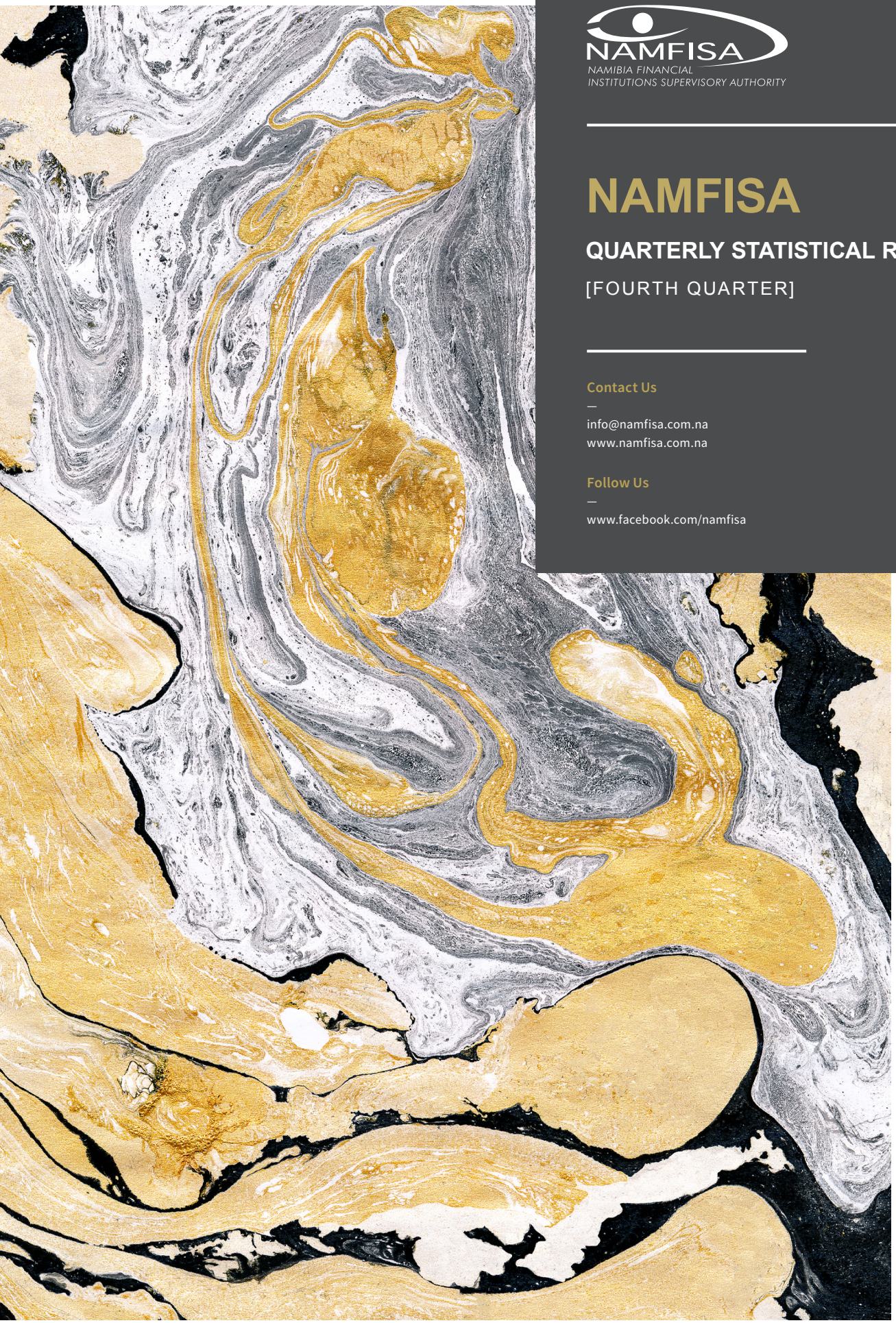

NAMFISA
NAMIBIA FINANCIAL
INSTITUTIONS SUPERVISORY AUTHORITY

NAMFISA

QUARTERLY STATISTICAL REPORT

[FOURTH QUARTER]

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NAMFISA AT A GLANCE - Q4 2018

NUMBER OF ENTITIES: 632
(NAMFISA regulated 632 entities during the fourth quarter of 2018)

TOTAL ASSETS: N$290.3 billion
(Total assets of the NBFIs regulated by NAMFISA was N$290.3 billion)

QUARTERLY ASSET DECLINE: 1.1 percent
(The total assets of the NBFI sector declined by 1.1 in the fourth quarter compared to the third quarter)

A TOTAL OF 281 COMPLAINTS WERE RECEIVED
(In the fourth quarter of 2018)

A TOTAL OF 233 CASES WERE RESOLVED
(From complaints received in the fourth quarter of 2018)

AMOUNT PAID TO CONSUMERS BY NBFIs: N$2.9 million
(In resolved complaints)

PREFACE

This Quarterly Report is compiled to provide consolidated statistics and analysis relating to the transactions on services rendered by Non-banking Financial Institutions (NBFIs) supervised by NAMFISA. The purpose of this Report is to provide industry statistics as well as the latest industry trends and developments. The Report also provides information regarding NAMFISA's regulatory and supervisory activities during the quarter under review.

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 NBFIs against statutory requirements. Second, the data also helps NAMFISA to determine whether any and if so, what type of risks may be prevalent in the financial system. The resulting assessment is used to compile a section on the non-banking financial industry in the annual Financial Stability Report, which NAMFISA and the Bank of Namibia jointly issue.

This Report is based on the regulatory returns provided by all supervised financial institutions and on the supervisory and enforcement work conducted by NAMFISA. The quality and depth of analysis depends on the data availed and the accuracy of the data as well as on the response rate by industry during the data collection exercise by the respective departments. It is however important to emphasize that the industry's response to NAMFISA's data collection has been very positive, this is evident in both the accuracy and the timely submission of the data.

Going forward, the Authority endeavors to provide enhanced analysis of the supervised financial institutions, financial services and risks in the NBFIs sector. Furthermore, quality assessment will also be accorded to the regulatory and supervisory responses. In particular, NAMFISA will enhance its capacity on data analysis to improve in the monitoring of both macro-prudential and market conduct supervisory activities.

EXECUTIVE SUMMARY

The NBFIs sector remained financially sound and did not pose any systemic risks to the country's financial system during the period under review. During the fourth quarter of 2018, the NBFIs total assets decreased by 1.1 percent to N$290.3 billion, on a quarterly basis, and increased by 0.9 percent on an annual basis.

Long-term Insurance (LTI) industry's assets increased both on a quarterly and annual basis. The LTI industry's total assets increased by 0.9 percent, quarter-on-quarter, and by 5.0 percent, year-on-year to N$56.6 billion, at the end of the fourth quarter of 2018. The quarterly increases were mainly influenced by improved performance in total investments and premium debtors, whilst the yearly increases were triggered by increases in non-current assets. The industry's total liabilities, on the other hand, decreased quarter-on-quarter and increased year-on-year. The quarterly decreases in the industry's liabilities during the review period could be attributed to a reduction in trade and other payables, while the annual increase was caused by increases in policy holder liabilities and reinsurance creditors.

Similar to LTIs, total assets of the Short-term Insurance (STI) industry increased both on a quarterly and annual basis. The STI industry's total assets for the quarter under review increased by 3.7 percent, quarter-on-quarter, and by 4.9 percent, year-on-year, to N$6.5 billion at the end of the fourth quarter. The quarterly increases in total assets was mainly driven by significant increases in other receivables and reinsurers' share of outstanding claims during the review period. The STIs total liabilities also increased quarter-on-quarter, and increased year-on-year to N$4.4 billion at the end of the fourth quarter. Both the quarterly and yearly increases were attributed to significant increases in commissions due to financial intermediaries for the quarter.

The medical aid industry assets increased both on a quarterly and annual basis. The medical aid industry held total assets of N$1.9 billion as at 31 December 2018, an increase of 5.8 percent from the previous quarter and 9.1 percent increase on an annual basis. This was as a result of a net surplus, which contributed to the growth in investments, cash and cash equivalents. The industry's current liabilities remained stable with a marginal increase of 1.1 percent to N$41,6 million, while investments of N$1.6 billion at 31 December 2018 is considered adequate to withstand any adverse claims experience which could result in increased liabilities.

The pension fund industry's total investments declined in the fourth quarter of 2018, adversely affected by poor performance in financial markets. The pension fund industry has a total of N$158.5 billion, assets of which 87.9 percent were invested in financial instruments while 12.1 percent was held in insurance products. Investments held directly by pension funds decreased by 4.1 percent to N$139.4 billion quarter-on-quarter, while those held in insurance products decreased by 7.4 percent to N$19.1 billion. The decline in the industry investments could be attributed to the negative market movements which were experienced over the fourth quarter of 2018.

Friendly societies industry assets grew by 2.1 percent quarter-on-quarter, and 15.4 percent year-on-year to N$1.6 million as at 31 December 2018. This growth was attributed to contributions consistently exceeding claims and expenses.

Investment manager's assets under management declined during the fourth quarter of 2018. The decrease in assets under management was mainly due to market movements mainly in the equity market and withdrawals from institutional investors. In terms of geographic allocation, assets invested in Namibia, CMA and Offshore constituted 50.4 percent, 34.0 percent and 15.5 percent, respectively.

The total funds under management of the collective investment schemes (CIS) increased by 4.4 percent on an annual basis to N$ 63.0 billion, mainly driven by investment in companies, households and long-term insurance assets. The CIS continued to invest mostly in Namibia and the CMA accounting for 62.8 percent of assets invested in Namibia and 29.9 percent invested in the CMA, while the remaining 7.2 percent was invested in the offshore market.
The equity markets performance slightly deteriorated during the period under review. The overall market capitalisation (CAP) of the companies listed on the Namibian Stock Exchange (NSX) marginally decreased by 3.0 percent to N$1.99 trillion quarter-on-quarter, due to a decline in the local market cap by 1.4 percent during the quarter to N$35.4 billion.

The value of the microlending loan book rose significantly by 16.0 percent and 18.0 percent on a quarterly and annual basis, respectively, to reach N$6.4 billion at the end of the fourth quarter of 2018. The growth emanated from the transactions of term-loan lenders, and was mainly driven by the higher value of loans disbursed during the period under review. The recessionary conditions adversely affected the balance sheets of households, requiring additional funding which was sourced from microlenders.

NAMFISA received 281 complaints from consumers of financial services during the quarter. This is a 12.5 percent decrease from the third quarter and a 27.0 percentage increase on an annual basis, of which 83.0 percent of the complaints received during the quarter were resolved. Further, out of the 281 complaints, 98.6 percent jointly originated from only four industries, namely microlending and credit agreements, long-term insurance, short-term insurance and pension funds. For the quarter under review resolution of complaints resulted in consumers receiving a total of N$2.9 million payout from financial institutions.

In terms of compliance monitoring conducted as per the “Ladder of Supervisory Intervention”, 60.8 percent (385) of regulated institutions were fully compliant, with no regulatory problems posed to the financial system. In this respect, 17.2 percent (109) were classified as stage 5 (fully non-compliant) mostly dominated by 55 pension funds, which was as a result of 52 previously inactive pension funds that were reclassified as active.

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 have a safe, stable and fair financial system contributing to the economic development of Namibia in which consumers are protected.

VALUES

We are committed to teamwork

- We create a conducive and enabling work environment
- We have a shared urgency to achieve our vision
- We support each other, treat each other with respect and are collectively responsible for our actions

We are passionate about service

- We provide quality service
- We provide our service on time
- We are courteous, professional and respectful

We act with integrity

- We act with honesty, fairness and transparency
- We treat information confidentially
- We act independently and consistently

We drive performance excellence

- We commit to regulatory and supervisory excellence
- We commit to operational excellence
- We commit to the highest standards of performance

We are accountable

- We are accountable to our customers and stakeholders
- We are prudent in the management of our resources
- We take accountability for our decisions

We are agile

- We commit to be adaptable to our changing environment
- We commit to embrace change whilst maintaining regulatory certainty
- We commit to creating innovative solutions

OUR LEADERSHIP CREED

We are committed

- We take ownership of our mandate
- We have a sense of urgency to execute our strategy
- We take mutual accountability to embed our vision and values

We are united

- We have shared a vision
- We stand together
- We support team decisions

We are exemplary

- We set the leadership benchmark
- We are approachable and fair
- We encourage innovation and creativity

We are decisive and firm

- We are consistent in our decisions
- We make decisions timely
- We execute decisions firmly

We are passionate and inspired

- We are driven to achieve our vision
- We defend what we stand for
- We celebrate our achievements

We care

- We care about the wellbeing of our employees
- We care about the protection of financial services consumers
- We care about the safety and soundness of the financial services sector

STRATEGIC THEMES

Transformation

We are a transforming and learning organisation adaptive to changes in the relevant legislative, organisational and supervisory environment.

Stakeholder Engagement

Improved beneficial relationships with our customers and stakeholders, premised on collaboration, trust, productive and active engagement.

Operational Efficiency

An operationally efficient organisation with high performing team supported by efficient and effective processes, appropriate systems and prudently managed financial resources.

ABBREVIATIONS

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

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BOX ARTICLE 1: THE ESSENCE OF FINANCIAL TECHNOLOGY "FINTECH" IN THE FINANCIAL SECTOR

INTRODUCTION

The term Financial Technologies or "Fintech" is generally defined as "'a business that aims at providing financial services by making use of software and modern technology"[1]. It is an emerging industry that uses technology to improve activities in finance and covers a broad array of technical innovations that are finding their way into the financial industry.

Fintech innovation became more prominent in the financial sector in the 21st century, although it spans a strong history dating as far as 1860 when a device known as pantelegraphy was invented by Giovanni Caselli.

USE OF FINTECH

Through the emergence and popularisation of this technological innovation, fintech has amongst others reshaped the financial system as far as payments solutions are concerned. The emergence of fintech initiatives in the payments space has enabled users to make payments in a speedily, convenience and in an efficient manner promoting financial inclusion. The number and type of fintech players are growing and bringing with them new tools and solutions, overhauling the conventional payments landscape. The increasing usage of mobile phones and smart phones has and continues to play a significant role in fintech trajectory.

Fintech is a major force reshaping the structure of the financial industry especially in sub-Sahara Africa, albeit inadequate infrastructure that supports effective payment services continue to hamper speedy implementation of fintech initiatives in the region. New technologies are being developed and implemented in sub-Saharan Africa with the potential to change the competitive landscape within the financial industry. Fintech is emerging as a technological enabler in the region, improving financial inclusion and serving as a catalyst for the emergence of innovations.

