted in a net reinsurance income for the industry. Chart 9 illustrates the various non-healthcare expenditures expressed as a percentage of the total non-healthcare expenditure, over the last five quarters.

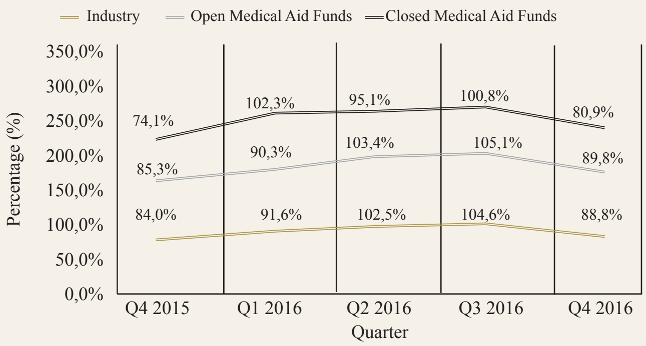
Chart 9: Non-healthcare expenditure



Loss ratio

The loss ratio for the industry declined notably from 104.6 percent as at 30 September 2016, to 88.8 percent for the quarter ended 31 December 2016. The improvement in the loss ratio is attributable to the reduction in claims recorded during the period under review. Thus the industry covered all expenditure from gross contributions not relying on investment income and accumulated reserves. Chart 10, shows the Industry's loss ratio over the past five quarters.

Chart 10: Loss Ratio



Investments

Total investments for medical aid funds amounted to N$1.2 billion, decreasing by about 7.7 percent from the previous quarter due to the poor market performance. Chart 11 illustrates the medical aid funds industry investment assets for the quarters ended 30 September 2016 and 31 December 2016.

Chart 11: Total investments

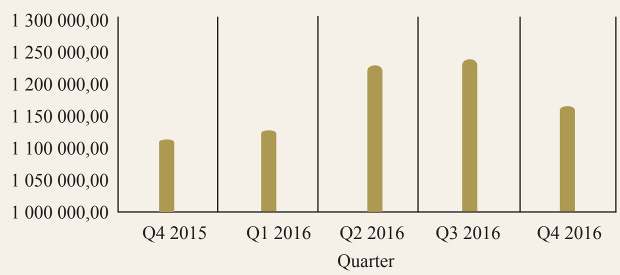


Chart 11, shows the medical aid funds industry investment assets for the quarters ended 30 September 2016 and 31 December 2016. Consistent with the liabilities of medical aid funds, a big part of medical aid investment is in liquid assets, with holdings in unit trusts and cash and cash equivalents making up about 65.3 percent of all investments, which did not change from the previous quarter. Investments in shares was also significant at 21.1 percent for the quarter, was about 2.7 percent less than the previous quarter. While assets held in government and other bonds was 11.7 percent, up from 10.0 percent from the preceding quarter. Collectively, the holdings in loan stock investments, properties and debentures remained unchanged at 2.0 percent.

Table 5: Industry investments (N$ 'million')

Investments	Open fund industry		Closed fund industry	
	31 Dec 2016	30 Sep 2016	31 Dec 2016	30 Sep 2016
Unit trust schemes	368	500	41	57
Cash and equivalents (Call accounts)	261	172	86	75
Government and other stock (Bonds)	115	111	20	14
Shares	195	250	49	46
Properties	7	0	2	2
Loan stock investments	3	3	0	0
Debentures	7	6	2	2
TOTAL INVESTMENT ASSETS	957	1 042	200	196

As at 31 December 2016, the medical aid funds industry held 55.6 percent of their assets in Namibia, down from 57.4 percent as at 30 September 2016. Regulation 9 of Government Notice No. 1496 stipulates the obligation for all medical aid funds to invest a minimum of 35.0 percent of their assets locally.

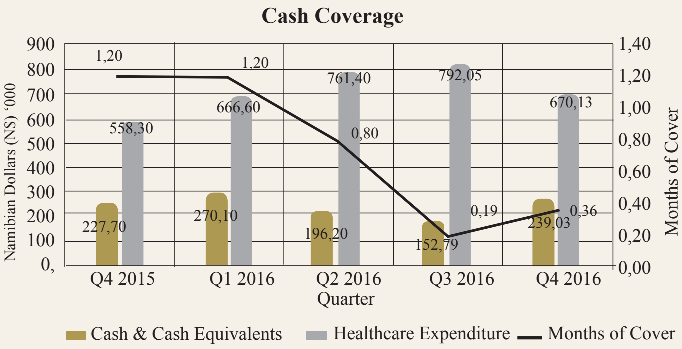
Account receivables

For the quarter ended 31 December 2016, accounts receivable stood at N$44.7 million, comprising of contribution receivable balances of N$23.4 million and other receivable balances of N$21.4 million. Specifically, contribution receivables include current contributions of N$15.5 million and arrear contributions tallying N$7.9 million, with the latter accounting only 0.9 percent of all contributions. With regard to arrears, the industry is doing well as the benchmark of arrear contributions is 1.5 percent.

Medical Aid Fund Liquidity

The liquidity position of a fund is measured by its ability to pay claims from cash and cash equivalents. The industry's liquidity gap, i.e. difference between the industry's current assets and its current liabilities, was N$1.1 billion as at 31 December 2016. Cash coverage of claims period increased significantly from 19 days to 36 days for the current quarter. Chart 12 illustrates the industry's cash coverage of claims.

Chart 12: Average gross healthcare costs covered by cash and cash equivalents Q4 2015 – Q4 2016



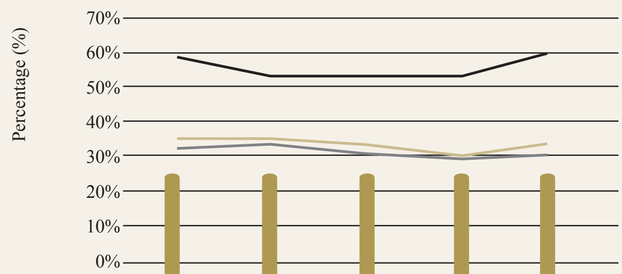
Reserves

The industry's net assets or accumulated funds (total assets minus total liabilities) increased by 8.0 percent to N$1.1 billion as at 31 December 2016. The change in the industry's reserves level could be attributed to reduction in healthcare costs incurred during the quarter under review. Medical funds are required to maintain their reserves at the minimum prudential reserve level (reserves level or solvency margin) of 25.0 percent of gross contributions. The reserves level (solvency ratio) is determined by dividing accumulated funds by the annual gross contributions received.

The reserve levels are higher than the minimum prudential reserve level at 33.3 percent as at 31 December 2016 and 31.0 percent as at 30 September which is mainly due to the lower healthcare expenditure reported during the period under review. Specifically, the open medical aid fund reserves was 30.2 percent while for closed medical aid funds it was 58.5 percent as at the close of the current quarter.

Two open medical aid funds, which accounts for 7.3 percent of total industry beneficiaries for the current quarter, reported reserves levels below that of the aforementioned prudential minimum requirement. These two funds will be closely monitored to ensure that remedial measures are taken to improve their reserve levels and to minimize solvency risk.

Chart 13: Industry Reserve Levels



	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Benchmark	25,0%	25,0%	25,0%	25,0%	25,0%
Open Funds	32,2%	31,7%	30,1%	28,2%	30,2%
Closed Funds	57,3%	53,6%	53,5%	53,7%	58,5%
Industry	35,0%	34,1%	32,6%	31,0%	33,4%

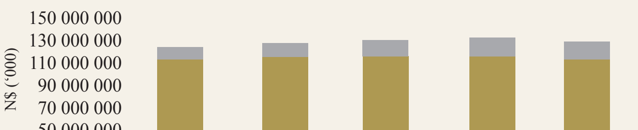
Pension Funds

Industry Review

Assets

Retirement fund assets, which comprises of investments held directly by pension funds as well as other investments held in the form of insurance policies, shrunk by 1.7 percent from N$138.0 billion to N$135.7 billion[4] as at the quarter ending 31 December 2016 (Chart 14). Assets held directly by pension funds decreased by 2.0 per cent, while those held in insurance products effectively remained unchanged, increasing only by 0.2 percent. This reduction is primarily a combined effect of poor investment returns as well as increased divestments due to exiting members.

Chart 14: Total Retirement Fund Assets including insurance policies



	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Other Assets (Ins Policies)	12 150 729	12 985 278	14 883 652	17 304 210	17 346 211
Investments	118 659 832	121 844 733	122 354 370	120 720 344	118 315 139

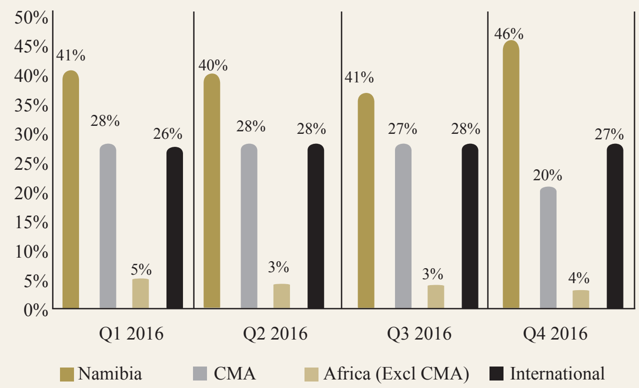
According to Regulation 28, insurance policies issued by a long-term insurer for the purposes of a fund's investment are deemed not to be an asset of the fund. Thus, in order to have a holistic view of the industry's total assets, the Authority requires funds to also disclose the value of their insurance policies. At the end of fourth quarter, a 12.8 percent of the industry's total assets were invested in insurance policies.

Asset Allocation

Geographical Asset allocation

The Geographical allocation of pension assets over the four quarters ended 31 December 2016 is shown in Chart 15. Notably, the overall investment in domestic assets have increased more than in the preceding 3 quarters, which could be attributed to the anticipated increase to the local investment requirement of 35.0 percent of total assets. The reallocation was made from the Common Monetary Area whose holdings fell from 27.0 percent to 20.0 percent. There was generally no noticeable change to the asset allocation for the other jurisdictions. Crucially, domestic holdings accounted for about 40.0 percent of total assets, significantly more than the allowable minimum of 35.0 percent. Historically, pension funds have had a low appetite for African Assets, which has now increased from 3.0 percent to 4.0 percent

Chart 15: Geographical Asset allocation



Asset Class Allocation

The asset allocation per asset class for pension funds over the four quarters ended 31 December 2016 (table 6). The bulk of the assets remains invested in shares at about 63.0 percent, which is commensurate with the long-term nature of pension funds. This is followed by investments in Namibian Government bonds at 11.5 percent, increasing from 10.3 percent as at the previous quarter. There was a notable increase in local authority/state owned enterprise bonds, increasing from virtually nothing to about 6.0 percent to about 10.3 percent for this quarter. Asset holdings in property fell for a third consecutive quarter, down from 3.5 percent to 2.1 percent, while credit balances fell by 1.0 percent to 7.2 percent.

[4] An error was corrected by a pension fund which resulted in an adjustment in the value of total retirement assets as reported in quarter 3 amounting to N$2.98 billion. Effectively, retirement assets only grew by only 0.57 per cent from Q2 to Q3. Insurance assets increased by 16.26 per cent over the same period, while investments held directly by pension funds shrunk by 1.34 per cent.