In Namibia, financial technology has leaned more on internet banking and mobile money services which is just an arm of fintech. Mobile money can be defined as the payment services operated under financial regulation and performed on a mobile device. Mobile money as an agent of financial inclusion is regulated by Bank of Namibia under the e-money regulation in Namibia. Mobile money has gained strong momentum in Namibia for its effective and efficient roles it plays in the financial system. The increase in the usage of mobile phones and smartphones has increased the use of mobile money and banking application that facilitates effective transactions. To that end, Namibia's financial inclusion improved to 78.0 percent in 2017 from 69.0 percent reported in 2011.

The money market services, which is a fintech innovation in Namibia, allows individuals to receive, send funds and perform payment services on goods and services. These type of services is mostly found in Checkers, Shoprite and furniture outlets. Other forms of fintech innovations that has graced the Namibian financial sector landscape in a form of mobile money are e-wallet services offered by commercial banks. These services enable the unbanked population easy access to funds sent by a banked individual. There are also service providers in the market such as Mobi-Pay that perform the same function as money market platforms.

Although fintech products and services simplify and make it more convenient for the market players to

[1] https://www.fintechweekly.com/fintech-definition

transact, these products and services are exposed to risks that may result into massive financial losses, if not well regulated and monitored. For example, the use of cryptocurrencies (such as bitcoin) can easily promote cybercrimes and money-laundering.

CONCLUSION

Overall, the fintech market is an exciting and increasingly integral part of the financial system. They are delivering services that are quicker, more efficient and convenient across a broad range of channels. By connecting across social media platforms, enabling payments at a more local level, and operating new technologies such as cryptocurrencies, fintechs are drastically defining the financial services space and promoting financial inclusion especially by including the unbanked population into the financial stream.

Authorities responsible for supervising and regulating fintech products and services are encouraged to put in place adequate laws for purposes of effectively and efficiently regulating in order to protect consumers and providers of these products to restore consumer confidence and for stability of the market.

PART A: INDUSTRY DEVELOPMENTS

LONG-TERM INSURANCE

Performance Review

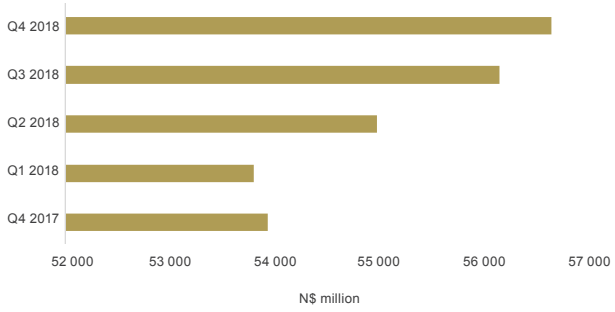
The total assets of the long-term insurance industry increased during the review period. Solvency ratio increased from 1.15 times to 1.20 times due to stronger growth in the value of total assets. Furthermore, the industry reported a CAR ratio of 152 times which is sufficient to withstand potential shocks. The industry therefore remained well capitalised and solvent.

The total assets of the industry increased by 0.9%, quarter-on-quarter and by 5.0 percent, year-on-year, to N$56.6 billion.

Total Assets

The industry total assets marginally increased by 0.9 percent, quarter-on-quarter, and by 5.0 percent, year-on-year to N$56.6 billion, at the end of the fourth quarter of 2018. The quarterly increases were mainly influenced by an increase in total investments and premium debtors whilst the yearly increases were triggered by increases in non-current assets.

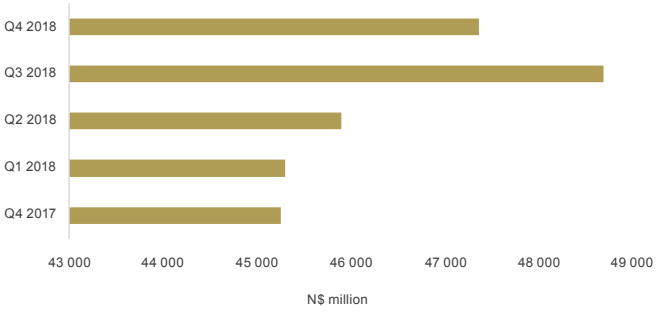
Figure 1: Total Asset



Total Liabilities

The industry's total liabilities decreased by 2.7 percent, quarter-on-quarter and increased by 4.7 percent, year-on-year to N$47.4 billion at the end of the fourth quarter of 2018. The quarterly decreases in the industry's liabilities during the review period were attributed to a reduction in trade and other payables by 64.5 percent. The year-on-year increase in industry liabilities was mainly due to the increase in policyholder's liabilities recorded for the quarter under review (Figure 2).

Figure 2: Total Liabilities



Capital Adequacy Requirement

The Capital Adequacy Requirement[2] ("CAR") is provided for in the current Long-term Insurance Act, 1998 (LTI Act) with a minimum requirement of N$4.0 million for an insurer registered for all classes of long-term insurance business. CAR for an insurer registered for one class only other than funeral is N$1.0 million, while CAR for an insurer registered for funeral insurance only is N$100 000.

[2] CAR cover is calculated by dividing excess assets by the legislative capital adequacy requirement

Table 1: Capital requirements: Cover by number of insurers

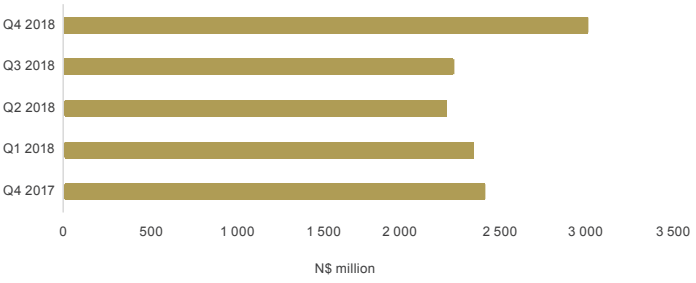
FREE ASSETS TO CAR	Number of Insurers				
	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Covered 0-1 times	1	0	1	0	0
Covered 1-2 times	1	1	1	2	2
Covered 2-5 times	3	3	2	3	2
Covered 5-10 times	0	2	2	1	1
Covered 10+ times	11	10	10	10	11
TOTAL	**16**	**16**	**16**	**16**	**16**

The CAR indicates that all sixteen insurers are in compliance with the regulatory requirement in this regard. Additionally, the industry CAR cover improved from 133 times from the previous quarter to 152 times during the fourth quarter.

Gross Written Premium

The Gross written premiums (GWP) increased by 34.2 percent, quarter-on–quarter, and by 24.4 percent, year-on-year, to N$3.0 billion at the end of the fourth quarter. The increases in GWP were attributed to both quarterly growth of 94.9 percent and annual increase of 63.5 percent in new business. This shows the resilience of the industry, despite recessionary conditions that continue to negatively affect households' financial positions.

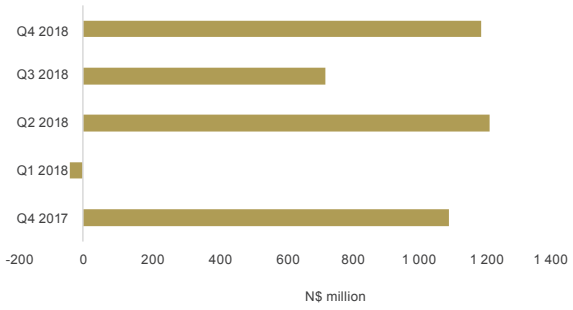
Figure 3: Gross Written Premium



Investment Income

The industry's investment income increased by 64.2 and 8.7 percent on a quarterly and annual basis to N$1.2 billion, at the end of the fourth quarter of 2018, respectively. The significant quarterly increase in investment income is mainly owed to fair value adjustment computed on the actual total investment in order to reflect real market value by one of the biggest entity in the market computed on the actual total investments in order to reflect real market value.

Figure 4: Investment Income



Claims and Expenses

The industry's total claims increased significantly by 56.5 percent, on a quarterly basis, and 59.1 percent on annual basis to N$2.3 billion during the period under review. The quarterly increases in claims were mainly attributed to high unfavorable claims experienced during the review period. The risk insurance class portfolio (Disability, Health & Life) accounted for 68.0 percent of the total claims for the quarter followed by the fund insurance which accounted for 24.0 percent.

Total expenses increased by 10.6 percent, quarter-on-quarter and 33.9 percent, year-on-year, to N$465.3 million. The increases in expenses were mainly attributed to increases of 27.5 percent in management expenses. The industry's total commission increased by 30.3 percent, quarter-on-quarter and 2.9 percent, year on year, to N$201.1 million.

Profit Before Tax

The LTI industry's profit before tax (PBT) increased by 68.4 percent on a quarterly basis to N$912.5 million at the end of the fourth quarter of 2018. Profit before tax significantly increased by N$805.0 million on annual basis to N$912.5 million. The growth in PBT was mainly attributed to significant increases in investment income and other income.

Policy Statistics

The number of new policies increased by 7.9 and 48.2 percent on quarter-on-quarter, and year-on-year respectively to 152 815 policies as at the end of the fourth quarter. The increase in the new number of policies was mainly attributed to a significant rise in the number of single policies. Policy lapses increased by 9.6 percent on a quarterly basis, and increased by 134.3 percent to 103 747 policies on an annual basis at the end of the fourth quarter.

Policy terminated increased by 12.1 percent on quarterly and 110.8 percent on yearly basis to 52 603 policies during the review period. Nonetheless, the industry remained financially sound, as the impact of the high increase in annual lapsed policies had minimum effect on the solvency position of the industry given that, the bulk policies that lapsed were funeral products.

Figure 5: Claims and Expenses Paid

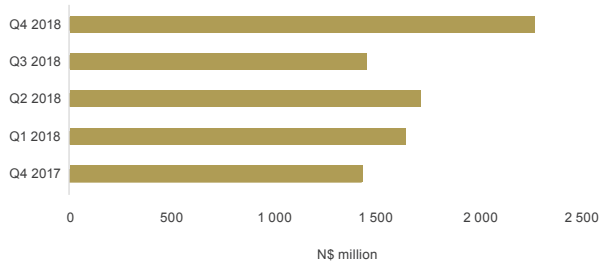
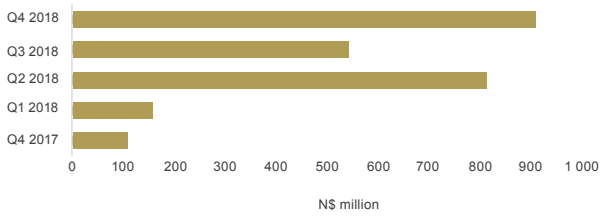


Figure 6: Profit Before Tax



The number of new policies for the quarter increased by 7.9 percent to 152 815 policies during the period under review.

SHORT-TERM INSURANCE

Performance Review

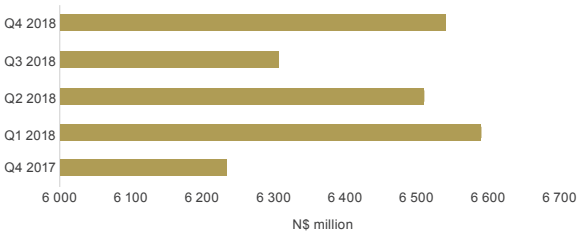
The industry's total assets increased both quarterly and annually during the period with sufficient free assets to meet obligations. The industry remained profitable and financially sound as it maintained high liquidity levels and solvency reserves.

The industry's solvency ratio reduced from 1.54 times to 1.50 times during the review period

Total Assets

The industry's total assets increased by 3.7 percent, quarter-on-quarter, and by 4.9 percent, year-on-year, to N$6.5 billion at the end of the fourth quarter. The quarterly increases in total assets was mainly driven by significant increases in technical and current assets during the review period. The yearly increases in total assets were attributed to increases in total investments.

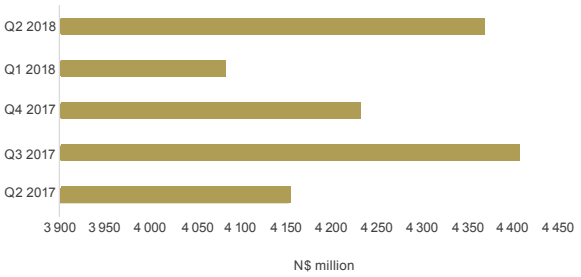
Figure 7: Total Assets



Total Liabilities

The STIs total liabilities increased by 7.0 percent, quarter-on-quarter, and increased by 5.2 percent, year-on-year to N$4.4 billion at the end of the fourth quarter (Figure 8). Both the quarterly and yearly increases was mainly due to strong movement in gross provision for unearned premiums and reinsurance recovery reported at the end of the fourth quarter.

Figure 8: Total Liabilities



Solvency

The industry's solvency ratio reduced from 1.54 times to 1.50 times during the review period. The solvency ratio of 1.0 times is considered sufficient as total liabilities are covered by total assets one to one (100 percent). The industry solvency status shows that none out of the 16 entities are covered for less than 0 -1.0 times which is considered a high risk category, 2 entities are covered between 1.0 – 2.0 times, 1 entity covered between 2.1 – 2.5 times, 1 entity covered between 2.6 – 3.0 times, 3 entities covered between 3.1 – 3.5 times and 8 entities are covered for more than 3.5 times. The Authority closely monitors and engages entities falling in the 1 – 2 times range and intervenes accordingly with corrective measures to improve their financial positions.

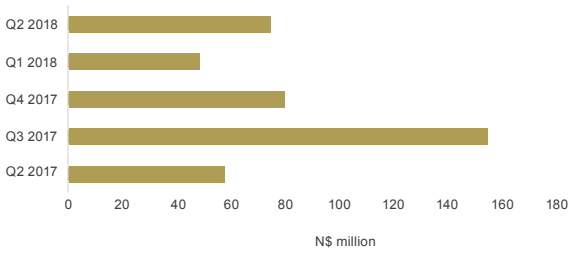
Table 2: Solvency Ratio

NET ASSET RATIO RANGE	NUMBER OF ENTITIES				
	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
< 1 time	0	0	0	1	0
1.0 – 2.0 times	3	4	4	7	2
2.1 - 2.5 times	1	1	1	1	1
2.6 – 3.0 times	0	0	0	0	1
3.1 - 35 times	2	3	3	2	3
> 3.5 times	8	8	8	4	8
TOTAL	**14**	**16**	**16**	**15**	**15**

Investment Income

The industry's investment income for the fourth quarter increased significantly by 55.1 percent, quarter-on-quarter, and by 29.9 percent, year-on-year, to N$74.3 million during the fourth quarter of 2018 (Table 2). The increase in investment income for the quarter was mainly attributed to significant gains resulting from positive fair value adjustment due to adverse market performance during the reporting period.

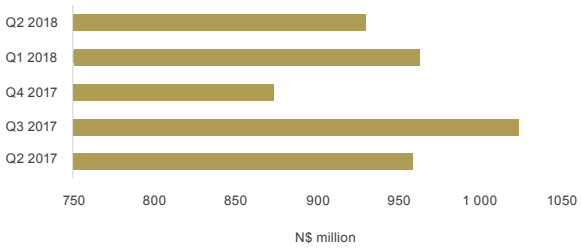
Figure 9: Investment Income



Gross Written Premiums

Gross written premium (GWP) for the industry declined, both quarterly and annually, by 3.4 percent and 3.0 percent, respectively, to N$929.5 million during the period under review (Figure 10). The decline in the premiums collected by the industry was necessitated by a contracting state of the macroeconomic environment resulting in declines new policies written and cancelation of policies. For example, new motor vehicle sales decreased year-on-year by 10.0 percent supported by a further overall declining trend observed in private sector credit extension (PSCE). The worsening macroeconomic condition as reflected by these indicators had a direct adverse impact on the sale of non-life insurance business as reflected by the decline in GWP (Figure 10).

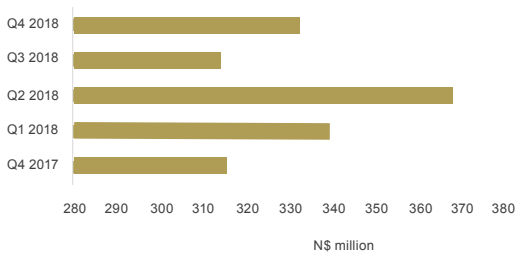
Figure 10: Gross Written Premiums



Claims and Expenses

The STI industry's total net claims increased by 5.9 percent, quarter-on-quarter, and 5.4 percent, year-on-year, to N$332.3 million (Figure 11). Both the quarterly and yearly increases in net claims were caused by unfavorable claims in incidents such as fire and miscellaneous claims. The industry total commission incurred increased by 18.0 percent, quarter-on-quarter, and 9.5 percent year-on-year to N$57.7 million at the end of the fourth quarter.

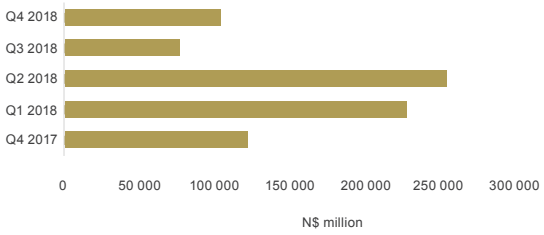
Figure 11: Net Claims



Profit before tax

The industry's profit before tax increased by 36.4 percent quarter-on-quarter, and decreased by a 14.7 percent year-on-year to N$103.9 million during the fourth quarter of 2018. The quarter-on-quarter increase in profit before tax is mainly influenced by 14.3 percent reduction in management expenses. Additionally, increases in investment income during the fourth quarter of 2018 also contributed to positive growth of profit before tax.

Figure 12: Profit Before Tax



Policy Statistics

The Industry total policies increased by 12.1 percent on a yearly basis to 817 178 policies. The increase in the number of total policies was mainly attributed to a positive net movement in policies experienced during the quarter.

Policy lapses decreased by 62.5 percent to 6 609 policies during the review quarter of 2018. Similarly, Policy termination declined by 40.9 percent to 8 785 policies during the same period. The decrease in the number of policy lapses and termination demonstrate improvement in policyholder's affordability of their respective policies.

The industry policy lapses decreased by 62.5 percent to 6 609 policies during the fourth quarter of 2018.

Lloyd's and Non-Lloyd's Market

On a quarterly basis the industry's overall premium leaving the country for Lloyd's increased by 58.9 percent to N$31.9 million, while the non-Lloyd's premium leaving the country decreased during the reporting period by 67.6 percent to N$34.4 million. The increase under the Lloyd's market mainly emanated from the miscellaneous which robustly increased by more than 200 percent (N$12.0 million) during the fourth quarter.

Miscellaneous and aviation majorly contributed to the decline under the non-Lloyd's market. The industry is encouraged to consider and develop local underwriting capacity of these classes of insurance in order to enhance and develop the local insurance market.

The decrease under the non-Lloyd's market was mainly owed to declines in the miscellaneous and aviation insurance classes.

Table 3: Exemptions for Lloyd's and Non-Lloyd's

LLOYD'S	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Marine	4 102 359	5 774 435	5 231 614	11 345 688	12 104 248
Miscellaneous	4 579 659	3 039 258	1 045 751	3 106 958	11 978 919
Fire	-	-	16 000	-	-
Aviation	5 537 701	2 350 403	1 375 049	5 601 177	7 782 643
Personal	-	-	220 395	-	-
TOTAL	**14 219 719**	**11 164 096**	**7 888 809**	**20 053 823**	**31 865 810**
NON-LLOYD'S	**Q4 2017**	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**
Marine	2 026 105	10 666 364	7 526 392	518 090	2 199 984
Miscellaneous	225 534	167 563	3 375 654	8 487 508	250 643
Fire	-	-	-	10 808 249	-
Aviation	159 227	500 352	-	10 884 569	125 851
Guarantee	-	-	-	55 436 346	-
Personal	-	-	-	-	-
Vehicles	122 060	-	-	-	-
TOTAL	**2 532 926**	**11 334 279**	**10 902 047**	**86 134 762**	**2 576 479**
Overall premiums leaving	**16 752 645**	**22 498 375**	**18 790 855**	**106 188 585**	**34 442 289**

MEDICAL AID FUND

Performance Review

The industry reported a net surplus for the quarter under review and remained well funded with surplus reserves, as it held a high percentage of free assets as at 31 December 2018. Additionally, the industry's reserves level exceeded the minimum prudential reserves level requirement of 25.0 percent, and is thus deemed to be financially sound.

Total Assets

The industry held total assets of N$1.9 billion as at 31 December 2018, an increase of 5.8 percent from the previous quarter and 9.1 percent increase on an annual basis. This is mostly owed to the re-investment of the net surplus for the quarter under review, which surplus was a result of a decrease in claims.

The industry held total assets of N$1.9 billion as at 31 December 2018, an increase of 5.8 percent.

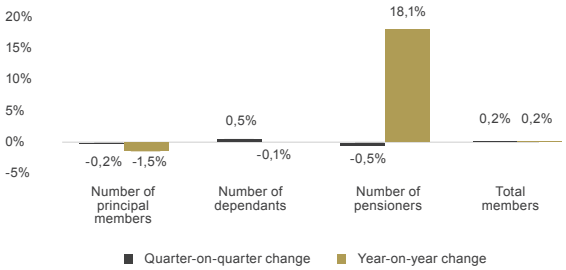
Total Liabilities

During the quarter under review, the industry's current liabilities remained stable with a marginal increase of 1.1 percent to N$416.0 million. The investments of N$1.6 billion at 31 December 2018 is considered adequate to withstand any adverse claims experience which could result in increased liabilities.

Membership

Total membership grew by 334 beneficiaries to 195 805 quarter-on-quarter and by 369 beneficiaries on a year-on-year basis. The quarter-on-quarter increase in beneficiaries is a result of new dependents enrolled by principal members in open medical aid funds. An annual increase of 18.1 percent in pensioners was a result of principal members reaching retirement age, hence having to switch membership type during the first quarter of 2018 (Figure 13).

Figure 13: Change in Membership



INDUSTRY MEMBERSHIP RATIOS

Pensioner Ratio

The proportion of pensioners to total beneficiaries was 5.6 percent, which was slightly lower than the ratio of 5.7 percent reported as at 30 September 2018. The open funds' pensioner ratio was 5.5 percent, while for closed funds the value was 6.7 percent. The higher ratio for closed funds is expected due to the high number of continuation[3] members within the closed medical aid funds industry.

Dependency Ratio

The principal member to dependent ratio ("dependency ratio") measures the average number of dependents per principal member. The industry dependency ratio of 1.27 means that on average for every 100 principal members, there are roughly 127 dependents, of which the ratio has changed from 1.26 quarter-on-quarter. Closed fund principal members receive higher contribution subsidies than open fund members and can therefore afford to enroll more dependents (Table 4).

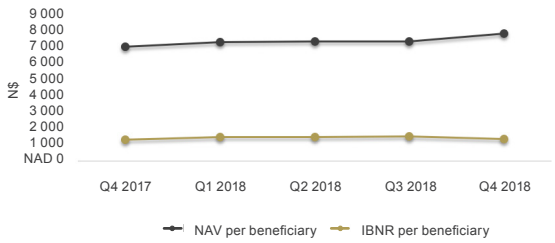
Table 4: Average membership ratios Q3 2018 vs. Q4 2018

Q4 of 2018	Open Funds	Closed Funds	Total Industry
No. of dependents per principal member	1.24	1.40	1.27
Q3 of 2018	Open Funds	Closed Funds	Total Industry
No. of dependents per principal member	1.24	1.42	1.26

Net Asset Value

The industry recorded a Net Asset Value (NAV) per beneficiary of N$7 751 as at 31 December 2018, an increase of 7.0 percent as a result of total net assets growing by 7.2 percent, while total membership only grew by 0.2 percent. The NAV per beneficiary fluctuated over the past five quarters but remained adequate to cover the "incurred but not reported" claims (IBNR) per beneficiary of N$1 337 reported as at 31 December 2018 (Figure 14).

Figure 14: Industry Net Asset Value per Beneficiary and IBNR per Beneficiary



[3] A continuation member is a member who retired from employment (normal or early retirement), but continues to be a member of the medical aid fund to which they belonged during employment.

CONTRIBUTIONS AND EXPENSES

Contributions

Total contributions decreased by 0.4 percent quarter-on-quarter but increased by 3.7 percent on a year-on-year basis to N$992.5 million during the period under review. The 0.4 percent decrease in contributions is attributed to members switching to lower benefit options during the quarter (Figure 15).

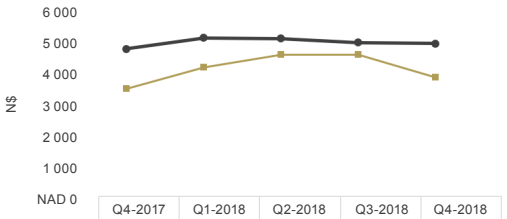
Healthcare Expenditure

The industry's healthcare expenditure (claims) decreased by 15.7 percent on a quarterly basis and increased by 10.1 percent on an annual basis to N$777.1 million, which was the main contributor to the net surplus experienced by the industry. Healthcare expenditure tends to diminish during the last quarter of each financial year, as the number of claims decrease due to depleted benefits.

Claims Ratio

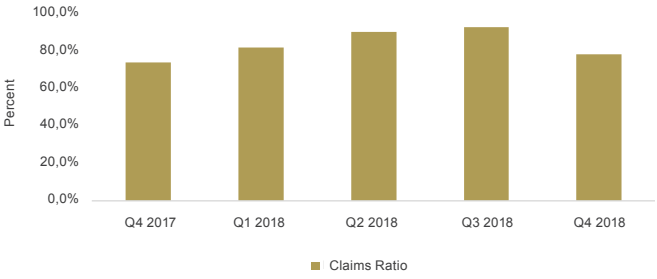
The industry recorded an average claims ratio of 78.3 percent during the fourth quarter of 2018, which was lower than the 92.6 percent for the third quarter in 2018. The quarterly decrease was influenced by lower claims as a result of depleted benefits (Figure 16).

Figure 15: Average Contributions/Claims per Beneficiary



	Q4-2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018
Average contributions per beneficiary	NAD 4 896	NAD 5 250	NAD 5 234	NAD 5 096	NAD 5 069
Average claims per beneficiary	NAD 3 612	NAD 4 305	NAD 4 718	NAD 4 718	NAD 3 969

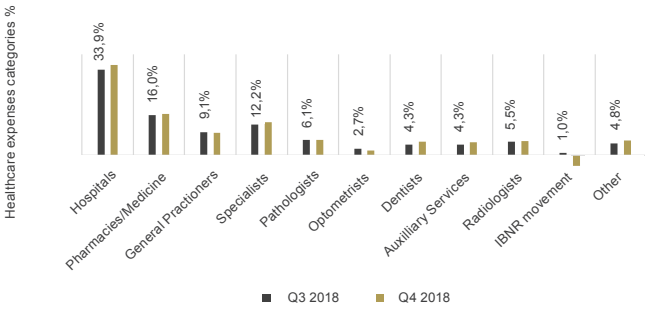
Figure 16: Claims Ratio



Claims related to hospital admissions, medicine dispensed by pharmacists and visits to general practitioners and specialists were reported at 74.2 percent of total healthcare expenditure during the quarter under review, or a nominal value of N$576.7 million, compared to the previous quarter's 71.2 percent.

The "other" category depicted in Figure 17 includes mainly dental specialists and therapists, psychiatric institutions and oncology benefit claims.

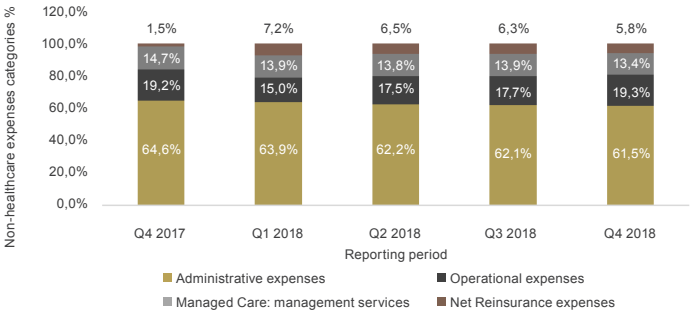
Figure 17: Growth in Claims Typologies



Non-healthcare Expenditure

Non-healthcare expenditure by medical aid funds consists of administration costs, managed healthcare costs (fees for managing health benefits), operational expenditure and net-reinsurance expenditure. The industry incurred non-healthcare expenses amounting to N$109.4 million during the quarter ending 31 December 2018, an increase of 1.1 percent in total non-healthcare costs from the previous quarter. Administration costs remained the highest contributor to total non-healthcare costs (Figure 18).