Table 6: Allocation per Asset Class Q4 2016 vs Q3 2016

Asset class	Q3 2016	Q4 2016	Change
1 - Credit Balances	8%	7%	-1%
2 - Government Bonds	10%	12%	1%
3 - State- owned enterprise, local authority and regional council Bonds	0%	6%	6%
4 - Corporate Bonds	2%	2%	0%
5 - Foreign Bonds	12%	6%	-6%
6 - Property	4%	2%	-1%
7 - Shares	63%	63%	0%
8 - Other Claims	0%	2%	2%
9 - Other Assets	0%	0%	0%
10 - Unlisted Investment	0%	0%	0%
Total assets	100%	100%	

Friendly Societies

Industry Review

Assets

During the period under review the total assets of friendly societies increase by 1.9 percent amounting to N$1.2 billion. This increase was mainly as a result of the increase in accounts receivable and investment assets. Cash and cash equivalent decreased significantly from N$107 900 as at the previous quarter to N$13 400 as at the last quarter of 2016 due primarily to the settlement of claims and the reallocation of funds between the current account and the investment account.

For the period under review, total current liabilities decreased by 22.4 percent due to the fall in accounts payable from N$27 700 as at 30 September 2016 to N$17 100 as at 31 December 2016. The Society is solvent as it has substantially more assets than liabilities, with liabilities amounting to 3.1 percent of total assets up from 4.0 percent from the previous quarter.

Contributions and Expenses

Contribution premiums received for the last quarter of 2016 amounted to N$45 900, increasing sharply by 38.7 percent from the preceding quarter when premiums received was N$33 100. The majority of the Society's principal members pay their contribution premiums in advance, instead of on a monthly basis. These prepaid contribution premiums are recorded during the month of receipt rather than evenly throughout the year; hence the fluctuating trend in contribution premiums, despite no corresponding changes in principal membership. In the previous quarter, only 1 claim amounting to N$5 000 was settled while during the current quarter this increased to 4 claims worth N$23 200.

The Society's operational costs amounted to N$10 600 during the quarter ended 31 December 2016, a very significant increase in operational expenses from the preceding quarter when it was only N$140. The payments for Annual General Meeting (AGM) related expenses and NAMFISA levies in the quarter was the reason for this huge increase.

Investments

The friendly society earned investment income of N$23 300 for the quarter compared to N$21 300 in the previous quarter increasing by 9.3 percent due to the investments of surplus funds. After accounting for investment income, a net surplus of N$15 600 was recorded in the quarter ended 31 December 2016, which is significantly less than N$29 100 as at 30 September 2016. The reduction was mainly due to the relatively high claims settled during the quarter under review.

Collective Investment Institutions

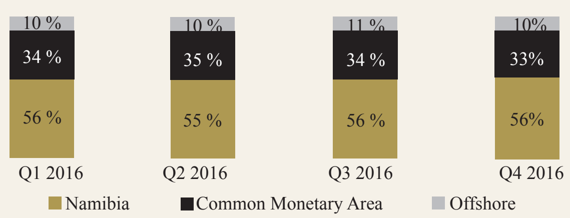
Industry Review

The assets of collective investment or unit trust schemes declined by 1.7 percent to N$48.3 billion as at the end of the fourth quarter of 2016 due to adverse market conditions. From the fourth quarter of 2015, the assets increased by 1.1 percent. Investments from households increased by N$400.0 million, while the investments by other unit trusts fell by N$700.0 million. Unit trust schemes and companies reduced the assets by 1.5 percent and 0.4 percent, respectively. Households added 0.9 percent to the total assets, and remained the predominant investor with N$16.6 billion or 34.4 percent of the assets.

Geographic Allocation

The schemes increased their investments in Namibia by 1.0 percent to N$27.7 billion or 57.4 percent of the total assets. Offshore investments declined by 5.9 percent during the quarter to N$4.9 billion, which is 6.2 percent below the fourth quarter of 2015. Investments in the Common Monetary Area (CMA) fell by 4.8 percent to N$15.7 billion, which is also below 2.6 percent recorded in the fourth quarter of 2015. The changes in the investments across jurisdiction is influenced by regulation, i.e., investment limits, as well as by changes in the market values which could trigger breaches if portfolios are not rebalanced.

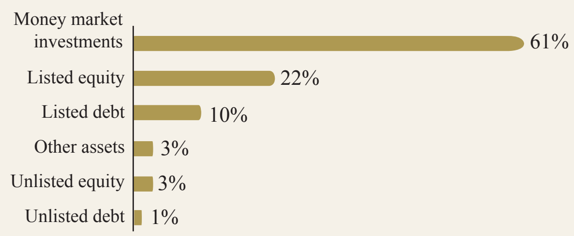
Chart 16 Assets per geographic allocation, % of total



Asset Allocation

The schemes invested 60.7 percent of the assets in money market instruments, slightly less than in the third quarter of 2016. Investments in listed equity rose to 21.9 percent of assets, while investments in unlisted equity increased by 4.8 percent, although from a relatively low level of 2.7 per cent of assets. The structure of and available instruments in the financial markets as well as the statutory investment requirements continue to influence the asset allocation decisions of the schemes. The schemes' allocation of assets towards money market instruments is suitable for households, hence the predominance of household investors in these schemes.

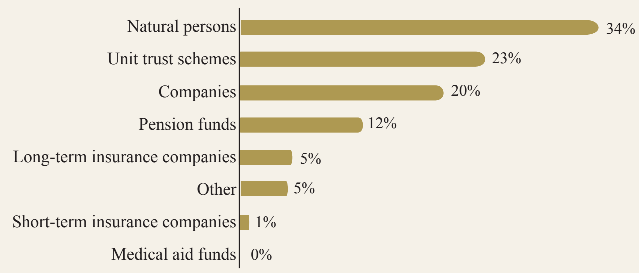
Chart 17 Assets per class as at 31 December 2016, % of total



Sources of Funds

Household assets increased by 2.7 percent to N$16.6 billion or to 34.4 percent of total assets in the fourth quarter of 2016. The assets of households were N$15.9 billion or 33.3 percent of total assets in the fourth quarter of 2015. The unit trust scheme assets invested in other schemes reduced by 6.2 percent, accounting for 23.4 percent of total assets. Assets of long-term insurers fell by 4.8 percent to N$2.4 billion or 5 percent of assets.

Chart 18 Assets per investor as at 31 December 2016, % of total



Investment Management

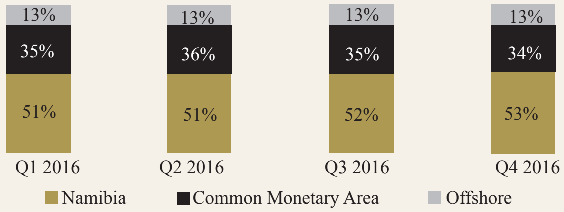
Industry Review

The investment managers' assets under management reduced by 1.5 percent to N$150.8 billion at the end of the fourth quarter of 2016. The assets increased by 2.1 percent from the fourth quarter of 2015. The fall in assets can partly be attributed to the general poor performance of the markets. The assets under management experienced a decline in value across all predominant investors. Pension funds reduced the total assets by N$1.3 billion or 0.8 percent during the quarter, and made up 52.8 percent of the assets. Unit trust schemes and companies reduced the assets by 0.5 percent and 0.2 percent, respectively or by a total N$1.2 billion. Pension funds, unit trust schemes, and long-term insurers made up 94.2 percent of the total assets.

Geographic allocation

The managers invested 47.0 percent of the assets in the CMA and offshore markets, with the CMA accounting for 33.6 percent. Diversification and access to larger, more liquid financial markets continue to be the key considerations for investing in the CMA and offshore markets. The assets invested in Namibia increased to 53.0 percent from 52.0 percent in the third quarter of 2016 or 48.8 percent in the fourth quarter of 2015. This growth is partly a result of the positive local market performance, both on a quarterly and annual basis. While the overall listed equity market investments, which made up 47.5 percent of investments, gained 4.0 percent quarterly and 23.4 percent annually, the local market gained 0.1 percent and 9.9 percent, respectively. The JSE/FTSE All Share Index, on the contrary, fell 2.5 percent quarterly and by 0.1 percent annually.

Chart 19 Assets per geographic allocation, % of total

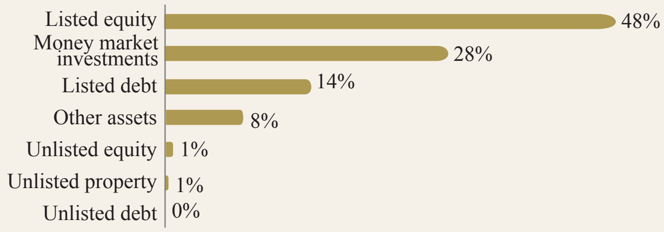


Asset allocation

Asset allocation mainly reflects the long-term nature of pension fund, insurance and unit trust scheme investments.

The managers held N$71.7 billion in listed equity, 4.1 percent more than in the fourth quarter of 2015 but only 0.4 percent more than in the previous quarter. Money market instruments accounted for 28.5 percent, while listed debt was 14.4 percent of investments. The limited investable assets in Namibia, which is compounded by the minimum investment requirements on pension funds and long-term insurers, continued to partly influence the asset allocation.

Chart 20 Assets per class as at 31 December 2016, % of total

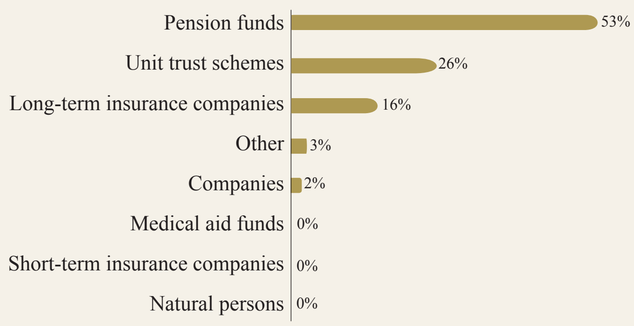


Source: NAMFISA

Sources of funds

Pension funds continued to be the key institutional investor. Pension fund assets were N$79.6 billion or 52.8 percent of total assets. Despite the inflows of pension assets, the overall market performance and possible withdrawals from managers led to the 0.8 percent fall in pension assets. Unit trust schemes and long-term insurers accounted for 25.7 percent and 15.7 percent, respectively. The managers administered 80.1 percent of the unit trust scheme assets. Therefore, management companies managed 19.9 percent of the unit trust scheme assets in the domestic market.

Chart 21 Assets per investor as at 31 December 2016, % of total



Source: NAMFISA

Financial Markets

In the equity markets, the market capitalization (cap) of the companies listed on the Namibian Stock Exchange (NSX) gained 3.0 percent to N$1.7 trillion as at the end of the fourth quarter of 2016. The market cap declined by 21.8 percent annually largely due to the value of securities dual-listed on the JSE and other markets. The gains are largely driven by the increase in the prices of dual-listed securities.

The market capitalization of the other boards also increased during the quarter. The Main Board capitalization increased by 3.6 percent to N$1.7 trillion. The capitalization of the Exchange Traded Funds board lost 20.8 percent for the quarter to N$32.8 billion. The Development Capital Board gained 65.5 percent in capitalization.

The prices of securities on the overall market rose by 23.4 percent from the fourth quarter of 2015. The JSE/FTSE lost 0.1 percent to 50,654 points as at the end of the fourth quarter of 2016. On a quarterly basis, the NSX market gained 4 percent to 1,069 points, while the JSE/FTSE All Share Index lost 2.5 percent. The liquidity of the overall market deteriorated further to 0.1 percent in light of lower trading. The volume of shares traded decreased by 53.1 percent from the third quarter of 2016 and by 49.5 percent from the fourth quarter of 2015.