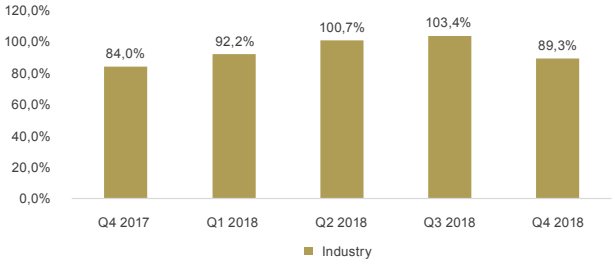
Figure 18: Non-healthcare Expenditure



Loss ratio

The industry recorded a loss ratio of 89.3 percent, indicating that the industry's income from contributions exceeded total expenditure. The reported loss ratio for the quarter under review was better than the 103.4 percent loss ratio reported for the previous quarter due to lower claims mentioned in the above sections (Figure 19).

Figure 19: Total Costs as a Percentage of Contributions Received (Loss Ratio)

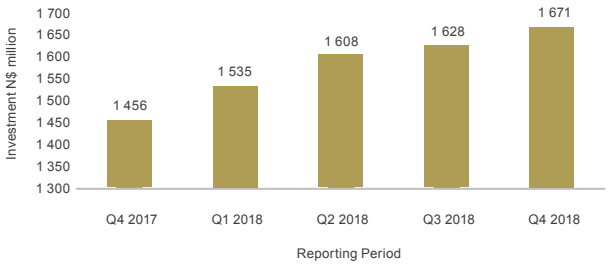


Investments

The industry's total investments grew by 2.7 percent to N$1.7 billion during the fourth quarter of 2018, and by 15.4 percent annually, mainly due to the reinvestment of excess cash resulting from the net surplus experienced.

As at 31 December 2018, the medical aid funds industry held 59.2 percent of their investments in Namibia, thus complying with Regulation 9 (Government Notice No. 193) of the Medical Aid Funds Act (Act 23 of 1995), which requires all medical aid funds to hold a minimum of 42.5 percent of their investment assets in Namibia by 30 November 2018.

Figure 20: Total Investments



The medical aid funds industry held 31.7 percent of their investments in unit trusts, 33.6 percent in equities and 15.8 percent in cash and cash equivalents. The industry continues to hold the majority of its investments in highly liquid assets in order to have sufficient cash to settle unexpected healthcare expenses.

Table 5: Industry investment allocation (percent)

Investment class	Q4 2017	Q3 2018	Q4 2018
Unit trust schemes	39.9%	36.6%	31.7%
Cash and equivalents (call accounts)	29.9%	18.8%	15.8%
Shares/equities	16.4%	31.0%	33.6%
Fixed interest	13.1%	13.0%	18.0%
Properties	0.7%	0.6%	0.9%
Unlisted investment	0.0%	0.0%	0.0%
TOTAL INVESTMENT ASSETS	**100%**	**100%**	**100%**

Accounts Receivables

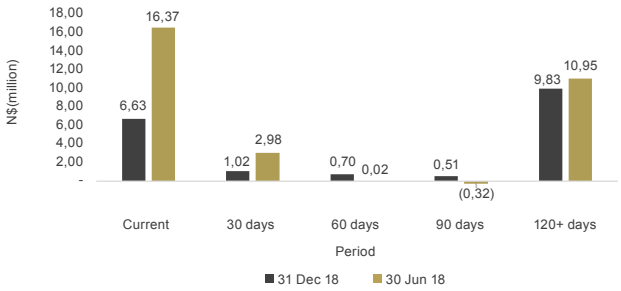
The industry reported a receivable balance of N$28.0 million as at 31 December 2018, of which N$18.70 million relates to contribution receivables and N$9.30 million relates to other receivables. Contribution receivables consisted of "current" contribution receivables which amounted to N$6.63 million during the period under review, and arrear contribution receivables which amounted to N$12.07 million.

The decrease in "current" contribution receivables was mainly attributed to the prepayment of the January 2019 premiums (which are generally higher due to annual increments) made by respective employer groups during December 2018. The advance payments were necessitated by the December/January holiday season during which majority of the staff of the respective employer groups are out of office. These pre-payments were deducted from the current contribution balance, hence the aforementioned deduction.

Furthermore, payments received for debt aged 30 days and above for some funds were also not allocated accordingly and were net off against current contributions. Furthermore, discrepancies in the contribution records of some funds and that of certain participating employer groups were resolved during the period under review and this also contributed to the reduction in current contributions.

The decrease in arrear contributions was predominantly due to the repayment of long outstanding debt owed by state funded employer groups (SOEs).This suggests a further improvement in the industry's debt recovery processes, thereby reducing the risk associated with arrear contributions (Figure 21).

Figure 21: Arrear Contributions Ageing Quarter-on-Quarter



The decrease in arrear contributions was predominantly due to the repayment of long outstanding debt owed by state funded employer groups (SOEs)

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$1.4 billion as at 31 December 2018. The industry was therefore able to settle its current liabilities with its current assets during the period under review.

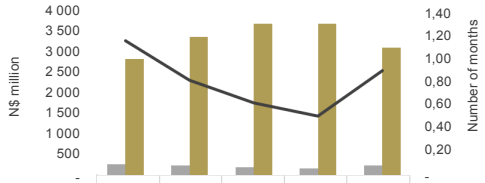
The cash coverage[4] is the number of months for which the industry can pay claims from its existing cash and cash equivalents. During the quarter under review, the industry experienced an increase in cash and cash equivalents, due to the net surplus. The growth in cash and cash equivalents resulted in growth of the industry's cash coverage ratio from 0.5 as at 30 September 2018 to 0.9 as at 31 December 2018. The ratio indicated that the industry had cash and cash equivalents sufficient to settle less than a month's worth of claims as at 31 December 2018 (Figure 22).

The industry reported growth in current assets was due to the growth in cash and cash equivalents. The above changes in current assets and current liabilities resulted in an increase in the industry's liquidity ratio from 4.3 as at 30 September 2018 to 4.5 as at 31 December 2018. The liquidity ratio (current assets/current liabilities) measures whether the industry held sufficient current assets with which to settle its current liabilities.

A liquidity ratio ranging between 1.5 and 3 is considered ideal. The industry therefore reported an excess current asset balance as at 31 December 2018, however, it is considered appropriate due to the unpredictability of healthcare expenditure, and the short-term nature of medical aid fund liabilities.

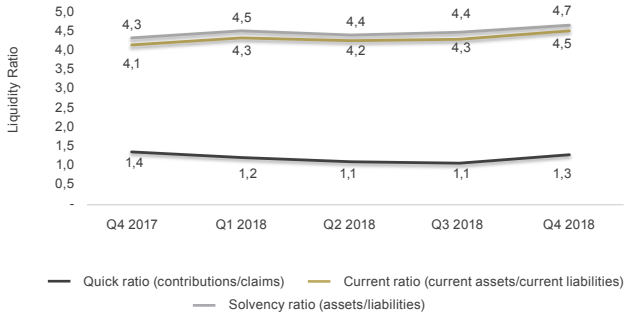
The industry's solvency ratio (total assets/total liabilities) also improved from 4.4 to 4.7 at the end of the calendar year. This indicates that the industry's total assets amounted to more than four (4) times its total liabilities, which the Authority deems satisfactory. Moreover, the industry held the majority of its total assets in liquid investments and all its liabilities were current, hence the industry was deemed liquid and solvent as at 31 December 2018.

Figure 22: Cash Coverage of Claims Q2 2017 – Q2 2018



	04 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Cash and cash equivalents	270	227	188	154	230
Healthcare expenditure (annualised)	2 824	3 365	3 686	3 689	3 108
Months of cover (RHS)	1,15	0,81	0,61	0,50	0,89

Figure 23: Liquidity indicators Q2 2017 – Q2 2018



[4] The cash coverage of claims is determined by dividing cash and cash equivalents at the end of the quarter with the annualised claims for the year, multiplied by 12 months.

Reserves

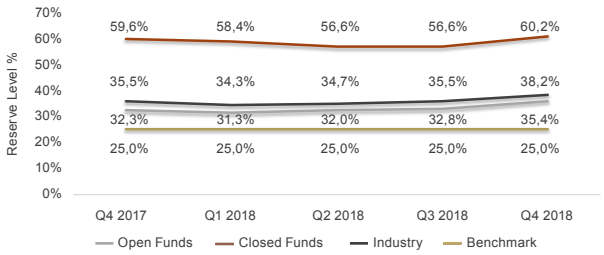
The industry's accumulated funds/reserves (total assets minus total liabilities) grew by 7.1 percent to N$1.5 billion at 31 December 2018, also owing to a net surplus experienced during the quarter under review.

Medical aid funds are required to maintain a minimum prudential reserves level or solvency margin of 25.0 percent of gross contributions. The industry's reserves level increased by 2.7 percent to 38.2 percent as at 31 December 2018. The open funds industry recorded reserves level of 35.4 percent, an increase of 2.6 percent, while the closed funds industry recorded an increase of 3.6 percent in the reserves level to 60.2 percent as at 31 December 2018.

All closed medical aid funds reported reserves levels above the prudential requirement, whereas two (2) open medical aid funds, who represent 7.1 percent of the industry's total beneficiaries as at 31 December 2018, reported reserve levels below the required prudential minimum level of 25.0 percent.

The Authority continues to monitor the two open funds closely to ensure that remedial measures are taken to improve their reserves levels; and that their solvency risk is minimised as much as possible.

Figure 24: Industry Reserve Levels (percent): Q2 2017 – Q2 2018



The industry's accumulated funds/ reserves (total assets minus total liabilities) grew by 7.1 percent to N$1.5 billion

PENSION FUNDS

Performance Review

The value of retirement fund assets declined, on a quarterly basis, during the quarter ending 31 December 2018. The Pension fund assets' value was adversely affected by the declining and often volatile financial markets during the quarter under review. However, on an annual basis marginal increase in pension fund assets were observed.

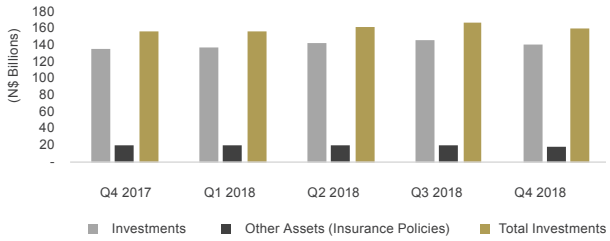
Assets

Total retirement funds investments[5] (including insurance policies) decreased by 4.5 percent quarter-on-quarter and increased by 2.4 percent year-on-year to N$158.5 billion. In addition, investments held in insurance policies accounted for 12.1 percent of the industry's total investments.

Investments held directly by retirement funds decreased by 4.1 percent to N$139.4 billion quarter-on-quarter, while those held in insurance products decreased by 7.4 percent to N$19.1 billion (Figure 25). The decline in the industry investments was attributed to the negative market movements, which were experienced over the fourth quarter of 2018. The FTSE/JSE All Share Index recorded a 5.3 percent decrease in value on a quarterly basis and a 11.4 percent decrease on an annual basis at end of the review period,while the JSE Top 40 Index also reduced by 5.8 percent.

The top five pension funds in the industry held 75.2 percent of the industries' total investment holdings and the top fund's investment holdings was 67.0 percent of the industry investment holdings. The proportion of investment holdings poses a concentration risk and may have other consequences to the Namibian economy should these five pension funds experience extreme adverse shocks.

Figure 25: Total Retirement Fund Investments Including Insurance Policies



Investments held directly by retirement funds decreased by 4.1 percent to N$139.4 billion quarter-on-quarter, while those held in insurance products decreased by 7.4 percent to N$19.1 billion

[5] Total retirement funds investments in accordance with Regulation 13 comprise of investments held directly by retirement funds as well as other investments held in the form of insurance policies. For the purposes of determining compliance with Regulation 13, insurance policies issued by an insurer carrying on long-term insurance business for the purposes of a fund's investment are deemed not to be an asset of the fund.

Asset Allocation

Investments of retirement funds are subject to the provisions of Regulation 13, which specifies the minimum and maximum investment limits applicable across asset classes. Validation checks of investments against Regulation 13 limits were done and as is evident, the retirement fund industry is in compliance with the set prudential limits

The industry continued to show a strong appetite for investments in equities in relation to other asset classes, with an exposure of 55.7 percent. The long-term growth of equities coupled with higher returns is commensurate with the industry's long-term liabilities. The second most popular asset class is Namibian Government bonds with an investment holding of 12.0 percent. The unlisted investments class recorded drawn-down capital of 0.7 percent, while committed capital is at 4.2 percent, which is a breach in the permitted limits of 1.75 percent to 3.5 percent. All other asset classes as defined in Regulation 13 remained fairly stable with minimal movements and exposures of below 11.0 percent per asset class (Table 6).

The long-term growth of equities is commensurate with the industry's long-term liabilities.

Table 6: Allocation per asset class Q3 2018 versus Q4 2018

Asset class	Q3 2018	Q4 2018	Change	Regulation 28 limit
Credit Balances	10.6%	11.1%	-0.5%	**95%**
Government Bonds	12.0%	11.0%	1.0%	**95%**
SOE Bonds	0.8%	4.6%	-3.8%	**30%**
Corporate Bonds	6.4%	1.7%	4.7%	**50%**
Foreign Bonds	8.6%	6.9%	1.7%	**50%**
Property	3.7%	3.9%	-0.2%	**25%**
Shares	55.7%	56.6%	-0.9%	**75%**
Other Claims	1.1%	0.9%	0.2%	**25%**
Other Assets	0.3%	2.5%	-2.2%	**2.5%**
Unlisted Investment[6]	0.7%	0.7%	0%	**Min 1.75% Max 3.5%**
Total assets	**100%**	**100%**		

[6] These are drawn-down amounts, while compliance is measured at committed capital amounts.

Geographical Asset Allocation

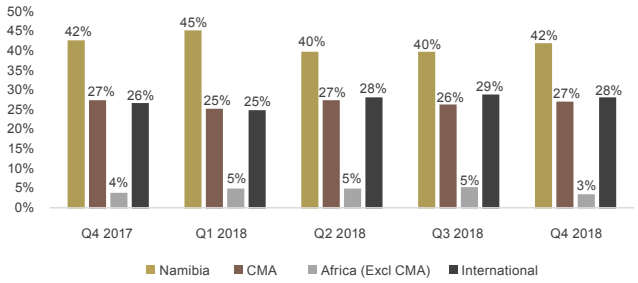
The industry has been compliant with the statutory requirement of at least 35 percent in domestic assets during the first two quarters of 2018 (Figure 2). However, the industry has not met the new domestic asset requirement[7] of 40.0 percent and 42.5 percent at 30 September 2018 and 31 December 2018, respectively. In this regard, investments in the domestic markets for the third quarter amounted to 39.6 percent, while that for the fourth quarter was 41.8 percent. Industry's failure to meet the domestic asset requirements is ascribed to the depreciation of the South African Rand[8] (to which the Namibian Dollar is pegged), which decreased the value of domestic assets relative to assets denominated in foreign currency. Common Monetary Area (CMA) assets stood at 26.8 percent, African assets at 3.5 percent and international assets at 28 percent for the quarter ending 31 December 2018.

Overarching Limits

The industry as a whole did not contravene any overarching exposure limits as per the different sub-regulations to Regulation 13. The industry complied with the overarching limits as prescribed in sub-regulations 13(1)(a) & (b) and sub-regulation 13(3)(e).

These provisions prescribe that the aggregate market value of investments in property and shares, expressed as a percentage of total assets may not exceed 90.0 percent and that the aggregate market value of investments in property, shares, other claims and other assets, expressed as a percentage of total assets may not exceed 95.0 percent, respectively. In addition, 8 percent (Q3 2018: 5.5 percent) of the industry's assets were invested in dual listed shares, in compliance with the 10.0 percent limit applicable as per sub-regulation 13(3)(e) (Table 7).

Figure 26: Geographical Asset Allocation



90% *The aggregate market value of investments in property and shares, expressed as a percentage of total assets may not exceed 90.0 percent.*

Table 7: Overarching limits

Overarching limit	Q4 2018 % of total assets	Q3 2018 % of total assets	% Change	Regulation 28 Limit
Regulation 13(1)(a)	59.5%	60.5%	-1.0%	**<90.00%**
Regulation 13(1)(b)	60.9%	64.0%	-3.1%	**<95.00%**
Regulation 13(2)(a)	-	39.7%	-	**>40.00%**[9]
Regulation 13(2)(b)	41.8%	-	-	**>42.50%**[10]
Regulation 13(3)(e)	8.0%	5.5%	2.5%	**<15.00%**
Regulation 13(5)	4.2%	2.0%	2.2%	**<3.50%**

[7] Regulation 13(2) issued under the Pension Funds Act, 1956 (Act No. 24 of 1956).

[8] The South African Rand depreciated by about 16 percent during 2018.

[9] Limit effective 31 August 2018.

[10] Limit effective 30 November 2018.

FRIENDLY SOCIETIES

Performance Review

The industry comprised of one active friendly society which reported a net surplus for the quarter under review, while growth was observed in the members' accumulated reserves. In addition, the society held sufficient liquid assets to settle its liabilities, and is considered financially sound and solvent as at 31 December 2018.

Total Assets and Liabilities

Friendly society assets grew by 2.1 percent quarter-on-quarter, and 15.4 percent year-on-year to N$1.6 million as at 31 December 2018. This growth was attributed to contributions consistently exceeding claims and expenses, as well as income earned on investments (Figure 27).

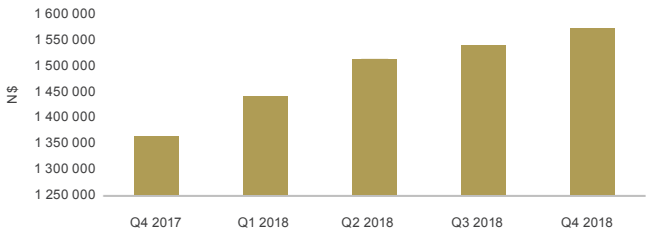
Trade and other receivables balance increased slightly from N$20 185 as at 31 March 2018 to N$21 646 as at 31 December 2018. The Society's contribution receivables ratio[11] was 21.9 percent as at 31 December 2018 and was above the prudential acceptable range of 1.5 percent [19.5 percent: 30 September 2018]. This indicates that the Society remains exposed to the risk of bad debts from quarter to quarter. Despite the adverse receivables ratio reported by the Society, the Authority was informed that all arrear contributions as at 31 December 2018 are deemed recoverable from its members, based on historical repayment trends.

Total liabilities decreased by 18.2 percent as a result of accounts payable that decreased from N$30 963 to N$14 600, while provision for claims and bad debts remained at N$50 000 and N$9 000, respectively.

Investments

Investment income amounted to N$23 654, which was a 22.4 percent decrease from the previous quarter, as a result of lower investment returns. After accounting for claims, operational expenditure and positive investment returns, a net surplus of N$48 704 was recorded, which contributed to investment assets increasing by 1.5 percent to N$1.5 million as at 31 December 2018.

Figure 27: Total Assets



Contributions and Expenses

Contribution premiums increased by 1.6 percent to N$49 998 by 31 December 2018, commensurate with the increase in the number of members (contributions are fixed at a flat rate per member per month), while claims grew by 16.4 percent to N$17 467. The Society's operational costs declined by 62.3 percent to N$7 848 quarter-on-quarter.

[11] Outstanding contributions aged 30 days and above as a percentage of total accounts receivables balance.

CAPITAL MARKETS

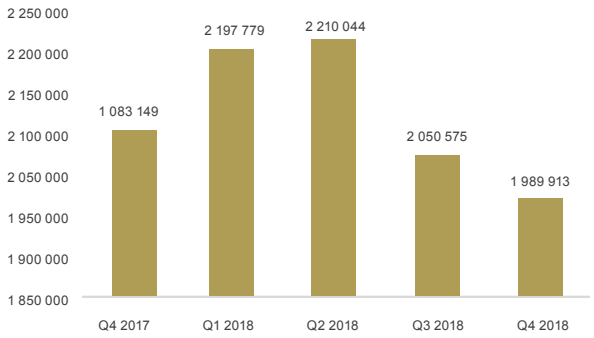
Performance Review

The overall equity markets' values, as shown by the NSX market capitalisation, deteriorates on a quarterly and annual basis. The liquidity on the local and overall NSX market improved due to an increase in the volumes and values traded. FTSE/JSE All Share Index, however, moderated during the period under review. Further, investment managers' assets under management declined during the fourth quarter of 2018, due to a decrease in the investments of the main investor's pension funds and long-term insurance. While, the total assets of the collective investment schemes (CIS) increased during the quarter under review, which was mainly driven by growth in investments from companies.

Financial Markets

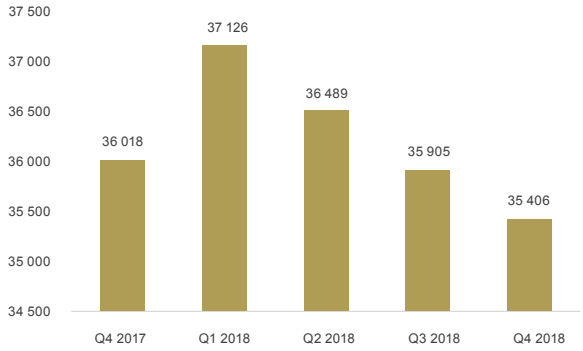
The performance of equity markets slightly deteriorated during the period under review. The overall market capitalisation (CAP) of the companies listed on the Namibian Stock Exchange (NSX) marginally decreased by 3.0 percent quarter-on-quarter, and by 4.5 percent on an annual basis to N$1.99 trillion during the fourth quarter of 2018 (Figure 28a). The local market cap also declined by 1.4 percent on a quarterly basis and 1.6 percent on an annual basis to N$35.4 billion (Figure 28b). The decrease in market capitalisation on the main board can be attributed to negative market performance which caused a decrease in the volume of shares by listed companies during the quarter under review. In terms of the recorded N$1.99 trillion of the market capitalisation, the main board decreased by 2.8 percent to N$1.97 trillion, while the exchange traded funds[12] decreased further by 9.4 percent to N$22.4 billion and the development capital board decreased by 31.9 percent to N$1.9 billion as at 31 December 2018. The decrease in the exchange traded funds capitalisation is largely attributed to the redemption of debentures in the majority of the ETFs listed.

Figure 28a: NSX Overall Market Cap, N$ million



Source: NSX

Figure 28b: NSX Local Market Cap, N$ million



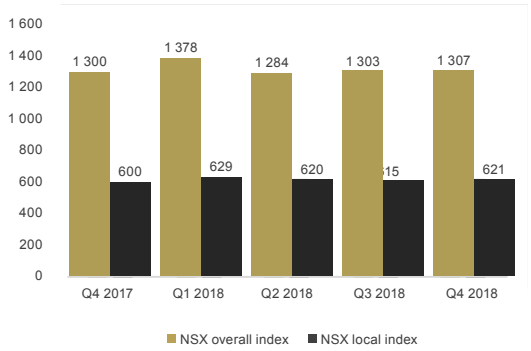
Source: NSX

[12] An exchange-traded fund (ETF) is an investment fund traded on stock exchanges, much like shares. An ETF holds assets such as shares, commodities, or bonds as underlying investments, and generally operates with an arbitrage mechanism designed to keep it trading close to its net asset value, although deviations can occasionally occur.

An exchange-traded fund is essentially a basket of securities (shares, bonds, commodities, currencies) that tracks an underlying index. Arbitrage is the method on the stock exchange of buying a security (shares, commodities, bonds) in one place (exchange) and selling it in another place (exchange) at the same time (simultaneously) in order to make a profit from the difference in price in the two places Exchanges).

The securities of a total of 44 companies were listed on the NSX as at the end of the fourth quarter of 2018. The companies include 35 listings on the Main Board (of which 10 are primary listings) and four on the Development Capital Board. The NSX has four exchange-traded funds (ETFs) listed on the exchange market and one on the over the counter (OTC) market. The liquidity on the overall market increased to 0.18 percent in the fourth quarter of 2018 compared to 0.12 percent in the previous quarter, whilst the local market also increased to 1.05 compared to 0.38 percent in the third quarter of 2018 this was mainly because the volumes and values traded increased (Figure 29a).

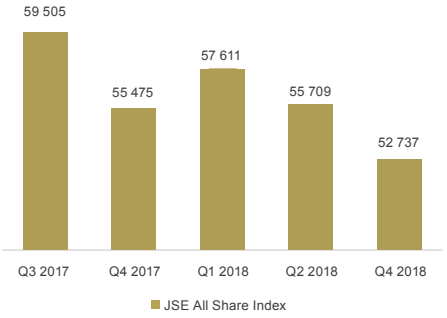
Figure 29a: NSX Indices, points



Source: NSX

The prices of securities of the overall NSX market increased on a quarterly and an annual basis. Further, the prices of securities of the local NSX markets also improved on a quarterly and annual basis. Consequently increasing the overall index by 0.3 percent to 1 307 points at the end of quarter, while year-on-year, the overall index increased by 0.6 percent. Prices of securities on the local market index increased by 1.0 percent on a quarterly basis and increased by 3.6 percent to 621 points year-on-year, (Figure 29a). The FTSE/JSE All Share Index, on the other, ended 5.3 percent lower on a quarterly basis at the end of the fourth quarter of 2018 and decreased by 11.4 percent on an annual basis to 52,737 points driven by uncertain domestic policy environment (property rights), depressed growth prospects and general aversion of emerging market risks (Figure 29b).

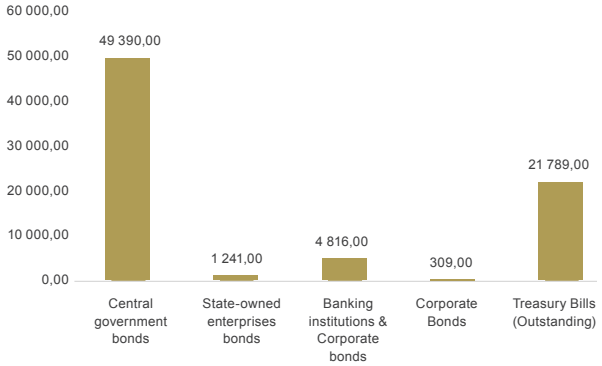
Figure 29b: JSE/FTSE All Share Index, points



Source: NSX

In the debt market, the total nominal Government debt outstanding increased by 4.4 percent to N$49.4 billion on a quarterly basis, and by 11.0 percent on an annual basis during the period under review. Government debt (including treasury bills) constituted 91.8 percent of the total debt outstanding. The biggest increase for the quarter was in State owned enterprise bonds which rose by 30.5 percent to N$1.2 billion as at 31 December 2018. On an annual basis, the outstanding government debt increased by 6.0 percent (Figure 29c).

Figure 29c: Nominal Debt Issued (Outstanding)



Source: NSX

Investment Management

The investment managers' assets under management decreased by 1.8 percent during the quarter to N$164.2 billion at the end of the quarter under review. The decrease in assets under management was mainly due to market movements mainly in the equity market and withdrawals from institutional investors.

Geographic Allocation

In terms of geographic allocation, asset investments in Namibia, CMA and Offshore constituted 50.4 percent, 34.0 percent and 15.5 percent, respectively. Further, investment in Namibia increased by 2.6 percent to N$82.6 billion, while investment in CMA decreased by 2.3 percent to N$55.9 billion on a quarterly basis attributed to exchange rate fluctuations (Figure 30).

Asset Allocation

In terms of asset allocation the bulk of funds were invested in listed equities and money market instruments, each accounted for 43.7 percent and 26.5 percent, respectively. Further, equity investments marginally declined by 4.5 percent to N$71.7 billion in the fourth quarter of 2018. This can be attributed to both adverse movements in financial markets and partially due to portfolio re-balancing activities undertaken to comply with the new domestic asset requirements. As such, investments in money market declined by 2.3 percent to N$43.5 billion. Nevertheless, positive movements were noted for listed and unlisted debt, which increased by 6.3 percent and 56.5 percent, respectively. Despite growth recorded in the negotiable certificate of deposits and debentures, there was a 12.0 percent decrease on the treasury bills invested that contributed to the decline of the overall money market assets.

Sources of Funds

Pension funds continued to be the largest source of funds under management representing 49.8 percent of total assets. Unit trust schemes and long-term insurers accounted for 28.6 percent and 16.2 percent, respectively for the fourth quarter of 2018.