Table 7: NSX market capitalization, N$ million

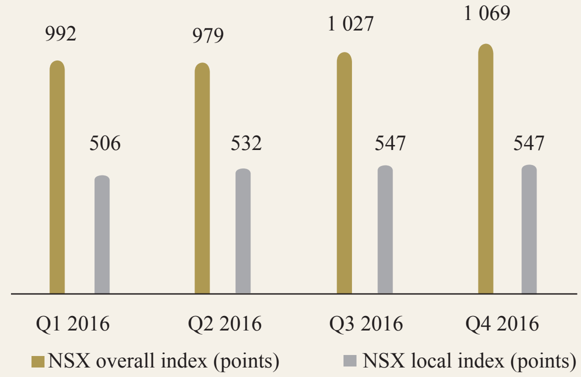
Market capitalization	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Overall market (N$ m)	1,417,935.41	1,631,049.46	1,607,938.41	1,676,528.84	1,726,582.96
Local market (N$ m)	29,429.86	29,889.82	31,278.90	31,899.90	32,017.00

Source: NSX

The local market cap increased by 0.4 percent during the quarter and annually by 8.8 percent to N$32.0 billion. The increase in the market cap can be attributed to the increase in securities prices. But the local market remains relatively small at 20.1 percent of 2016 preliminary gross domestic product.

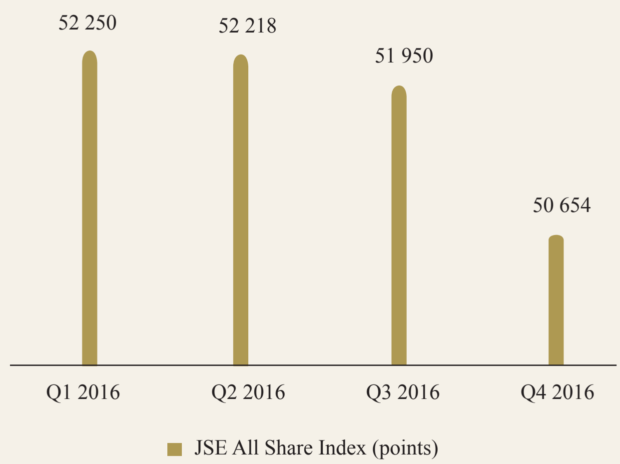
Chart 22: NSX market capitalization, N$ million

Chart 22a: NSX Indices, points



Source: NSX

Chart 22b: JSE All Share Index, points



Source: NSX

The prices of securities of the local market increased quarterly by 0.1 percent to 547 points. The local index gained 9.9 percent since the fourth quarter of 2015. The local market liquidity improved to 0.5 percent in the fourth quarter of 2016 as the volumes and values traded improved, although below the 0.9 percent in the fourth quarter of 2015. The volume of securities traded increased by 53.0 percent quarterly, while the value of securities increased by 6.1 percent.

Microlending

Industry Review: Credit Extension

The total amount of the new loans disbursed by micro lenders country-wide, declined quarter-on-quarter, but rose on the yearly basis at the end of the fourth quarter of 2016. In this regard, the total amount of new loans disbursed registered a contraction of 1.3 percent on a quarterly basis, but accelerated by 21.3 percent year-on-year to N$845.5 million (Chart 23). The decline on the quarterly basis emanated from 'Term Lenders' that registered a contraction of 3.1 percent, while on the other hand, 'Payday Lenders' reported an increase of 4.4 percent during the period under review. Further, the rate of growth witnessed on a yearly basis was driven by the transactions of 'Payday Lenders'.

Similarly, over the same period, the total number of new loans issued declined on a quarterly basis, but increased on a yearly basis. The contraction in the number of new loans issued was 0.7 percent, quarter-on-quarter, compared to a growth of 2.4 percent recorded in the previous quarter, but rose by 5.3 percent, year-on-year. The quarterly decrease is consistent with the decline in the number of new loans issued by the category 'Term Lenders' that weakened by 9.5 percent. On the contrary, year-on-year, credit extended by 'Term Lenders' recorded a growth of 16.2 percent. On the other hand, during the period under review, the number of new loans issued by 'Payday Lenders' increased both on a quarterly and yearly basis by 1.3 percent and 3.4 percent, respectively.

Chart 23: Loan Disbursements

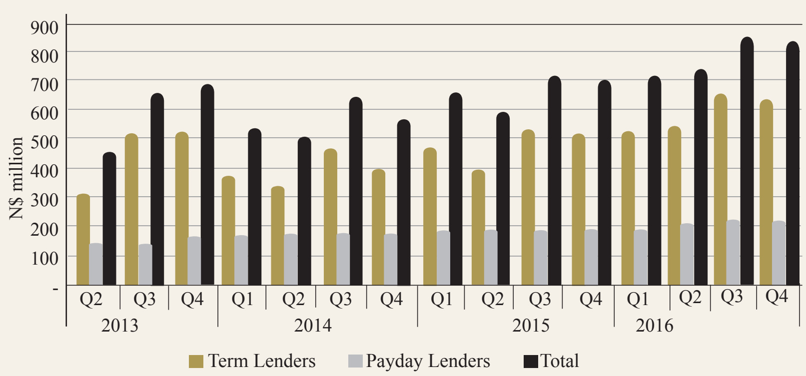


Chart 24: Loan Value

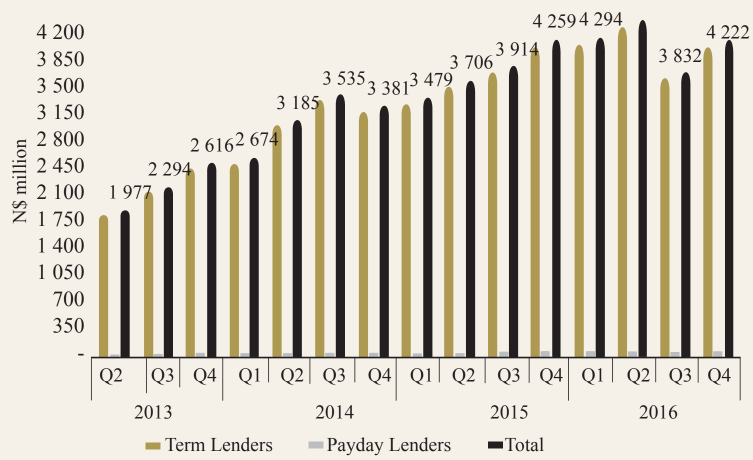


Table 8: Loan Disbursements (Percentage Changes

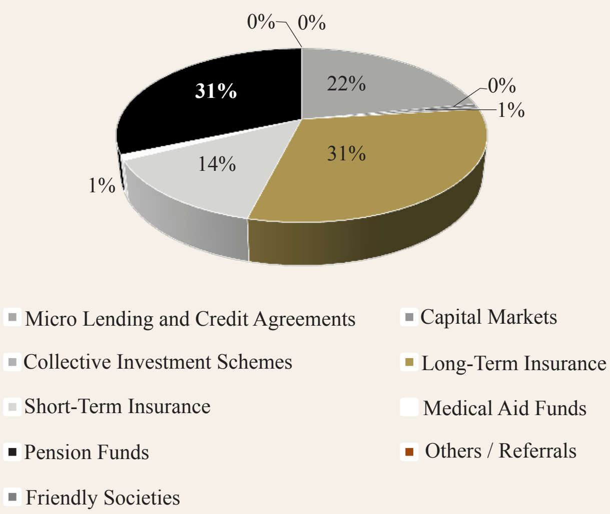
Categories	2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Term Lenders												
Quarter-on-Quarter	-29.5	-8.6	40.0	-16.3	20.2	-16.3	33.5	-2.7	1.6	3.5	20.8	-3.1
Year-on-Year	20.9	7.5	-9.4	-24.6	28.7	17.9	12.4	30.7	10.4	36.6	23.6	23.0
Payday Lenders												
Quarter-on-Quarter	0.8	1.5	3.5	-3.1	7.5	3.4	0.9	-1.2	3.0	5.7	2.4	4.4
Year-on-Year	13.9	18.7	26.3	2.6	9.4	11.5	8.7	10.7	6.0	8.5	10.1	16.4
Total												
Quarter-on-Quarter	-22.2	-5.5	27.7	-12.7	16.4	-10.8	22.9	-2.3	2.0	4.1	15.7	-1.3
Year-on-Year	2.3	9.9	10.5	9.0	13.2	30.6	20.6	-12.0	-12.9	-22.5	-14.7	3.4

On the contrary, the average amount of the loans issued both rose quarter-on-quarter and year-on-year. The improved quarterly development relative to a decline in the previous quarter is attributed to the category 'Term Lenders' whose transactions rose by 7.1 percent from a decline of 5.9 percent recorded in the preceding quarter. Subsequently, the overall loan book increased on a quarterly basis by 10.2 percent relative to a slowdown of 15.3 percent in the previous quarter. However, the overall loan book declined on a yearly basis by 0.9 percent to N$4.2 billion (Chart 24).

Consumer Complaints

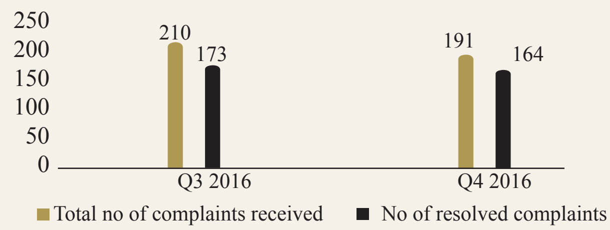
During the period under review, NAMFISA's Complaints department received 191 complaints from consumers of financial services. Of the 191 complaints, 98.0 percent of the complaints relate to only four industries, namely long-term insurance, microlending and credit agreements, pension funds and short-term insurance (see Chart 25).

Chart 25: Complaints received during the fourth quarter of 2016 per industry



During the quarter under review, both the total number of complaints received and resolved complaints decreased as compared to the previous quarter. The total number of complaints received moderated by 5.2 percent whilst the number of resolved complaints decreased by 9.0 percent quarter on quarter. On the other hand, the number of complaints resolved against the total number of complaints received was 85.9 percent for the quarter under review, increasing from 82.4 percent from the previous quarter (Chart 26).

Chart 26: The number of complaints received versus resolved for the fourth quarter 2016



Note: *The complaints resolved relate only to the complaints received during that quarter and do not include complaints resolved from previous quarters.*

Overall, the resolution of complaints resulted in consumers receiving N$5.0 million from financial institutions. These resolutions broadly relate to wrongful deductions, repudiation of claims, unpaid benefits and non-cancellation of contracts.