Figure 30: Assets per Geographic Allocation, % of total

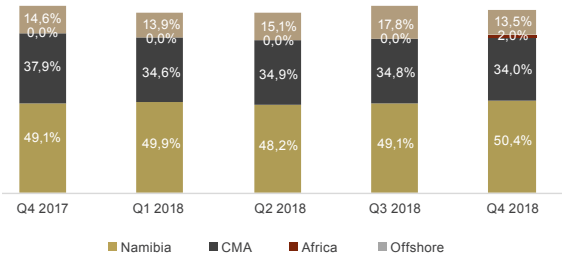


Figure 31: Assets per Class, % of Total

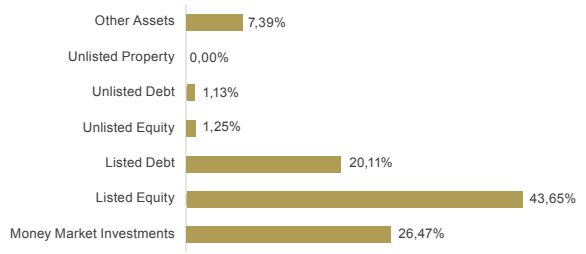
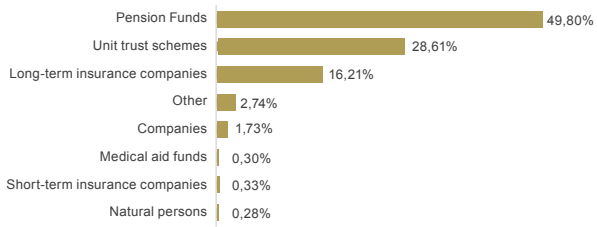


Figure 32: Assets per Investor, % of Total



Collective Investment Schemes

The total assets of the collective investment schemes (CIS) assets under management increased by 4.4 percent on a quarterly basis and by 12.7 percent on an annual basis to N$63.0 billion during the fourth quarter of 2018. This growth was mainly driven by investments in companies, households and long-term insurance assets. Companies and households continue to be the largest sources of funds for CIS. A large portion of assets under management by CIS were invested in money market instruments, with the bulk in banking institutions.

Geographic Allocation

The CIS continued to invest mostly in Namibia at 62.8 percent, due to discretionary nature of the funds invested. This is followed by the CMA accounting for 29.9 percent of funds, while the remaining 7.2 percent was invested in the offshore markets.

The assets invested in the Namibian market increased by 2.1 percent to N$39.6 billion at the end of the quarter. Liquidity needs associated with CIS assets may be the main reason for local investments mainly for companies and households. Investments in the CMA increased by 16.9 percent to N$18.9 billion, while offshore investments decreased by 18.3 percent to N$4.4 billion during the quarter.

Asset Allocation

The CIS industry continued to allocate more funds to investments in money market instruments, which decreased by 2.5 percent, on a quarterly basis, and accounted for 62.9 percent of the assets under management. Moreover, CIS invested 42.1 percent in liquid instruments through banks such as; call deposits, term deposits and negotiable certificates of deposit. In addition, listed equity and debt accounted for 17.7 percent and 12.2 percent, respectively.

Sources of Funds

Companies were the predominant investors in CIS, which increased by 4.1 percent to N$22.9 billion and accounting for 36.3 percent of CIS assets at the end of the quarter. Assets sourced from households increased by 2.1 percent to N$17.8 billion and accounts for 28.3 percent of CIS total assets. Furthermore, the assets sourced from unit trusts increased by 43.1 percent to N$9.7 billion and made up 15.4 percent of CIS total assets.

Figure 33: Assets per Geographic allocation, % of Total

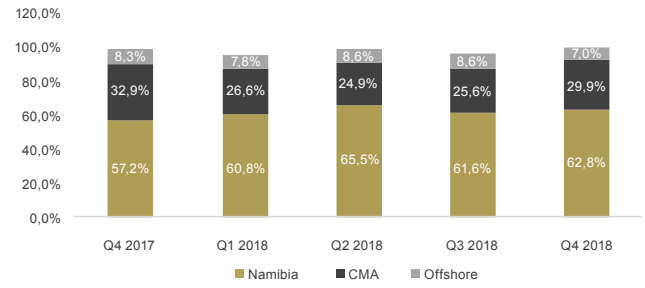


Figure 34: Assets per Class, % of Total

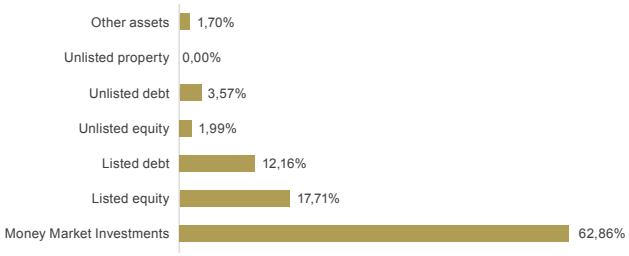
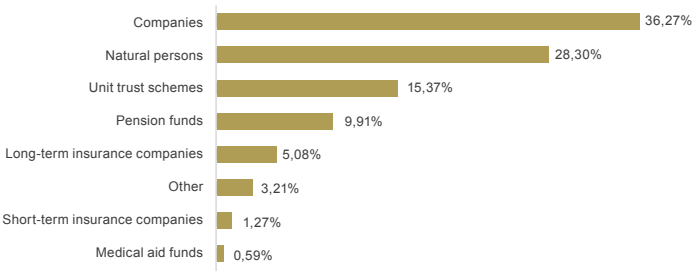


Figure 35: Assets per Investor, % of Total



MICROLENDING

Performance Review

Driven by the credit transactions of term-loan microlenders during the fourth quarter of 2018, the value of the loan book rose both on a quarterly and yearly basis. The quarterly growth in the value of the loan book mainly originated from increased value of the disbursements. Conversely, the number of new loans issued over the same period declined both on a quarterly and yearly basis.

Loan Book Value

The value of the loan book rose by 15.4 percent and 19.8 percent on a quarterly and annual basis, respectively to reach N$6.5 billion at the end of the fourth quarter of 2018. The growth emanated from the transactions of term-loan lenders, and was driven by the higher value of loan that was disbursed, among other reasons. The upward trajectory witnessed in the value of the stock (loan book) is similar to that observed in the banking sector[13], although at a much faster rate (Figure 36).

Number of Borrowers

With respect to the cumulative number of household borrowers that benefited from the microlending transactions, the number declined dramatically to 218 405 borrowers. In this regard, number of household borrowers contracted by 9.6 percent, quarter-on-quarter and by 26.8 percent, year-on-year at the end of the fourth quarter. The contraction in the number of household borrowers was driven by both the number of the term loan borrowers and payday loan borrowers (Figure 37).

Disbursements

The value of disbursed loans rose both quarter-on-quarter, and year-on-year, at the end of the period under review, driven only by the transactions of term loan lenders as that of the payday loan lender declined. In this regard, the quarterly and yearly growth in the amount of the new loans disbursed country-wide rose by 12.8 percent and 6.2 percent, respectively.

Figure 36: Loan Book Value

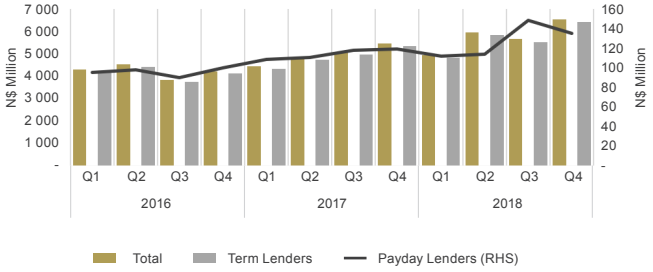
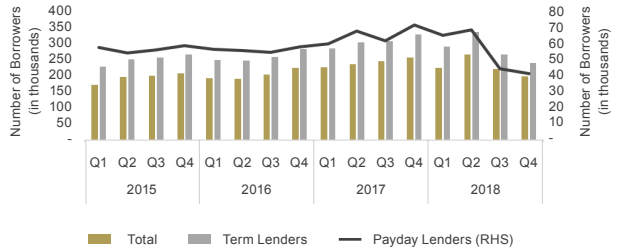
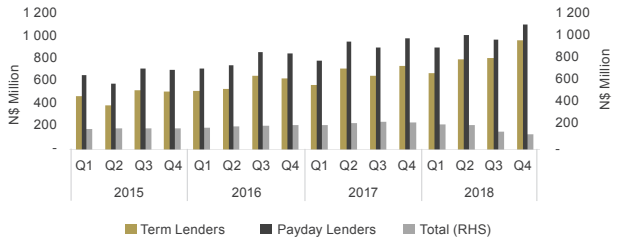


Figure 37: Number of Household Borrowers



The quarterly and yearly growth in value of the new loans that were disbursed can be attributed to the value of the transactions between the term loan microlenders and term loan borrowers that rose by 19.1 percent quarter-on-quarter and 30.1 percent year-on-year (Table 8). However, the value of the transactions between payday loan lenders and payday loan borrowers declined on quarterly and yearly basis, at the end of the fourth quarter of 2018.

Figure 38: Loan Disbursements



[13] A gradual upward trending stock value of the banking sector was observed at the end of the fourth of 2018 with the values rising marginally by 2.3 percent to N$57.1 billion.

Table 8: Loan Disbursements (Percentage Changes)

Quarter-on-Quarter	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Term Lenders	1.6	3.5	20.8	-3.1	-9.9	26.1	-8.6	13.0	-8.4	17.6	1.5	14.8
Payday Lenders	3.0	5.7	2.4	4.4	-2.2	10.4	3.5	-2.5	-7.9	-1.9	5.8	-1.1
Total	**2.0**	**4.1**	**15.7**	**-1.3**	**-7.9**	**21.8**	**-5.6**	**8.8**	**-8.3**	**12.8**	**2.4**	**11.3**
Year-on-Year	**2016**				**2017**				**2018**			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Term Lenders	10.4	36.6	23.6	23.0	9.1	32.9	0.5	17.3	19.2	11.2	23.5	25.4
Payday Lenders	6.0	8.5	10.1	16.4	10.6	15.5	16.8	9.0	2.6	-8.8	-6.8	-5.4
Total	**9.2**	**27.4**	**20.0**	**21.3**	**9.5**	**28.1**	**4.5**	**15.2**	**14.7**	**6.2**	**15.2**	**17.8**

Number of New Loans

The number of the new loans issued declined both on a quarterly and yearly basis at the end of the fourth quarter of 2018, driven by payday lenders. Over the same period, the number of new loans issued contracted by 6.4 percent, quarter-on-quarter, and 34.2 percent, year-on-year to 117 282 loans.

With regard to the average value of the amount of the loan extended by term lenders a positive growth was reported both on quarterly and annual basis, while those extended by payday lenders declined on the quarterly basis but increased on the annual basis at the end of the period under review. The average amount of the new loans extended by term lenders and payday lenders stood at N$25 755 and N$1 725, respectively, at the end of the same period (Figure 40).

Figure 39: Number of New Loans

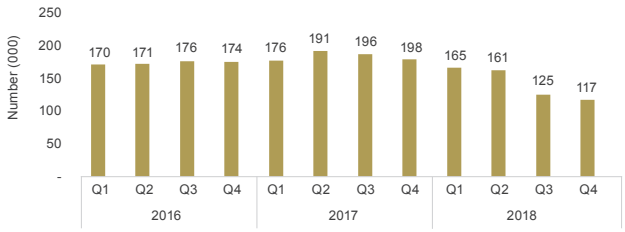
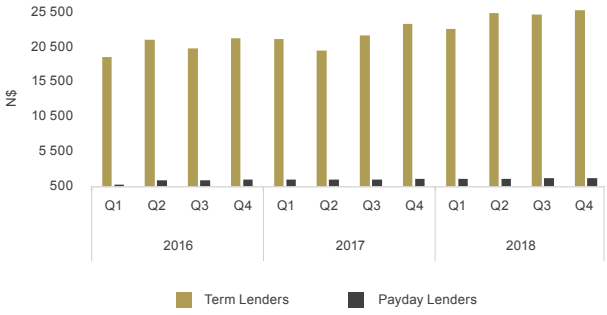


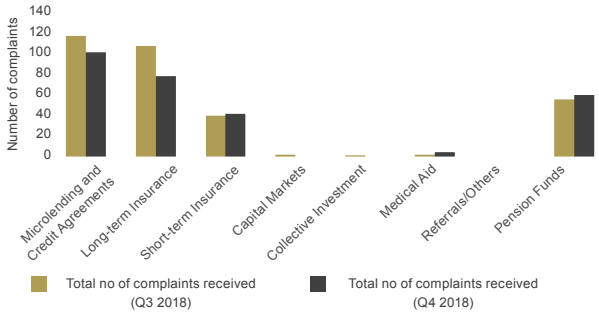
Figure 40: Average Loan Amounts



Consumer Complaints

NAMFISA's Complaints department received 281 complaints from consumers of financial services during the quarter. This is a 12.5 percent decrease from the third quarter and a 27.0 percent increase on an annual basis, of which 83 percent of the complaints received during the quarter were resolved which is 13.0 percent above a benchmark of 70.0 percent. Further, out of the 281 complaints, 98.6 percent jointly originated from only four industries, namely microlending and credit agreements, long-term insurance, short-term insurance and retirement funds (Figure 41).

Figure 41: Complaints Received per Industry



The resolution of complaints resulted in consumers receiving a total of N$2.9 million from financial institutions, of which retirement funds and short-term insurance industry accounted for a total of N$2.6 million. NAMFISA continues to ensure that consumers are protected as per its mandate.

These payments broadly relate to wrongful deductions, repudiation of claims, unpaid pension benefits, non-payment of beneficiary benefit, illegal deductions and non-cancellation of contracts (Table 9).

Table 9: Fourth quarter number of complaints vs. resolved complaints

Division	Total no. of complaints received	Total no. of complaints resolved	Funds recovered (N$)
Microlending and Credit Agreements	100	89	135 893
Capital Markets	0	0	0
Collective Investment Schemes	0	0	0
Long-term Insurance	77	62	157 612
Short-term Insurance	41	28	313 778
Medical Aid Funds	4	4	2 248
Pension Funds	59	50	2 301 736
Others / Referrals	0	0	0
Total complaints	**281**	**233**	**2 911 267**

PART B: SUPERVISORY AND REGULATORY DEVELOPMENTS

NAMFISA SUPERVISORY LADDER

Table 11 gives a summary of all NBFI's compliance rating per industry. The ladder of supervisory intervention is a classification system that ranks regulated entities according to their viability and risks they may face. The overall non-banking financial sector achieved full compliance status of 60.8 percent i.e. 385 out of the total number of entities were categorised as stage 1 entities. On the contrary, 17.2 percent or 109 out of the total number of registered entities were fully non-compliant and hence categorised as stage 5. Retirement funds comprise the bulk of non-compliant entities under stage 5 are it is mainly due to the reclassification of 52 previously inactive funds as active funds. Some of these funds were placed under stage 5 due to the fact that financial soundness assessments could not be performed on these funds to date to determine their viability and solvency as statutory information on these funds has not been submitted to the Registrar.