Table 9: The number of complaints received vs. resolved: Q4 2016 vs. Q3 2016

	Q4 2016			Q3 2016		Q4 2016	Q3 2016
Division	No of complaints received	No of resolved cases	Funds recovered (N$)	No of complaints received	No of resolved cases	Complaints Resolution rate	Complaints Resolution rate
Micro Lending and Credit Agreements	42	39	17 071	57	48	93%	84%
Capital Markets	1	1	1 705 418	1	1	100%	100%
Collective Investment Schemes	1	1	0	0	0	100%	0%
Long-Term Insurance	59	46	75 154	59	55	78%	93%
Short-Term Insurance	26	25	298 890	29	26	96%	90%
Medical Aid Funds	2	2	1 198	4	2	100%	50%
Pension Funds	60	50	2 870 383	53	34	83%	64%
Others / Referrals	0	0	0	7	7	0%	100%
Friendly Societies	0	0	0	0	0	0%	0%
Total complaints	191	164	4 968 114	210	173	86%	82%

Part B: Supervisory and Regulatory Developments

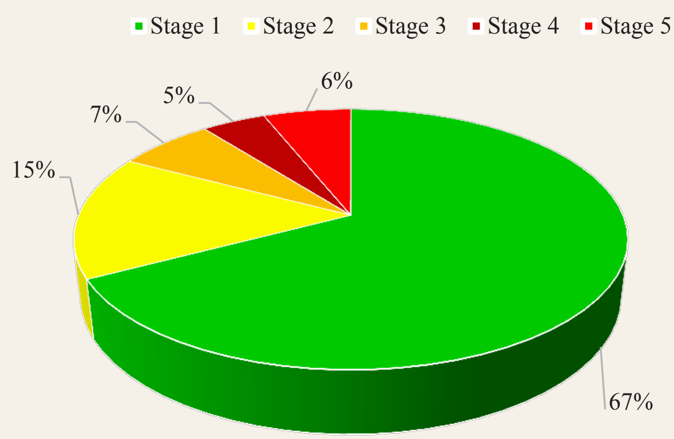
NAMFISA Supervisory Ladder

The ladder of supervisory intervention is a classification system that ranks regulated entities according to their viability and risks they may face (refer to Table 10).

Table 10: Supervisory and Regulatory Developments

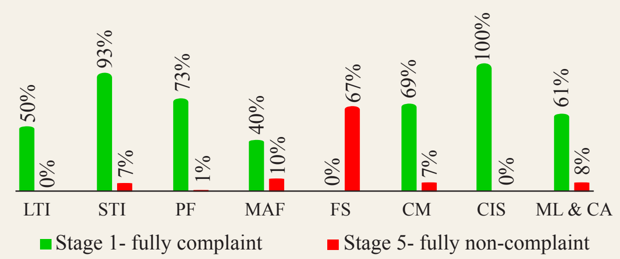
Stage of intervention	Rating Description	Rating Code	Description	LTI	STI	PF	MAF	FS	CM	CIS	ML & CA	Total (actuals)	Total (%)
Stage 1	No significant problems		Submission of returns and AFS, payment of levies	8	13	68	4	0	20	50	168	331	67%
Stage 2	Early Warning		Staggered submission of returns. Resultant levies not paid	6	0	19	2	1	6	0	42	76	15%
Stage 3	Risk to Viability or Solvency		Irregular submission of returns. Irregular submission of levies.	2	0	5	2	0	1	0	23	33	7%
Stage 4	Future Viability in Serious Doubt		No trading, no submission of AFS, no submission of returns, some payment of levies	0	0	0	1	0	0	0	21	22	4%
Stage 5	Entity Not Viable or Insolvency Imminent		Dormancy, no payment of levies, no submission of returns and owe NAMFISA levies	0	1	1	1	2	2	0	23	30	6%
Total				16	14	93	10	3	29	50	277	492	100%

Chart 27: Ladder of intervention (the percentages of entities categorized per stage)



According to Namfisa's ladder of intervention rating, overall the non-banking financial sector achieved full compliance status of 67.0 percent (331) out of the total number of registered institutions (492) which were categorized as stage 1 entities. While on the contrary, 6.0 percent (30) out of the total number of registered entities were fully non-compliant which were categorized as stage 5 (Chart 27).

Chart 28: Comparison per Sector (Stage 1 vs. Stage 5)



Full compliance status (stage 1): The Collective Investment Schemes recorded the highest level of full compliance which came out at 100.0 percent, followed by Short-term insurance which came at 93.0 percent. Friendly societies reported the lowest compliance rate of zero percent (Chart 28).

Full non-compliance status (stage 5): Friendly societies reported the highest level of full non-compliance which was reported at 67.0 percent, followed by Medical Aid Funds at 10.0 percent, Microlending & Credit agreements industry at 8.0 percent, and Capital Markets and Short-term insurance both at 7.0 percent. The Authority continues with close monitoring of all entities not fully compliant (Chart 28).

Regulatory review

Legislative Developments

The NAMFISA, Financial Institutions and Markets ("FIM") and Financial Services Adjudicator ("FSA") Bills have been finalized by the Registrar as well as the Legal Drafters at the Ministry of Justice. These Bills are now with the Legal Drafters for finalization before tabling in Parliament during 2017.

The Long-term Insurance Amendment Act amending Section 56 of the Long-term Insurance Act relating to Bank Guarantee and Professional Indemnity requirements, has been passed by the Parliament and signed-off by the President. This amendment has been gazetted on 28 November 2016 and has been implemented with immediate effect following the gazetting.

The amendment has now become law and as a result insurance brokers and reinsurance brokers are no longer required to submit a bank guarantee of N$25 000 upon application for registration and the professional indemnity insurance cover for insurance brokers and reinsurance brokers has now increased from N$500 000 to N$1.0 million.

Long term Insurance

Registrations, de-registrations, suspensions and cancellations

There has been no registration or de-registration of insurers or reinsurers during the quarter under review.

Table 11: Summary of Long-term Insurance Industry Players

INDUSTRY PLAYERS				
	30 Sep 16	Registration	De-registration	**31 Dec 16**
Insurers	16	0	0	16
Re-insurers	1	0	0	1
Reinsurance Brokers	2	0	0	2
Broker Natural Persons	360	5	7	358
Broker Legal Persons	185	4	0	189
Agents	3,477	193	18*	3,652

*The Registrar conducted a mass agent de-registration project in the fourth quarter of 2016 whereby around 755 insurance agents (not included in table above) were (involuntarily) de-registered because they were unassigned to a registered insurer and/or had long outstanding levies - these agents were inactive. The purpose of the project was to clean up the records of the Registrar on the Electronic Regulatory System (ERS).

Inspections conducted

None conducted during the period under review

Penalties or fines Imposed

For the quarter under review, a penalty has been issued to an insurer for the non-submission of information required for an on-site inspection. As a result, the on-site inspection which was due to be conducted in November 2016 still has not been conducted to date. As at 31 December 2016, this penalty had accumulated to N$50 000 and continues to accumulate daily.

Short-term Insurance

Registrations, de-registrations, suspensions and cancellations

It should be noted that 14 short-term insurance companies are currently registered with NAMFISA. No new registrations were recorded for the period under-review. A section 67 application for the acquisition of 25.0 percent of the issued share capital of a registered short term insurer was received during the quarter under review.

All the nine (9) agents de-registered were voluntary. As per NAMFISA's records a total of 88 agents' applications were received for the period under review, 68 were approved while 9 agents were de-registered. The 68 registered agents include agents applications received in previous quarters but registered in the quarter under review, this figure was included to provide an accurate figure of the number of agents registered as at the end of the quarter under review.

A total number of 150 licenses for intermediaries were forcefully cancelled due to non-compliance with the Act and the NAMFISA Act No. 3 of 2001. Most of the contraventions relates to non-payment of levies. While the others relates to the misconduct and material misrepresentations in dealings with the public.

Inspections conducted

None during the period under review

Penalties or fines Imposed

During the quarter under review, three administrative penalties amounting to approximately N$53 000 were imposed in terms of section 69 of the Act on account of non-submission of information related to on-site inspections and offsite monitoring.

Table 12: Short-term insurance regulatory intervention in the fourth quarter of 2016

SHORT-TERM INSURANCE DEPARTMENT		
Intervention	Q3 2016	Q4 2016
General		
- Cautionary Notices & Information	0	0
- Voluntary License Cancellations	10	10
- Deceased License Cancellations	0	0
Regulatory Interventions		
- Notices to Cancel Issued	0	0
- License Cancellations (forced)	150	0
Inspections		
- Scheduled	2	7
- Targeted / Prompted	0	0
Remedial Actions Taken		
Resolved Cases	0	0
Open Cases	0	0
Penalties Imposed	0	3
Section 67 application to acquire >25% of the issued share capital of a ST insurer	0	1
Consumer Complaints		
- Complaints launched	29	26
- Complaints Resolved	26	25

Note: * A total number 150 licenses for intermediaries were forcefully cancelled due to non-compliance with the Act and the NAMFISA Act No. 3 of 2001. Most of the contraventions relates to non-payment of levies. While the others relates to the misconduct and material misrepresentations in dealings with the public.

Pension Fund Industry

Registrations, de-registrations, suspensions and cancellations

Table 13: Registrations, Deregistrations and Cancelations

	Number of Funds			
	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Registrations	0	0	0	0
Suspensions	0	0	0	0
De-registrations/ Cancellations	16	2	1	2

Table 14: Pension Funds Register

Fund Status	Q4 2015	Q1 2016	Q2 2015	Q3 2016	Q4 2016
Active	97	95	94	93	91
Inactive	151	136	131	131	131

Table 14 depicts statistics on the registrations, de-registrations, suspensions and/or cancellations of pension fund organisations over the past four quarters. Two funds were active deregistration in the period under review.

Inspections conducted

The Authority commenced two full on-site inspection as well as a follow-up on-site inspection during the quarter three of 2016 and these have been concluded in the current quarter. Only one follow up inspection commenced in the quarter and is in progress. No Directives or Circulars were issued for the period under review.

Penalties or fines Imposed

Penalties amounting to N$29 000 was charged on various pension funds, of which the bulk was in respect of the late submission of unaudited annual returns for the current quarter. As shown in Table 15, this amount totalling N$22 000 was charged on 6 pension funds. Penalties amounting to N$7 000 were also charged for the late submission of the Statement of Investment Holdings, a significant drop from N$85 200 charged in the previous quarter.

Table 15: Penalties and fines

Reason for penalty	Number of funds penalised		Value of Penalties (N$)	
	Q3 2016	Q4 2016	Q3 2016	Q4 2016
Late submission of Unaudited Annual Return	0	6	0	22 000.00
Late Submission of the Statement of Holdings Return	6	3	85 200.00	7 000.00
Non Compliance with Investment Limits as Per Regulation 28	0	3	0	0
Total	6	12	85 200.00	29 000.00

Regulatory intervention

The slow and steady decrease in the number of active retirement funds (excluding foreign funds) continued in this quarter, falling from 93 as at 30 September 2016 to 91 as at 31 December 2016, as one fund was deregistered during this period. This could be attributed to movements to umbrella funds which should be cheaper on account of economies of scale.

With regard to inactive funds, as with the previous quarter, there were no new deregistrations, thus their number remained at 131. The relatively large number of inactive funds is due primarily to the cessation of fund operations, before the completion of the de-registration process. Funds are regarded as inactive if they have ceased operations and are for all intents and purposes, dormant. The Registrar has commenced the deregistering of these inactive funds, after determining that there are no remaining members and assets. Table 14 is a presentation of pension funds registered the last 4 quarters.

Medical Aid Funds Industry

Registrations, de-registrations, suspensions and cancellations

Table 16: Registered medical aid funds by type and size of the fund

Type of Fund	Type of Size	31 Dec 15	31 Mar 16	30 Jun 16	30 Sep 16	31 Dec 16
Open Funds						
	Large[5]	2	2	2	2	2
	Medium[6]	2	2	2	2	2
	Small[7]	1	1	1	1	1
		5	5	5	5	5
Closed Funds						
	Large	0	0	0	0	0
	Medium	1	1	1	1	1
	Small	4	4	4	4	4
		5	5	5	5	5

[5] 30 000 or more beneficiaries
[6] 6 000 – 29 999 beneficiaries
[7] less than 6 000 beneficiaries

All Funds						
	Large	2	2	2	2	2
	Medium	3	3	3	3	3
	Small	5	5	5	5	5
		10	10	10	10	10

Table 16 shows the total number of registered medical aid funds, over the last five quarters ending 31 December 2016. Medical aid funds are classified by type (closed/ open) and by size, where the size of each fund is determined by the total number of beneficiaries. Open medical aid funds do not restrict the membership to specific employer groups but allows the enrolment by any member of the public who can afford the contribution premiums. On the contrary, closed medical aid funds restrict enrolment to the employees of specific employers/sectors. There was no change in the number of medical aid funds from the preceding quarter.

Friendly societies

Registrations, de-registrations, suspensions and cancellations

The Authority regulates and supervises friendly societies in accordance with the Friendly Societies Act, 1956 (Act no 25 of 1956). During the quarter ended 30 September 2016, the Authority had regulatory oversight over six friendly societies, of which only one was active. The analysis in this report is therefore in respect of the one active friendly society. The friendly society ("the Society") provides funeral benefits to its members.

Table 17: Inactive friendly societies

No.	Name of Friendly Society	Registration status	Type of Benefits
1.	Benevolent Friendly Society	Deregistration in progress	Funeral related benefits
2.	Health-Is-Vital Risk Equalisation Fund	Deregistration in progress	Medical related benefits
3.	Liberty Friendly Society	Deregistration in progress	Medical related benefits
4.	Namdeb Friendly Society	Deregistration in progress	Medical related benefits
5.	Namibia Federated Friendly Society	Deregistration in progress	Funeral related benefits

The membership growth of this society has been modest, increasing only 12 members during the quarter. This brings the total membership to 1 942 beneficiaries as at 30 September 2016. The Society's principal membership was 585 members, up from 577 principal members reported as at 30 June 2016. The number of dependents also increased by a lesser margin to 1 357 dependents, which is a good bids good for the society as the member to dependent ratio increases.

Collective investment schemes

During the quarter, NAMFISA registered one unlisted investment manager (UIM) and one special purpose vehicle (SPV) in terms of Regulation 29 under the Pension Funds Act. NAMFISA also received applications for the amendment of constitutive documents of SPVs for review and approval.

Microlending & Credit Agreements

Registrations, de-registrations, suspensions and cancellations

During the period under review, eleven new applications for registration as microlenders were approved after a vigorous internal assessment process. However, the registration of fifteen microlenders was cancelled during the period under review. Thus, a total number of 277 microlenders were registered with NAMFISA, representing a decrease, quarter-on-quarter, of 1.4 percent at the end of the fourth quarter of 2016.

Inspections conducted

During the fourth quarter of 2016, no inspections were conducted.

Penalties and/or fines

There were no penalties or fines imposed during the period under review.

Developments on the Microlending Bill

During the fourth of quarter of 2016, five phase 1 Microlending standards and one Regulation, together with its explanatory memorandum were finalized and forwarded to the Ministry of Finance for the required certification by the Minister of Finance.

In addition, six Phase 2 Standards and one Regulation have been kept in abeyance pending the finalization of the Microlending Bill. The subordinate legislation is being vetted within the Division to ensure that the provisions in the Standards and Regulation are not inconsistent with the provisions of the revised Microlending Bill. Particular attention is also given to cross-referencing in the Standards and Regulation with a view of ensuring that it accords with the references within the Bill.

Industry forums and meetings

There was no industry forum for the period under review.

Consumer Education developments

No new Consumer Education developments took place during the period under review.

ICT developments over the quarter

No new ICT developments took place during the period under review.

Part C: Statistical Appendix

Table of Contents

Table 1: Registered Entities

	Entities as at end	Entities registered during	Entities de-registered during	Entities as at end
	Q3 2016	Q4 2016	Q4 2016	Q4 2016
Financial Institutions:				
Long-term insurers (LTIs)	16	0	0	16
Short-term insurers (STIs)	14	0	0	14
Reinsurers (both LTIs and STIs)	2	0	0	2
Medical aid funds	10	0	0	10
Pension funds	93	0	2	91
Collective investment schemes	16	0	0	16
Management companies	13	0	0	13
Investment managers	22	1	0	23
Special Purpose Vehicles (SPVs)	16	1	0	17
Unlisted Investment Managers	19	1	0	20
Microlenders	281	11	15	277
Stock exchanges	1	0	0	1
Stock brokers (including sponsors)	4	0	0	4
Linked Investment Services Provider (LISPS)	1	1	0	2
Friendly societies	6	0	0	6
Sub-total	**513**	**15**	**17**	**512**
Financial Intermediaries:				
Long-term insurance brokers	547	9	7	549
Long-term insurance agents	3 477	193	18	3 652
Short-term insurance brokers	465	9	1	473
Short-term insurance agents	779	68	9	838
Subtotal	**5 268**	**279**	**35**	**5 512**
Total	**5 781**	**294**	**52**	**6 024**

Table 2: Indicators for Supervisory Concerns

Indicators for Supervisory Concerns, Q3 2016														Q4 2016									
Stage of intervention	Rating Description	Rating Code	Description	LTI	STI	PF	MAF	FS	CM	CIS	ML & CA	Total (Actuals)	Total (%)	LTI	STI	PF	MAF	FS	CM	CIS	ML & CA	Total (actuals)	Total (%)
Stage 1	No significant problems		Submission of returns and AFS, payment of levies	16	12	68	5	1	18	13	167	300	65%	8	13	68	4	0	20	50	168	331	67%
Stage 2	Early Warning		Staggered submission of returns. Resultant levies not paid	0	1	19	2	0	6	0	46	74	16%	6	0	19	2	1	6	0	42	76	15%
Stage 3	Risk to Viability or Solvency		Irregular submission of returns. Irregular submission of levies.	0	0	5	1	0	1	0	23	30	7%	2	0	5	2	0	1	0	23	33	7%
Stage 4	Future Viability in Serious Doubt		No trading, no submission of AFS, no submission of returns, some payment of levies	0	0	0	1	0	0	0	15	16	3%	0	0	0	1	0	0	0	21	22	4%
Stage 5	Entity Not Viable or Insolvency Imminent		Dormancy, no payment of levies, no submission of returns and owe NAMFISA levies	0	1	1	1	5	2	0	30	40	9%	0	1	1	1	2	2	0	23	30	6%
Total				**16**	**14**	**93**	**10**	**6**	**27**	**13**	**281**	**460**	**100%**	**16**	**14**	**93**	**10**	**3**	**29**	**50**	**277**	**492**	**100%**

Long-term Insurance Industry

Table 3: Income and Expenses

Long-term Insurance

N$000					
STATEMENT OF COMPREHENSIVE INCOME					
	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Single Premiums	621 266	620 929	553 460	619 851	722 027
Recurring Premiums	1 215 661	1 275 184	1 191 166	1 356 435	1 364 643
Gross premiums written	1 836 927	1 896 113	1 744 626	1 976 286	2 086 670
Less: Reinsurance premium	73 724	67 567	69 658	76 506	80 437
Net premiums written	1 763 203	1 828 546	1 674 968	1 899 780	2 006 233
Gross policyholder benefits paid	1 115 429	1 181 538	903 443	1 509 695	1 428 449
Reinsurance recoveries	34 624	49 152	43 593	49 951	46 139
Net policyholders benefits	1 080 805	1 132 386	859 850	1 459 744	1 382 310
Change in policyholder liabilities	758 318	847 430	1 064 379	230 370	63 306
Commission paid	185 068	124 815	144 650	177 263	133 978
POLICYHOLDER BENEFITS AND COMMISSION	**2 024 191**	**2 104 631**	**2 068 879**	**1 867 377**	**1 579 594**
GROSS PROFIT/(LOSS)	**(260 988)**	**(276 085)**	**(393 911)**	**32 403**	**426 639**
NET INCOME OVER EXPENSES	**874 526**	**909 323**	**328 061**	**541 668**	**119 030**
Investment income	1 143 767	1 056 861	618 268	764 282	414 395
Other income	47 206	124 721	1 044	122 384	(561)
TOTAL INCOME	**1 190 973**	**1 181 582**	**619 312**	**886 666**	**413 834**
Management expenses	257 748	204 433	226 835	235 891	227 745
Other expenses	58 189	67 475	64 004	108 333	66 695
Finance costs	510	351	412	774	364
TOTAL EXPENSES	**316 447**	**272 259**	**291 251**	**344 998**	**294 804**
PROFIT BEFORE TAXATION	**613 538**	**633 238**	**-65 850**	**574 071**	**545 669**

Table 4: Assets and Liabilities

Long-term Insurance

N$000					
STATEMENT OF FINANCIAL POSITION					
	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Immovable Property	491 299	492 485	494 454	495 131	516 530
Property, plant and equipment	21 188	18 671	19 734	25 322	27 587
Intangible assets	316 325	322 090	339 136	334 100	364 088
Deferred tax	0	0	0	0	0
Other assets	3 830 059	3 673 358	3 648 422	3 663 363	3 679 789
Investments	28 469 784	29 649 428	30 207 282	31 075 225	31 883 062
NON-CURRENT ASSETS	**33 128 655**	**34 156 032**	**34 709 028**	**35 593 141**	**36 471 056**
Reinsurer's debtors	161 062	156 039	178 088	180 936	275 942
Premium debtors	284 044	268 253	261 742	270 620	131 945
TECHNICAL ASSETS	**445 106**	**424 292**	**439 830**	**451 556**	**407 887**
Cash and cash equivalents	3 370 324	3 267 451	3 527 707	3 321 883	3 017 075
Receivables	1 372 891	1 181 696	1 859 188	1 265 639	1 513 148
Investments	6 429 514	6 403 670	6 606 994	6 413 021	6 144 814
CURRENT ASSETS	**11 172 729**	**10 852 817**	**11 993 889**	**11 000 543**	**10 675 037**
TOTAL ASSETS	**44 746 490**	**45 433 141**	**47 142 747**	**47 045 240**	**47 553 980**
Deferred taxation	309	309	300	300	0
Other liabilities	73 558	167 772	164 775	177 660	27 823
NON CURRENT LIABILITIES	**73 867**	**168 081**	**165 075**	**177 960**	**27 823**
Policyholder liabilities	36 558 806	37 406 236	38 470 615	38 700 985	38 769 944
Reinsurance creditors	27 072	29 111	48 539	56 927	70 035
TECHNICAL LIABILITIES	**36 585 878**	**37 435 347**	**38 519 154**	**38 757 912**	**38 839 979**
Trade and other payables	592 532	462 923	524 816	593 154	627 932
Current income taxation	2 985	4 219	6 313	6 495	1 402
CAR	191 451	204 894	205 654	219 694	219 694
Other liabilities	1 046 493	995 429	1 114 738	864 014	1 016 545
CURRENT LIABILITIES	**1 833 461**	**1 667 465**	**1 851 521**	**1 683 357**	**1 865 573**
TOTAL LIABILITIES	**38 493 206**	**39 270 893**	**40 535 750**	**40 619 229**	**40 733 375**
Excess Assets	6 253 284	6 162 248	6 606 997	6 426 011	6 820 605