In terms of compliance monitoring conducted as per the "Ladder of Supervisory Intervention", 60.8 percent (385) of regulated institutions were fully compliant, with no regulatory problems posed to the financial system. In this respect, 17.2 percent (109) were classified as stage 5 (fully non-compliant) mostly dominated by 55 pension funds, which was as a result of 52 previously inactive pension funds that were reclassified as active.

Table 10: Supervisory and regulatory developments

Indicators for Supervisory Concerns				Q4-2018									
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	15	8	66	1	0	45	35	215	385	**60.8%**
Stage 2	Early Warning		Staggered submission of returns. Resultant levies not paid	1	5	10	5	1	3	3	65	93	**14.7%**
Stage 3	Risk to Viability or Solvency		Irregular submission of returns. Irregular submission of levies.	0	0	3	2	0	2	0	25	32	**5.1%**
Stage 4	Future Viability in Serious Doubt		No trading, no submission of AFS, no submission of returns, some payment of levies	0	0	1	1	0	0	0	12	14	**2.2%**
Stage 5	Entity Not Viable or Insolvency Imminent		Dormancy, no payment of levies, no submission of returns and owe NAMFISA levies	0	3	55	1	0	2	0	48	109	**17.2%**
Total				**16**	**16**	**135**	**10**	**1**	**52**	**38**	**365**	**633**	**100%**

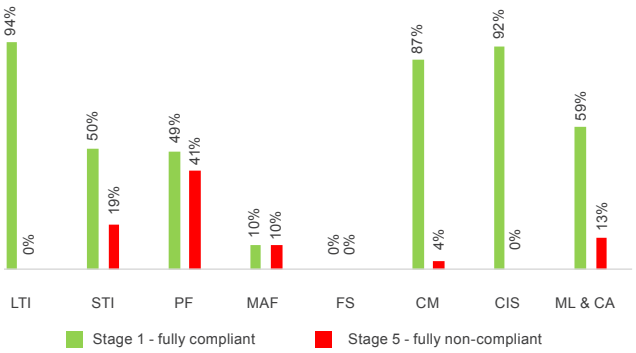
Full Compliance Status (Stage 1):

The Long-term insurance recorded the highest level of full compliance with 94.0 percent, followed by CIS with 92.0 percent. Friendly societies and medical aid funds reported the lowest compliance rate of zero and 10.0 percent respectively (Figure 42).

Full Non-compliance Status (Stage 5):

Retirement funds reported the highest level of full non-compliance that was reported at 41.0 percent, followed by short-term insurance and microlenders at 13.0 percent. The non-compliant retirement funds increased after funds previously classified as inactive were reclassified as active. The reclassified funds will remain under stage 5 until they demonstrate their compliance with the Pension Funds Act, 1956 (Act no 25 of 1956) and regulations, directives and other subordinate legislation issued thereunder. The Authority continues with close monitoring of all entities not fully compliant (Figure 42).

Figure 42: Comparison per industry (Stage 1 vs. Stage 5) of Supervisory ladder of intervention



REGULATORY REVIEW

Legislative Developments

The Financial Institutions and Markets ("FIM") and the NAMFISA bills are with the Ministry of Justice for certification. The latest version of the bills and all draft Standards and Regulations have been uploaded onto the NAMFISA website (www.namfisa.com.na).

All Phase 1 standards with the exception of the Cell Captive and Exemption Standards, have been presented to the industry and finalised. The Capital Adequacy Standard has been presented to industry for consultation and industry's written representations were considered. The Lloyd's and Exemption Standards have been drafted but are awaiting formal industry consultation.

The Quantitative Impact Studies on the effects of the Capital and Solvency Standards have been completed and the outcomes thereof will feed into the finalisation of the Capital Standard. The results of the study are being analysed and the industry will be notified of the outcome.

Compliance to investment limits as per Regulation 15 continues to be a challenge as some entities continue to contravene investment limits. Regulation 15 has been amended and gazetted in the Government Gazette dated 24 August 2018 and it requires registered insurer or reinsurer in respect of its long-term insurance business, invest in domestic asset not less than the following percentage of the market of its total asset, at all times after the following dates

Effective implementation dates	Minimum domestic asset requirement
31 August 2018	40%
30 November 2018	42.5%
31 March 2019	45%

SUPERVISORY DEVELOPMENTS

REGULATORY INTERVENTIONS

Long-term Insurance

Table 11: Regulatory interventions for Long-term Insurance companies

Intervention	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
General					
Cautionary Notices & Information	0	0	0	0	0
Voluntary License Cancellations	0	0	0	0	0
Inspections					
Scheduled	16	16	16	16	16
Targeted / Prompted	1	0	0	0	0
Remedial Actions					
Penalties Imposed	**N$47 000**	**N$154 000**	**N$17 000**	**N$92 000**	**N$92 000**

A number of 16 inspections were conducted during the period under review.

Short-term Insurance

Table 12: Statistics summary of intervention activities on short-term insurance industry

Intervention	Q3 2018	Q4 2018
General		
Cautionary Notices & Information	0	0
Regulatory Interventions		
Notices to Cancel Issued	1	1
License Cancellations (forced)	0	0
Inspections		
Scheduled	19*	22*
Targeted/Prompted	1	1
Remedial Actions Taken		
Penalties Imposed	1	0
Consumer Complaints		
Complaints Launched	37	39
Complaints Resolved	37	31

Note: * Relates to quarterly off-site monitoring, audited annual financial statements (AFS) off-site inspections and on-site inspections.

Pension funds industry

The retirement fund industry as a whole generally remains compliant with the provisions of the law and the Authority will continue with its supervisory and regulatory as well as enforcement actions. The number of active funds decreased to 134 funds as at 31 December 2018 compared to 138 as at 30 September 2018. This reduction was a result of 2 active funds being de-registered during the fourth quarter of 2018.

Inspections

In accordance with Section 3(1) of the Inspection of Financial Institutions Act, three (3) joint on-site inspections were initiated during the period under review in conjunction with various other divisions within the Authority. Off-site inspections initiated in the quarter under review remained at fourteen (14) inspections, the same as in the prior quarter.

Industry Forums and Meetings

No industry consultations were conducted during the period under review.

Consumer Education Developments

The pension fund department contributed to the Consumer Education Bulletin for the period under review which was titled “What governance requirements are there for Pension Funds”. The article discussed the various governance requirements and policies that should be established and implemented by Pension Funds.

Medical Aid Fund

The table below provides statistics on the interventions relating to the medical aid funds industry as at 31 December 2018.

Medical Aid Funds	
Intervention	**Q4 2018**
General	
- Notices	0
- Circulars	0
- Directives	1
- Voluntary License Cancellations	0
Regulatory Interventions	
- Notices to Cancel Issued	0
- License Cancellations (forced)	0
Inspections	
- Off-site inspections	9
- Full on-site inspections	0
- Follow-up inspections	2
- Targeted / Prompted	0
Consumer Complaints	
- Complaints lodged with NAMFISA	6
- Complaints Resolved	6

Friendly Societies

There were no new regulatory developments relating to the friendly societies industry during the quarter ended 31 December 2018.

Microlending

Inspections conducted

During the period under review, six (6) full-compliance inspections were scheduled. Only four (4) of these scheduled inspections were conducted. The one entity could not be located at its registered premises, whilst the other entity indicated that microlending activities were being conducted at the branch offices, and not at the registered premises.

The entity that could not be located at its registered premises subsequently informed the inspectors that they have ceased to conduct microlending business. Thus, deregistration proceedings were subsequently initiated.

The Department conducted one (1) follow-up inspection during the period under review. This was prompted by the entity's failure to implement the remedial action recommended following a full-compliance inspection conducted in 2017.

Registrations, de-registrations, suspensions and cancellations

During the period under review, fifteen (15) new applications for registration as microlenders were approved after it went through a vigorous internal assessment process. The registration of two (2) microlenders was cancelled during the period under review.

As at 31 December 2018, a total number of 365 microlenders were registered with NAMFISA, representing an increase, quarter-on-quarter, of 4.3 percent.

Penalties and/or fines

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

Drafting, issuing and/or implementation of circulars/directives

NAMFISA issued a total of three circulars during the period under review.

Circular No. MC/ML/1/2018 issued on 23 October 2018 informed the industry of the commencement of the Microlending Act and the Usury Amendment Act, 2018 (Act No. 6 of 2018). The Circular also informed the industry of various other Government and General Notices relating to the Act, which also became operational at the time.

Circular No. MC/ML/2/2018 issued on 30 October 2018 informed the industry of the standards issued under the Microlending Act. It further required the industry to submit all representations in writing regarding the Standards issued to NAMFISA within 30 working days from the date of the Circular. The comments on the standards were due on 13 December 2018.

Circular No. MC/ML/3/2018 issued on 22 November 2018 informed that the standards issued under the Microlending Act and published in Government Gazette No. 6745 of 24 October 2018 also served as the drafts of the proposed standards in terms of section 35(4)(b) of the Act.

Developments on the Microlending Bill

The Microlending Act, No. 7 of 2018 and the Usury Amendment Act No. 6 of 2018 were promulgated on 31 July 2018. The operation of both these Acts commenced on 15 October 2018, with the publication of the respective notices in Government Gazette No. 6736 of the same date.

In addition, the repeal of Government Notice No. 189 of 25 August 2004, the issuing of a regulation under section 36 of the Microlending Act and the determination of finance charges in terms of the provisions of the Usury Act were all contained in Government Notice No. 6736.

The six (6) standards considered as critical subordinate legislation, were issued under section 35(5) of the Microlending Act, and published in Government Gazette No. 6745 of 24 October 2018.

Industry forums and meetings

There were no stakeholder engagements during the period under review.

PART C: STATISTICAL APPENDIX

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Table 1: Registered Entities

	Entities as at end	Entities registered during	Entities de-registered during	Entities as at end
	Q3-2018	Q4-2018	Q4-2018	Q4-2018
Financial Institutions:				
Long-term insurers (LTIs)	16	0	0	16
Short-term insurers (STIs)	15	0	0	15
Reinsurers (both LTIs and STIs)	1	0	0	1
Medical aid funds	10	0	0	10
Pension funds	138	0	4	134
Management companies	17	0	0	17
Investment managers	27	0	0	27
Special Purpose Vehicles (SPVs)	17	1	1	17
Unlisted Investment Managers	22	0	1	21
Microlenders	352	15	2	365
Stock exchanges	1	0	0	1
Stock brokers (including sponsors)	4	0	0	4
Linked Investment Services Provider (LISPS)	3	0	0	3
Friendly societies	1	0	0	1
Sub-total	**624**	**16**	**8**	**632**
Financial Intermediaries:				
Long-term insurance brokers	737	59	4	792
Long-term insurance agents	4 853	213	12	5 054
Short-term insurance brokers	523	23	1	545
Short-term insurance agents	972	42	11	1 003
Subtotal	7 085	337	28	7 394
Total	**7 709**	**353**	**36**	**8 026**

Table 2: Indicators for Supervisory Concerns

Indicators for Supervisory Concerns				Q4-2018									
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	15	8	66	1	0	45	35	215	385	**60,8%**
Stage 2	Early Warning		Staggered submission of returns. Resultant levies not paid	1	5	10	5	1	3	3	65	93	**14,7%**
Stage 3	Risk to Viability or Solvency		Irregular submission of returns. Irregular submission of levies.	0	0	3	2	0	2	0	25	32	**5,1%**
Stage 4	Future Viability in Serious Doubt		No trading, no submission of AFS, no submission of returns, some payment of levies	0	0	1	1	0	0	0	12	14	**2,2%**
Stage 5	Entity Not Viable or Insolvency Imminent		Dormancy, no payment of levies, no submission of returns and owe NAMFISA levies	0	3	55	1	0	2	0	48	109	**17,2%**
Total				**16**	**16**	**135**	**10**	**1**	**52**	**38**	**365**	**633**	**100%**

Table 3: Income and Expenses

Long-term Insurance N$ 000					
STATEMENT OF COMPREHENSIVE INCOME	**Q4 2017**	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**
Single Premiums	940 927	745 767	778 635	789 311	1 538 628
Recurring Premiums	1 475 827	1 606 566	1 417 644	1 444 812	1 467 705
Gross premiums written	**2 416 754**	**2 352 333**	**2 196 279**	**2 239 398**	**3 006 333**
Less: Reinsurance premium	73 404	72 038	78 693	69 523	80 471
Net premiums written	**2 343 350**	**2 280 295**	**2 117 586**	**2 169 878**	**2 925 862**
Gross policyholder benefits paid	1 427 184	1 638 528	1 711 068	1 451 414	2 271 021
Reinsurance recoveries	53 824	48 260	48 722	15 524	48 939
Net policyholders benefits	1 373 360	1 590 268	1 662 346	1 435 890	2 222 082
Change in policyholder liabilities	1 596 949	149 272	500 601	409 159	383 414
Commission paid	153 509	139 914	149 909	154 308	201 092
POLICYHOLDER BENEFITS AND COMMISSION	**3 123 818**	**1 879 454**	**2 312 856**	**2 056 892**	**2 806 588**
GROSS PROFIT/(LOSS)	**-780 468**	**400 841**	**(195 270)**	**170 521**	**119 274**
NET INCOME OVER EXPENSES	887 969	(242 575)	1 010 973	0	793 254
Investment income	1 104 587	(38 093)	1 227 372	731 340	1 200 682
Other income	131 005	116 723	120 168	60 558	57 902
TOTAL INCOME	1 235 592	78 630	1 347 540	791 897	1 258 584
Management expenses	282 015	238 561	284 511	363 460	463 418
Other expenses	62 677	82 549	51 773	136	1 912
Finance costs	2 931	95	283	56978	0
TOTAL EXPENSES	347 623	321 205	336 567	420 574	465 330
PROFIT BEFORE TAXATION	**107 501**	**158 266**	**815 703**	**541 844**	**912 529**