Short-term Insurance Industry

Table 5: Income and Expenses

Short-term Insurance

Industry income and expenses					
(N$ 000)					
Statement of Comprehensive Income	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Gross premiums written	**826 629**	**1 009 411**	**862 919**	**854 101**	**795 539**
Less: Reinsurance expense	246 434	306 472	207 455	220 459	239 206
Net premiums written	**580 195**	**702 939**	**655 464**	**633 642**	**556 333**
Change in provision for UPR	(17 699)	120 217	52 717	6 616	(65 860)
Net Premiums earned	**597 894**	**582 722**	**602 747**	**627 026**	**622 193**
Gross claims and loss adjustment expenses	426 549	468 808	637 358	498 839	460 938
Change in IBNR	7 885	(1 097)	(3 968)	4 127	(6 659)
Less: Gross claims and loss adjustment expenses recovered from reinsurers	104 566	126 965	294 091	122 765	123 393
Net Claims incurred	**329 868**	**340 746**	**339 299**	**380 201**	**330 886**
Commission incurred	100 987	104 896	107 139	132 580	112 448
Less: Commission earned	41 420	46 428	47 112	74 114	57 606
Net commission incurred	**59 567**	**58 468**	**60 027**	**58 466**	**54 842**
CLAIMS AND COMMISSION	**389 435**	**399 214**	**399 326**	**438 667**	**385 728**
Underwriting surplus	**208 459**	**183 508**	**203 421**	**188 359**	**236 465**
Management expenses	134 786	155 682	148 004	170 346	180 119
Finance costs	(292)	232	(184)	244	8
Investment income	47 653	117 777	72 609	88 894	63 243
Other income	10 879	5 775	5 562	5 021	5 221
Other Expenses	880	-	922	3708	9197
Profit before tax	131 618	151 146	132 850	107 976	115 605
LESS: Est. taxation (Current + def.)	21 590	13 468	31 476	29 008	22 090
PROFIT FOR THE YEAR	**110 028**	**137 678**	**101 374**	**78 968**	**93 515**
Other comprehensive income for the quarter	873	(8 483)	18 209	(2 893)	4 841
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	**110 901**	**129 195**	**119 583**	**76 075**	**98 356**
Ratios					
Cession ratio	30%	30%	24%	26%	30%
Net loss ratio	55%	58%	56%	61%	53%
Expense ratio	33%	37%	35%	37%	39%
Net combined ratio	88%	95%	91%	98%	92%

Table 6: Experience ratio

Short-term Insurance

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Premium earned by class (% of total)					
Fire	15%	14%	15%	15%	15%
Marine	1%	0%	0%	0%	1%
Aviation	0%	0%	0%	0%	0%
Vehicles	25%	27%	26%	26%	27%
Guarantee	0%	0%	1%	0%	0%
Miscellaneous	19%	18%	19%	20%	19%
Personal	39%	41%	39%	39%	39%
Loss ratio by class					
Fire	49%	59%	43%	34%	46%
Marine	60%	85%	116%	21%	30%
Aviation	12%	3%	-4%	1%	-7%
Vehicles	63%	64%	58%	73%	59%
Guarantee	-104%	5%	-13%	32%	-20%
Miscellaneous	42%	49%	50%	39%	48%
Personal	60%	60%	64%	40%	55%
Underwriting results (% of premiums earned)					
Fire	5%	4%	7%	53%	6%
Marine	0%	0%	0%	79%	0%
Aviation	0%	0%	0%	103%	0%
Vehicles	7%	7%	8%	16%	8%
Guarantee	1%	0%	1%	100%	0%
Miscellaneous	10%	8%	8%	57%	9%
Personal	12%	12%	10%	15%	14%

Table 7: Balance sheet

Short-term Insurance

INDUSTRY STATEMENT OF FINANCIAL POSITION					
	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
NON-CURRENT ASSETS	**1 505 922**	**1 586 420**	**1 630 573**	**1 779 875**	**1 419 997**
Immovable property	1 987	1 926	3 045	1 806	1 763
Property, plant and equipment	11 273	10 557	9 787	11 979	11 023
Intangible assets	19 847	22 582	23 873	25 233	26 994
Deferred tax	9 640	7 566	8 196	9 259	10 889
Other assets	304 268	333 911	327 060	379 023	357 086
Investments	1 158 907	1 209 878	1 258 612	1 352 575	1 012 242
TECHNICAL ASSETS	**1 057 286**	**1 270 538**	**1 175 660**	**1 100 839**	**1 045 961**
Reinsurers' share of unearned premiums	572 700	621 411	523 083	448 187	404 342
Reinsurers' share of outstanding claims	152 510	271 486	313 246	270 622	242 165
Reinsurers' share of claims incurred but not reported	60 716	64 273	64 405	67 204	73 476
Commission Receivable	19 747	18 773	17 276	17 008	17 865
Premium debtors	251 613	294 595	257 650	297 818	308 113
CURRENT ASSETS	**3 023 571**	**3 178 029**	**3 224 989**	**3 170 790**	**3 303 352**
Cash and cash equivalents	1 454 932	1 570 528	1 370 040	1 315 363	1 081 237
Other Receivables	108 342	83 607	146 615	144 339	110 570
Investments	1 460 297	1 523 894	1 708 334	1 711 088	2 111 545
TOTAL ASSETS	**5 586 779**	**6 034 987**	**6 031 222**	**6 051 504**	**5 769 310**
CAPITAL AND RESERVES	**1 637 255**	**1 714 342**	**1 808 457**	**1 847 815**	**1 825 174**
Ordinary share capital	67 661	67 661	71 798	63 298	63 598
Share premium	172 801	172 801	175 501	178 201	180 901
Retained earnings	1 179 250	1 240 472	1 347 327	1 449 651	1 427 261
Contingency reserve	216 551	232 347	212 678	155 491	151 727
Other reserves	992	1 061	1 153	1 174	1 687
NON CURRENT LIABILITIES	**56 900**	**79 236**	**38 117**	**29 881**	**31 432**
Deferred taxation	33 974	32 494	18 024	16 910	20 572
Other liabilities	22 926	46 742	20 093	12 971	10 860
TECHNICAL LIABILITIES	**3 111 452**	**3 508 885**	**3 453 093**	**3 366 208**	**3 232 651**
Gross provision for unearned premiums	1 886 336	2 055 250	2 010 629	1 942 235	1 832 533
Gross outstanding claims	675 828	871 019	864 016	816 896	755 587
Gross claims incurred but not reported	217 456	219 916	216 254	223 150	222 762
Commission Due	15 840	17 934	14 561	16 441	17 327
Reinsurance creditors	315 992	344 766	347 633	367 486	404 442
CURRENT LIABILITIES	**781 172**	**732 524**	**731 555**	**807 600**	**680 047**
Trade and other payables	324 547	276 107	309 827	346 435	317 825
Current income taxation	15 992	40 530	19 196	36 584	28 210

Other liabilities	440 633	415 887	402 532	424 581	334 012
TOTAL EQUITY AND LIABILITIES	**5 586 779**	**6 034 987**	**6 031 222**	**6 051 504**	**5 769 310**
Solvency Ratio	29%	28%	30%	31%	30%
Total Liabilities	3 949 524	4 320 645	4 222 765	4 203 689	3 944 136
Excess Assets	1 637 255	1 714 342	1 808 457	1 847 815	1 825 174

Medical Aid Funds

Table 8: Membership

Medical Aid Funds

Membership	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Number of Principal Members	77 109	78 547	78 807	79 840	79 979
Number of Dependants	98 246	99 262	98 879	100 209	100 757
Number of Pensioners	9 468	9 583	9 773	9 858	9 700
Total Members	**184 823**	**187 392**	**187 459**	**189 907**	**190 436**

Table 9: Contributions, income and expenses

MAFs

Income and expenses					
N$ '000	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Gross Contribution received	758 144	827 071	836 688	844 719	846 746
Savings Plan Contributions/Roll-Over Contributions	24 917	26 884	27 430	27 600	27 963
Less: Net Reinsurance expenses	7 879	13 633	14 925	9 709	-3 232
Net Contribution	725 348	786 555	794 334	807 410	822 015
Less: Net Claims Incurred	558 272	666 607	761 447	792 049	670 134
Underwriting surplus	167 077	119 948	32 887	15 361	151 881
Less: Administrative expenses	52 828	55 376	56 067	56 492	55 388
Less: Operational expenses	14 013	9 196	13 722	13 512	18 116
Less: Managed Care: management services	10 522	11 286	11 648	11 634	11 346
Less: Consultant Fees/Professional fees	1 420	1 836	_	0	161
Total Expenses	**78 782**	**77 694**	**81 437**	**81 637**	**84 851**
Surplus/(Deficit) from operations	88 295	42 254	(48 550)	(66 276)	67 030
Add: Other income (Sundry income)	1 458	1 349	2 021	1 742	8 643
Add: Net Investment income	50 026	17 063	12 511	18 492	8 284
Net Surplus/(Loss)	**139 779**	**60 666**	**(34 018)**	**(46 041)**	**83 957**

Table 10: Balance Sheet

MAFs

(N$ 000)	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
ASSETS					
Non-current Assets	640 358	601 147	68 217	68 227	68 535
Property, Plant & Equipment	3 893	3 871	3 850	3 860	3 867
Investments	636 465	597 276	64 366 709	64 367	64 668
Current assets	719 425	831 021	1 389 431	1 358 596	1 376 236
Investments	470 168	535 130	1 170 383	1 182 214	1 092 503
Accounts receivable (Debtors)	21 545	25 801	22 813	23 596	44 708
Cash & cash equivalents	227 712	270 089	196 234	152 786	239 025
Total Assets	**1 359 783**	**1 432 168**	**1 457 647**	**1 426 823**	**1 444 771**
FUNDS AND LIABILITIES					
Members' Funds	1 062 445	1 127 669	1 092 077	1 046 036	1 130 031
Accumulated funds	1 062 445	1 127 669	1 092 077	1 046 036	1 130 031
Non-current liabilities	2 000	2 000	-	-	-
Long-term loans (Borrowings)	2 000	2 000	-	-	-
Current liabilities	295 339	302 498	365 570	380 787	314 741
Accounts payable (creditors)	76 811	84 723	94 088	124 249	77 845
Provision for outstanding claims/IBNR	184 049	213 947	268 703	237 123	198 624
Savings plan liability (other liabilities)	32 906	2 302	(471)	16 007	34 964
Provision for bad debt	1 574	1 527	1 499	1 658	1 558
Short-Term Loans (Borrowings)			1750	1750	1750
Total Funds and Liabilities	**1 359 783**	**1 432 168**	**1 457 647**	**1 426 823**	**1 444 771**
Investments					
(N$ 000)	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Investments in Namibia	482 744	511 258	595 827	590 422	643 231
Government & Other stock/(Bonds)	120 485	124 038	133 430	98 478	107 541
Shares/equities	66 979	68 029	70 382	109 427	109 488
Unit trust schemes	67 128	73 427	90 356	150 710	142 307
Debentures	-	1 780	8 351	8 053	8 926
Loans Stock Investment	932	2 027	2 027	2 542	2 577
Fixed Deposit and Savings Accounts	-	750	22 576	750	805

Properties	4 450	2 936	3 239	0	7 450
Cash & Equivalents (Call Accounts)	222 770	238 270	265 467	213 012	264 138
Unlisted Investments				7 450	0
Treasury bills	-	-	-	-	0
Investments outside Namibia	**623 889**	**621 147**	**638 923**	**656 159**	**513 940**
Cash Outside Namibia	36 020	36 381	18 792	34 566	82 994
Equities/shares	240 232	240 531	259 375	186 097	134 209
Government & Other stock/(Bonds)	37 291	3 362	3 863	5 600	20 462
Bonds	14 671	45 266	57 692	21 274	7 419
Properties	4 453	3 856	4 384	2 227	2 289
Unit trusts schemes	291 222	291 751	294 817	406 395	266 566
Total investment assets	**1 106 633**	**1 132 406**	**1 234 750**	**1 246 581**	**1 157 171**

Table 11: Claims Typology

MAFs

Claims typology					
(N$ 000)	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Hospitals	206 965	224 040	251 183	306 900	267 973
General Practitioners	57 312	59 003	63 804	134 216	63 781
Pharmacies/Medicine	97 837	113 908	125 035	80 996	109 785
Specialists	71 976	74 001	88 155	96 578	86 551
Auxiliary Services	28 785	31 137	35 379	38 853	38 150
Pathologists	27 252	33 160	34 759	22 736	32 701
Optometrists	17 884	21 556	21 572	35 994	17 466
Dentists	27 594	25 826	33 674	41 472	36 072
Radiologists	23 591	25 407	28 412	35 237	31 293
Dental Specialists	3 768	3 229	3 776	4 437	4 641
Dental Therapists	764	752	893	1838	688
Psychiatric Institutions	1 121	1 002	1 986	522	1 386
Optic Payouts	-	-	-	0	0
Other	17 379	18 403	19 790	(31 580)	18 147
IBNR movement	(23 956)	35 182	53 031	23 850	(38 499)
Total	**558 272**	**666 607**	**761 447**	**792 049**	**670 134**

Friendly Societies

Table 12: Membership
Friendly Societies

Membership					
	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Principal Members	594	568	577	585	565
Dependants	1 396	1 335	1 353	1 357	1 384
Total members	**1 990**	**1 903**	**1 930**	**1 942**	**1 949**

Table 13: Balance Sheet
Friendly Societies

Balance Sheet (N$ 000)					
	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
ASSETS					
Non-current Assets	-	-	-	-	-
Long-term Investments	-	-	-	-	-
Current assets	1 041 814	1 105 627	1 141 554	1 186 893	1 209 472
Accounts receivable	26 463	24 009	22 344	22 549	27 051
Cash & cash equivalents	126 468	64 288	83 785	107 936	13 391
Short-term Investments	888 883	1 017 331	1 035 425	1 056 408	1 169 030
Total Assets	**1 041 814**	**1 105 627**	**1 141 554**	**1 186 893**	**1 209 472**
FUNDS AND LIABILITIES					
Members' Funds	1 027 065	1 064 052	1 100 202	1 139 150	1 172 398
Accumulated funds	1 027 065	1 064 052	1 100 202	1 139 150	1 172 398
Current liabilities	14 749	41 575	41 352	47 743	37 074
Accounts payable (creditors)	14 749	41 575	36 352	27 743	17 074
Provision for outstanding claims/IBNR	-	-	5 000	20 000	20 000
Total Funds and Liabilities	**1 041 814**	**1 105 627**	**1 141 554**	**1 186 893**	**1 209 472**
Investments					
	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Investments in Namibia	1 015 351	1 081 618	1 119 210	1 164 344	1 182 421
Cash & Equivalents (Call Accounts)	126 468	64 288	83 785	107 936	1 182 421
Investments	888 883	1 017 331	1 035 425	1 056 408	0
Investments outside Namibia	0	0	0	0	0
Total investments	**1 015 351**	**1 017 331**	**1 119 210**	**1 164 344**	**1 182 421**
% of local assets to total investments	100,00%	100,00%	100,00%	100,00%	100,00%
% of foreign assets to total investments	0,00%	0,00%	0,00%	0,00%	0,00%

Table 14: Income and expenses

Friendly Societies

Income Statement (N$ 000)	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Contributions received	35 767	40 245	29 853	33 122	45 936
Net Contribution	35 767	40 245	29 853	33 118	45 932
Claims	5 000	10 000	10 000	25 000	23 218
Underwriting surplus / (deficit)	30 767	30 245	19 853	8 118	22 714
Administration fees	-	-			
Operational expenses	144	4 369	9 915	140	10 624
Consultant fees/professional fees	-	-	-	-	
Total Expenses	**144**	**4 369**	**9 915**	**142**	**10 626**
Surplus/ (deficit) operations	30 623	25 876	9 938	7 976	12 088
Other income	-	-	-	-	
Investment income	21 971	18 584	18 740	21 338	23 311
Net Surplus / (Deficit)	52 595	44 460	28 678	29 314	35 599

Pension Funds Industry

Table 15: Membership

Pension Funds

	2012	2013	2014	2015	2016
Active members	251 741	258 769	324 686	300 028	285 614
Pensioners	37 948	38 686	39 359	41 008	36 348
Total Members	**289 689**	**297 455**	**364 045**	**341 036**	**321 962**

Table 16: Contributions, Income and Expenses

Pension Funds

N$ millions					
	2012	2013	2014	2015	2016
Contributions received	3 874	4 414	5 627	6 151	6 371
Net investment income	11 143	13 288	9 143	7 104	3 333
Capital appreciation	866	2 298	1 443	250	27
Insurance proceeds	92	93	128	101	145
Other income	37	11	22	70	25
Total Income	**16 012**	**20 104**	**16 363**	**13 676**	**9 902**
				-	
Administration expenses	161	262	242	175	276
Investment fees	140	215	280	332	155
Insurance premiums	206	223	258	268	272
Other expenses	98	45	149	162	112
Total expenses	**605**	**745**	**929**	**937**	**814**
				-	
Net income before transfers and benefits	15 407	19 359	15 434	12 619	9 065
				-	
Net transfers	(377)	(288)	(472)	(461)	(734)
Benefits paid	3 257	3 885	4 855	5 398	6 323
				-	
Net transfers and benefits paid	2 880	3 597	4 383	7 850	5 226
				-	
Net income	12 527	15 762	11 051	4 769	3 840

Table 17: Balance Sheet

Pension Funds

N$ millions					
Assets	2012	2013	2014	2015	2016
Non-current assets	84 434	103 997	118 044	131 414	135 861
Current assets	1 323	1 270	1 525	1 675	1 601
Total assets	**85 757**	**105 267**	**119 569**	**133 089**	**137 462**
Funds, reserves and liabilities					
Funds and reserves	84 659	103 886	116 980	131 108	135 280
Current liabilities	1 098	1 381	2 589	1 981	2 181
Total funds reserves and liabilities	**85 757**	**105 267**	**119 569**	**133 089**	**137 462**

Table 18: Contribution and Cost Experience

Pension Funds

N$ millions					
Composition of contributions	2012	2013	2014	2015	2016
Member contributions towards retirement	1 550	1 585	2 319	2 623	2 747
Employer contributions towards retirement	1 985	2 487	2 905	3 099	3 448
Additional voluntary contributions (AVCs)	14	17	21	23	28
Contributions towards costs	308	320	359	387	425
Other	17	5	23	19	86
Total Contributions	**3 874**	**4 414**	**5 627**	**6 151**	**6 734**
Composition of costs (% of total)	2012	2013	2014	2015	2016
Administration fees	32,1%	30,6%	26,0%	17%	29%
Insurance premiums	34,1%	29,9%	27,8%	25%	29%
Other costs	10,3%	10,5%	16,0%	27%	14%
Investment fees	23,5%	29,1%	30,1%	31%	28%
Total Costs	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100%**
Supplementary Data					
Cost Experience	2012	2013	2014	2015	2016
Administration fees	194	228	242	175	276
Insurance premiums	206	223	258	268	272
Other costs	62	78	149	282	133
Total (excl. investment fees)	462	529	649	726	680
Investment fees	142	217	280	332	269
Total (incl. investment fees)	**604**	**746**	**929**	**1058**	**950**

Table 19: Investment of Funds

Pension Funds

N$ millions					
	2012	2013	2014	2015	2016
Country allocation					
Namibia	35 706	40 270	47 558	40 127	59 939
Common Monetary Area (CMA)	23 928	27 357	32 099	33 483	35 120
Outside CMA	24 540	35 985	37 506	45 049	40 524
Total	**84 174**	**103 612**	**117 163**	**118 660**	**135 583**

	2012	2013	2014	2015	2016
Funds allocation					
Equities	46 914	68 627	76 563	63 550	78 371
Fixed interest	18 223	20 966	23 624	19 670	32 365
Property	822	1 035	1 522	3 147	1 860
Cash/money market	9 957	5 507	7 740	12 289	9 659
Unlisted investments	1 174	3 185	3 009	2 275	4 807
Other	7 084	4 292	4 705	17 730	8 521
Total investments	**84 174**	**103 612**	**117 163**	**118 660**	**135 583**

Collective Investment Schemes

Table 20: Allocation of Funds under Management
CIS

N$ millions	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Country allocation					
Namibia	26 449	27 208	27 297	27 438	27 723
Common Monetary Area	16 129	16 567	17 220	16 510	15 716
Offshore	5 194	4 915	4 820	5 179	4 874
Total country allocation	**47 772**	**48 690**	**49 337**	**49 127**	**48 313**
Asset allocation					
Money market investments:					
Treasury bills	2 713	3 281	3 751	3 714	3 275
Negotiable certificates of deposit	12 783	11 823	12 752	12 457	11 428
Banker's Acceptances	-	-	-	-	-
Debentures	74	121	73	66	63
Notice, call and other deposits	8 446	10 076	9 581	9 030	9 550
Other	4 639	4 461	4 417	4 793	5 010
Listed equity	10 886	9 960	10 011	10 476	10 568
Listed debt	4 583	5 315	5 313	5 123	4 993
Unlisted equity	1 453	1 458	1 292	1 312	1 375
Unlisted debt	639	693	651	623	617
Unlisted property	-	-	-	-	-
Other assets	1 557	1 503	1 496	1 533	1 434
Total asset allocation	**47 772**	**48 690**	**49 337**	**49 127**	**48 313**

Table 21: Sources of Funds
CIS

N$ millions					
Source	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Pension funds	5 996	5 971	5 728	5 773	5 693
Short-term insurance companies	418	343	397	399	409
Long-term insurance companies	2 289	2 310	2 465	2 550	2 427
Medical aid funds	134	148	181	175	175
Unit trust schemes	12 485	12 590	12 149	12 062	11 317
Companies	8 498	9 394	9 868	9 644	9 459
Natural persons	15 893	15 638	16 194	16 179	16 611
Other	2 059	2 295	2 354	2 345	2 222
Total Assets	**47 772**	**48 690**	**49 337**	**49 127**	**48 313**

Financial Markets

Table 22 Equity Market Performance

Indices	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
NSX overall index (points)	866	992	979	1 027	1 069
NSX local index (points)	498	506	532	547	547
JES All Share Index (points)	50 694	52 250	52 218	51 950	50 654
Securities Traded (N$ m)					
Overall value of equity securities traded	5 066	3 060	3 094	6 120	2 137
Local value of equity securities traded	251	147	130	150	159
Overall volume of securities traded	74	46	61	80	37
Local volume of securities traded	11	6	22	6	9
Shares In Issue (N$ m)					
Overall market shares in issue	30 220	30 403	30 398	30 539	30 697
Local market shares in issue	3 758	4 064	3 987	4 022	4 192
Total shares in issue DCB	2 232	2 538	2 461	2 496	2 665
Total shares in issue ETFs	289	296	287	288	257
Market Capitalization (N$ m)					
Overall market capitalization	1 417 935	1 631 049	1 607 938	1 676 529	1 726 583
Local market capitalization	29 430	29 890	31 279	31 900	32 017
Liquidity (%)					
Overall market	0,36%	0,19%	0,19%	0,37%	0,12%
Local market	0,85%	0,49%	0,42%	0,47%	0,50%

Investment Management

Table 23: Allocation of Funds under Management

Investment Management

N$ millions					
Country allocation	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Namibia	72 043	77 573	78 110	79 572	79 881
Common Monetary Area	52 608	53 723	55 095	53 317	50 677
Offshore	23 038	20 475	20 306	20 229	20 217
Total country allocation	**147 689**	**151 771**	**153 510**	**153 118**	**150 775**
Asset allocation					
Money market investments:					
Treasury bills	17 715	18 652	19 417	19 183	18 278
Negotiable certificates of deposit	7 172	7 926	7 937	7 900	7 224
Banker's Acceptances	0	-	-	-	-
Debentures	74	121	73	66	63
Notice, call and other deposits	12 338	12 872	12 911	12 837	12 473
Other	4 263	4 259	4 242	4 604	4 891
Listed equity	68 840	72 338	71 900	71 105	71 655
Listed debt	20 195	20 676	22 227	22 681	21 679
Unlisted equity	1 464	1 500	1 288	1 380	1 450
Unlisted debt	129	125	161	141	88
Unlisted property	703	758	781	792	768
Other assets	14 796	12 543	12 574	12 430	12 206
Total asset allocation	**147 689**	**151 771**	**153 510**	**153 118**	**150 775**

Table 24: Sources of Funds

Investment Management

N$ millions					
Source	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Pension funds	80 587	82 685	83 104	80 869	79 613
Short-term insurance companies	460	459	523	527	525
Long-term insurance companies	22 649	23 418	23 479	23 714	23 697
Medical aid funds	526	591	629	638	610
Unit trust schemes	37 743	39 000	39 654	39 540	38 710
Companies	1 446	1 403	1 841	3 328	2 971
Natural persons	76	78	82	82	91
Other	4 203	4 137	4 198	4 420	4 559
Total Assets	**147 689**	**151 771**	**153 510**	**153 118**	**150 775**

Microlending

Table 25: Microlender Credit Extension

Microlending

N$ millions					
	Q4 2015	Q1 2016	Q2 2016	Q3-2016	Q4-2016
Value of loans disbursed (N$ million)	697	711	740	857	846
Term lenders	509	517	535	647	627
Payday lenders	188	194	205	210	219
Number of loans (N$ million)	166	170	171	176	174
Term lenders	25	27	25	32	29
Payday lenders	141	143	147	144	146
Average amounts (N$ million)					
Term lenders	20	19	22	20	22
Payday lenders	1	1	1	1	2
Total value of loan book (N$ million)	4 259	4 294	4 525	3 832	4 222
Term lenders	4 167	4 198	4 427	3 742	4 122
Payday lenders	92	96	98	90	100
Number of clients	265 615	247 282	245 791	257 224	281 050
Term lenders	207 073	191 159	190 428	202 766	223 413
Payday lenders	58 542	56 123	55 363	54 458	57 637

Consumer Complaints

Table 26: Consumer Complaints

Complaints Received	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Microlending and credit agreements	58	47	61	57	42
Capital markets	1	0	2	1	1
Collective investment schemes	0	3	0	0	1
Long-term insurance	44	62	71	59	59
Short-term insurance	23	25	36	29	26
Medical aid funds	1	3	4	4	2
Friendly societies	0	0	0	53	0
Pension funds	34	22	54	7	60
Others/referrals	4	2	3	0	0
Total	**165**	**164**	**231**	**210**	**191**

Table 27: Consumer Complaints Progress

	Q1 2016			Q2 2016			Q3 2016			Q4 2016		
Division	Total no of complaints received	no of resolved cases	Funds recovered (N$)	Total no of complaints received	No of resolved complaints	Funds recovered (N$)	Total no of complaints received	No of resolved complaints	Funds recovered (N$)	Total no of complaints received	No of resolved complaints	Funds recovered (N$)
Micro Lending and Credit Agreements	47	43	102 540	61	59	99 783	57	48	92 186	42	39	17 071
Capital Markets	0	0	0	2	1	0	1	1	0	1	1	1 705 418
Collective Investment Schemes	3	2	14 591	0	0	0	0	0	0	1	1	-
Long-Term Insurance	62	57	907 400	71	57	198 604	59	55	269 398	59	46	75 154
Short-Term Insurance	25	21	27 667	36	32	202 551	29	26	359 471	26	25	298 890
Medical Aid Funds	3	3	0	4	2	0	4	2	646	2	2	1 198
Pension Funds	22	14	2 937 175	54	39	598 102	53	34	2 627 190	60	50	2 870 383
Others / Referrals	2	2	0	3	3	0	7	7	0	0	0	0
Friendly Societies	0	0	0	0	0	0	0	0	0	0	0	0
Total complaints	**164**	**142**	**3 989 373**	**231**	**193**	**1 099 040**	**210**	**173**	**3 348 891**	**191**	**164**	**4 968 114**

Table 28: Consumer Complaints Typology

The total number of complaints received per quarter					
	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Micro Lending and Credit Agreements	**58**	**47**	**61**	**57**	**42**
Non-cancellation of contract	12	10	23	4	6
Queries	16	18	12	5	6
Overcharged interest	3	1	3	17	9
Non-payment of refunds	4	5	2	4	3
Overpayment	0	0	0	1	0
Illegal deductions	11	6	6	5	3
Extension of loan repayment period	10	6	12	19	15
Dispute	1	1	2	0	0
Service not delivered	1	0	1	2	0
Capital Markets	**1**	**0**	**2**	**1**	**1**
Non-payment of refunds	1	0	2	0	1
Low investment/saving value			1	1	0
Collective Investment Schemes	**0**	**3**	**0**	**0**	**1**
Low investments / Savings value		3	0	0	0
Query					1
Long-Term Insurance	**44**	**62**	**71**	**59**	**59**
Repudiation of funeral benefits	8	10	11	6	14
Repudiation of Hospital benefits				1	1
Repudiation of death benefits	1	2	3	5	4
Policy lapsed	1	2	5	0	1
Repudiation of disability benefits	3	0	0	4	5
Non-cancellation of insurance policies	7	17	7	15	9
Dispute	1	1	17	5	2
Queries	16	18	2	14	15
Non-payment of refunds	1	1	15	1	1
Non-payment of investment benefits // unit trust benefits	1	0	4	0	2
Low investment//saving value	1	0	0	2	4
Illegal deductions	4	11	7	6	1
Short-Term Insurance	**22**	**25**	**36**	**29**	**26**
Repudiation of motor vehicle accident	1	5	8	7	6
Repudiation of medical insurance	1	0	0	0	0
Repudiation of legal insurance	4	2	0	1	1
Repudiation of house content insurance	2	3	3	1	3

Queries	6	6	13	4	0
Non-cancellation of insurance policy	1	0	1	0	9
Repudiation of third party	3	1	0	0	0
Repudiation of loss of income	1	0	0	0	0
Illegal deduction	1	1	3	7	0
Repudiation of motor cycle replacement	1	0	0	0	2
Non-payment of refund	1	0	3	2	0
Dispute		4	4	5	0
Cancellation of policy	0	1	0	0	2
Cancellation of motor vehicle policy	0	1	0	0	0
Repudiation of cellphone claim	0	1	1	2	0
Repudiation of property insurance claim					3
Medical Aid Funds	**1**	**3**	**4**	**4**	**2**
Query	1	0	1	0	0
Repudiation of hospital benefit	0	2	0	0	0
Repudiation of medical benefit	0	1	3	4	2
Pension Funds	**34**	**22**	**54**	**53**	**60**
Non-payment of pension benefits	24	19	39	41	32
Non-payment of pension contributions	1	0	0	1	5
Non-payment of life annuity	3	0	10	1	2
Queries	5	2	5	9	18
Dispute	1	1	0	1	3
Others / Referrals	**4**	**2**	**3**	**7**	**0**
Queries	4	2	3	2	0
Overcharged interest	0	0	0	5	0
Friendly Societies	**0**	**0**	**0**	**0**	**0**
Queries	0	0	0	0	0
General (miscallenous complaints)	**2**	**0**	**0**	**0**	**0**
Total complaints	**166**	**164**	**231**	**210**	**191**

PART D: GLOSSARY OF TERMS

Annuity
A regular periodic payment made in terms of a contract, e.g., by an insurance company to a policyholder, for a specified period of time, which may or may not be contingent on the survival of the annuitant, i.e., the owner or beneficiary of the annuity.

Broker (insurance)
An individual or entity representing a person in the solicitation, negotiation or procurement of contracts of insurance, and rendering services incidental to those functions.

Capital Adequacy Requirement (CAR)
Excess capital required to be held by an insurer against losses that may exceed expectations to meet policyholder claims.

Capital Gain/Loss
The amount that is made or lost, depending upon the difference between the sale price and the purchase price of any capital asset or security sold, or the increase or decrease in the value a capital asset or security held.

Cession Ratio
The ratio of premiums ceded to reinsurers to gross written premiums.

Claim
A request for payment to a beneficiary or a service pro¬vider for events that may be or are covered in terms of a contract or arrangement.

Common Monetary Area (CMA)
Countries consisting of South Africa, Namibia, Lesotho, and Swaziland with a coordinated monetary policy, in which the currencies of these countries are pegged on par (i.e., 1:1) to the South African Rand and the Rand is legal tender in the other countries.

Death Benefit
Policy benefits paid out on the death of a life covered on a policy providing cover for the contracted life event of death.

Disability Benefit
Policy benefits paid out on the disability of a life covered on a policy providing cover for the contracted life event of “disability”, generally defined as the taking place of a life event that makes it impossible for the life covered to complete the activities of his own specific or a reasonable alternative occupation.

Expense ratio
The dollar amount of expenses as a ratio of net premiums or contributions.

IBNR
Incurred but not reported (claims).

Market Capitalization
The market value of a share or equity security or the market, which is derived by multiplying the number of shares by the market price of shares.

Loss ratio
The dollar amount of net claims as a ratio of net premiums or contributions earned or received by, e.g., an insurer or medical aid fund.

Money Market Securities
Short-term financial instruments with a maturity of less than 12 months.

Net asset value (NAV)
The dollar value of a financial product based on the value of net assets, i.e., total assets less liabilities or current liabilities divided by the number of financial product units outstanding.

Net Combined Ratio
The sum of the expense ratio plus the loss ratio.

Payday Lender
A microlender that provides loans, referred to as pay-day loans, to clients on a monthly basis that are repayable within 30 days.

Pension
A regular periodic payment made to or received by a pensioner, i.e., a person who has retired from employment.

Policy lapsed
An insurance policy which has been terminated because premiums have not been paid.

Policy terminated
A policy that has been cancelled by way of a specific instruction from the policyholder to cancel the policy prior to its normal or contractual termination date or in terms of the taking place of pre-determined event(s) as specified in the policy contract.

Policy matured or expired
A policy which paid the contractual benefits due to a policyholder upon the reaching of the maturity date of the policy as agreed in the policy contract.

Reinsurance
Reinsurance refers to the business in terms of which an insurer or reinsurer is insured by another person in respect of the insurer's or reinsurer's contractual obligations.

Reserves
Liability established to provide all future claims of policyholders net of liability ceded to reinsurance companies.

Solvency
For insurers, means having sufficient assets (capital, surplus, reserves) and being able to satisfy financial requirements to be able to transact insurance business and meet liabilities.

Surplus (capital)
The excess of assets over liabilities. Statutory surplus is an insurer's or reinsurer's capital as determined under statutory accounting rules.

Term Lender
A microlender that provides loans, referred to as term loans, for a specified period of time that exceeds six months but not exceeding 60 months.

Underwriting Expense Ratio
The ratio of direct and ceding commission expenses and other underwriting expenses less policy fees and other administration revenue to premiums earned. The underwriting expense ratio measures a company's operational efficiency in producing, underwriting and administering its insurance business.

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