Table 4: Assets and Liabilities

Long-term Insurance N$ 000					
STATEMENT OF FINANCIAL POSITION	**Q4 2017**	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**
Immovable property	520 856	520 845	530 706	529 027	413 500
Property, plant and equipment	34 249	34 486	32 376	29 693	33 746
Intangible assets	403 739	397 803	396 183	68 255	277 646
Deferred tax	0	2	0	0	1 000
Other assets	4 310 864	3 969 058	3 848 683	4 212 732	4 238 164
Investments	37 079 041	35 693 897	36 299 956	36 620 915	44 713 393
NON-CURRENT ASSETS	**42 348 749**	**40 616 091**	**41 107 904**	**41 460 621**	**49 677 449**
Reinsurer's debtors	292 034	341 376	364 327	246 297	92 695
Premium debtors	179 052	348 258	312 309	402 054	395 629
TECHNICAL ASSETS	**471 086**	**689 634**	**676 636**	**648 352**	**488 324**
Cash and cash equivalents	3 101 637	4 168 429	4 646 971	1 794 874	1 305 545
Receivables	1 446 986	1 352 473	1 628 523	1 314 492	1 340 474
Investments	6 565 744	6 976 216	6 913 532	10 927 980	3 828 495
CURRENT ASSETS	**11 114 367**	**12 497 118**	**13 189 026**	**14 037 346**	**6 474 514**
TOTAL ASSETS	**53 934 202**	**53 802 843**	**54 973 566**	**56 146 319**	**56 640 287**
Ordinary share capital	70 952	70 952	74 952	74 752	108 995
Share premium	1 710 453	1 710 453	1 710 453	1 711 508	1 677 411
Retained earnings	7 942 226	7 761 066	8 327 131	7 739 155	8 585 580
Other reserve	(1 033 788)	(1 033 788)	(1 025 933)	(1 023 128)	(1 080 761)
CAPITAL AND RESERVE	**8 689 843**	**8 508 683**	**9 086 603**	**8 502 287**	**9 291 226**
Deferred taxation	0	0	0	0	12373
Other liabilities	32 161	29 976	29 967	268 103	480 012
NON CURRENT LIABILITIES	**32 161**	**29 976**	**29 967**	**268 103**	**492 385**
Policyholder liabilities	43 002 615	43 151 887	43 652 488	45 454 281	44 834 171
Reinsurance creditors	42 220	25 803	33 196	25 414	982 679
TECHNICAL LIABILITIES	**43 044 835**	**43 177 690**	**43 685 684**	**45 479 696**	**45 816 850**
Trade and other payables	1 084 393	45 294 160	987 548	1 639 636	582 776
Current income taxation	(4 293)	782	(4 330)	2 069	963
CAR	295 848	295 848	287 711	6 156	0
Other liabilities	791 415	963 636	900 383	248 370	456 088
CURRENT LIABILITIES	**2 167 363**	**2 086 494**	**2 171 312**	**1 896 231**	**1 039 827**
TOTAL LIABILITIES	**45 244 359**	**45 294 160**	**45 886 963**	**48 679 122**	**47 349 062**
Excess Assets	**8 689 843**	**8 508 683**	**9 086 603**	**8 502 288**	**9 291 225**

Table 5: Income and Expenses

Short-term Insurance N$ 000					
Income statement	**Q4 2017**	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**
Gross premiums written	**958 074**	**1 023 433**	**872 904**	**962 285**	**929 504**
Less: Reinsurance expense	303 583	256 706	185 561	297 411	298 802
Net premiums written	**654 491**	**766 727**	**687 343**	**664 874**	**630 702**
Change in provision for UPR	41 868	127 962	17 419	63 516	39 690
Net Premiums earned	**612 623**	**638 765**	**669 924**	**601 358**	**591 012**
Gross claims and loss adjustment expenses	374 976	425 121	515 333	474 374	502 262
Change in IBNR	7 164	3 736	(3 089)	(9 076)	2 383
Less: Gross claims and loss adjustment expenses recovered from reinsurers	66 795	89 691	144 586	151 518	167 591
Net Claims incurred	**315 345**	**339 166**	**367 658**	**313 780**	**332 288**
Commission incurred	138 001	106 854	106 329	107 143	112 956
Less: Commission earned	85 350	43 221	63 476	58 268	55 286
Net commission incurred	**52 651**	**63 633**	**42 853**	**48 875**	**57 670**
CLAIMS AND COMMISSION	**367 996**	**402 799**	**410 511**	**362 654**	**389 958**
Underwriting surplus	**244 627**	**235 966**	**259 413**	**238 704**	**201 054**
Management expenses	184 447	153 380	92 704	221 790	190 106
Finance costs	(252)	(24)	311	328	(33)
Investment income	57 174	153 880	79 319	47 894	74 293
Other income	7 316	7 100	14 578	19 466	18 640
Other Expenses	3 091	15 453	5 581	7 782	-
Profit before tax	**121 831**	**228 137**	**254 714**	**76 164**	**103 914**
LESS: Est. taxation (Current + def.)	63 993	38 405	34 608	22 263	23 329
PROFIT FOR THE YEAR	**57 838**	**189 732**	**220 106**	**53 901**	**80 585**
Other comprehensive income for the quarter	2 955	8 125	(14 633)	2 222	1 241
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	**60 793**	**197 857**	**205 473**	**56 123**	**81 826**

Industry Performance Ratios	Q4-2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018
Cession ratio	32%	25%	21%	31%	32%
Net loss ratio	51%	53%	55%	52%	56%
Expense ratio	39%	36%	21%	46%	42%
Net combined ratio	91%	89%	76%	99%	98%

Table 6: Balance Sheet

Short-term Insurance N$ 000					
INDUSTRY STATEMENT OF FINANCIAL POSITION	**Q4 2017**	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**
NON-CURRENT ASSETS	**1 285 276**	**1 343 110**	**1 292 785**	**1 421 735**	**1 380 994**
Immovable property	2 281	2 228	2 244	1 902	1 388
Property, plant and equipment	20 018	19 093	19 530	17 626	17 984
Intangible assets	27 427	27 286	22 092	21 032	39 846
Deferred tax	39 138	14 625	12 252	26 824	38 433
Other assets	52 554	55 753	57 128	64 307	53 801
Investments	1 143 858	1 224 125	1 179 539	1 290 045	1 229 542
TECHNICAL ASSETS	**1 061 675**	**1 200 907**	**1 075 450**	**1 339 905**	**1 466 064**
Reinsurers' share of unearned premiums	387 673	465 829	413 848	322 874	308 042
Reinsurers' share of outstanding claims	222 715	263 343	286 531	277 414	363 436
Reinsurers' share of claims incurred but not reported	62 180	54 995	60 473	55 334	55 266
Commission Receivable	21 375	21 727	18 654	784	716
Premium debtors	367 732	395 013	295 944	683 499	738 604
CURRENT ASSETS	**3 885 821**	**4 045 970**	**4 141 962**	**3 544 508**	**3 693 358**
Cash and cash equivalents	1 080 674	1 299 989	1 168 454	974 430	908 552
Other Receivables	538 600	472 495	525 321	118 029	271 267
Investments	2 266 547	2 273 486	2 448 187	2 452 048	2 513 538
TOTAL ASSETS	**6 232 772**	**6 589 987**	**6 510 197**	**6 306 148**	**6 540 417**
CAPITAL AND RESERVES	**2 080 299**	**2 184 547**	**2 279 248**	**2 223 760**	**2 172 407**
Ordinary share capital	80 602	90 402	89 016	64 637	67 305
Share premium	187 506	187 506	186 945	212 951	209 085
Retained earnings	1 734 598	1 830 526	1 926 805	1 868 227	1 814 572
Contingency reserve	75 963	76 113	76 482	77 945	74 946
Other reserve	1 630	-	-	-	6 499
NON CURRENT LIABILITIES	**34 621**	**12 936**	**11 585**	**131 626**	**59 592**
Deferred taxation	29 600	3 881	2 158	1 183	1 195
Other liabilities	5 021	9 055	9 427	130 443	58 397
TECHNICAL LIABILITIES	**3 421 446**	**3 666 089**	**3 641 993**	**3 484 751**	**3 820 792**
Gross provision for unearned premiums	1 976 667	2 182 500	2 148 025	2 113 017	2 139 702
Gross outstanding claims	686 300	720 771	752 507	696 056	775 783
Gross claims incurred but not reported	221 861	218 411	220 502	223 624	221 621
Commission Due	15 716	19 690	15 159	2 738	118 552
Reinsurance creditors	520 902	524 717	505 800	449 316	565 134
			4 230 949	**4 082 385**	**4 368 009**
CURRENT LIABILITIES	**696 406**	**726 415**	**577 371**	**466 008**	**487 625**
Trade and other payables	414 692	459 978	332 975	249 839	326 447
Current income taxation	47 490	38 112	16 943	200	3 289
Other liabilities	234 224	228 325	227 453	215 969	157 889
TOTAL EQUITY AND LIABILITIES	**6 232 778**	**6 589 987**	**6 510 197**	**6 306 145**	**6 540 416**
Solvency Ratio	**33%**	**33%**	**35%**		

Table 7: Experience Ratio

Short-term Insurance	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Premium earned by class (% of total)					
Fire	14%	15%	12%	0%	0%
Marine	0%	0%	0%	0%	1%
Aviation	0%	0%	0%	23%	26%
Vehicles	25%	26%	23%	47%	58%
Guarantee	0%	-1%	-3%	12%	7%
Miscellaneous	19%	24%	29%	-3%	9%
Personal	43%	36%	38%	29%	-2%
Loss ratio by class					
Fire	33%	29%	114%	48%	-7%
Marine	130%	-44%	85%	85%	22%
Aviation	-186%	-11%	48%	60%	46%
Vehicles	63%	57%	60%	56%	38%
Guarantee	-112%	-43%	-20%	114%	138%
Miscellaneous	37%	31%	18%	-45%	1%
Personal	54%	74%	56%	18%	-805%
Underwriting results (% of premiums earned)					
Fire	8%	8%	-3%	0%	1%
Marine	0%	1%	0%	0%	1%
Aviation	0%	1%	0%	7%	12%
Vehicles	7%	9%	7%	14%	32%
Guarantee	-1%	-1%	-3%	-3%	-4%
Miscellaneous	11%	16%	24%	-3%	9%
Personal	16%	5%	14%	24%	-16%

Table 8: Medical Aid Funds Membership

	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Membership					
Number of Principal Members	82 698	82 051	81 737	81 661	81 490
Number of Dependants	103 398	102 780	102 736	102 725	103 282
Number of Pensioners	9 340	10 581	10 824	11 085	11 033
Total Members	**195 436**	**195 412**	**195 297**	**195 471**	**195 805**

Table 9: Contributions, Income and Expenses

MAFs N$ 000					
Income and expenses	**Q4 2017**	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**
Gross Contribution received	956 851	1 025 923	1 022 193	996 171	992 472
Savings Plan Contributions/Roll-Over Contributions	30 663	32 670	32 780	0	0
Less: Net Reinsurance expenses	1 507	7 533	6 969	0	0
Net Contribution	**924 681**	**985 720**	**982 444**	**996 171**	**992 472**
Less: Net Claims Incurred	705 913	841 165	921 420	922 317	777 063
Underwriting surplus	**218 767**	**144 555**	**61 023**	**73 854**	**215 409**
Less: Administrative expenses	63 268	67 145	67 220	67 171	67 301
Less: Operational expenses	18 748	14 166	18 935	19 111	21 062
Less: Managed Care: management services	14 374	14 653	14 893	15 088	14 682
Less: Consultant Fees/Professional fees	0	0	0	65	63
Less: Net Reinsurance expenses	0	0	0	6 783	6 333
Total Expenses	**96 502**	**97 586**	**101 048**	**108 218**	**109 441**
Surplus/(Deficit) from operations	**122 266**	**46 969**	**-40 025**	**-34 364**	**105 968**
Add: Other income (Sundry income)	(2 746)	2 210	1 978	2 494	1 833
Add: Net Investment income	31 989	(2 849)	39 864	27 683	(8 824)
Net Surplus/(Loss)	**151 508**	**46 329**	**1 818**	**-4 187**	**98 977**

Table 10: Balance Sheet

MAFs N$ 000					
	Q4 2017	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**
ASSETS					
Non-current Assets	**68 639**	**68 577**	**68 540**	**68 852**	**68 955**
Property, Plant & Equipment	4 051	4 009	3 991	3 966	4 090
Investments	64 588	64 569	64 549	64 886	64 865
Current assets	**1 703 404**	**1 742 143**	**1 769 172**	**1 758 397**	**1 769 172**
Investments	1 391 379	1 469 935	1 543 844	1 563 311	1 605 801
Accounts receivable (Debtors)	42 146	44 974	36 962	40 603	27 994
Cash & cash equivalents	269 879	227 234	188 366	154 483	230 446
Total Assets	**1 772 043**	**1 810 721**	**1 837 712**	**1 827 249**	**1 838 127**

Table 10: Balance Sheet (continued)

MAFs N$ 000	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
FUNDS AND LIABILITIES					
Members' Funds	1 359 673	1 407 769	1 420 145	1 416 174	1 517 641
Accumulated funds	1 359 673	1 407 769	1 420 145	1 416 174	1 517 641
Non-current liabilities		**0**	**0**	**0**	**0**
Long-term loans (Borrowings)		0	0	0	0
Current liabilities	**412 370**	**402 952**	**417 567**	**411 071**	**415 555**
Accounts payable (creditors)	106 638	106 422	114 791	94 000	106 586
Provision for outstanding claims/IBNR	257 854	287 867	286 062	295 013	261 864
Bank overdraft	0	0	0	0	0
Savings plan liability (other liabilities)	44 210	5 149	5 422	13 277	39 295
Provision for bad debt	1 919	1 763	9 543	8 781	7 810
Short-term Loans (Borrowings)	1 750	1 750	1 750	-	-
Total Funds and Liabilities	**1 772 043**	**1 810 721**	**1 837 712**	**1 827 245**	**1 933 196**
Investments N$					
Investments in Namibia	**928 096**	**986 048**	**1 111 244**	**958 686**	**988 988**
Government & Other stock/(Bonds)	127 265	161 155	119 506	114 014	174 004
Shares/equities	82 872	69 814	74 447	56 720	83 631
Unit trust schemes	280 723	304 960	383 900	496 427	438 421
Debentures	2 871	0	3 848	0	0
Loans Stock Investment	2 874	0	7 618	0	0
Fixed Deposit and Savings Accounts	750	750	750	750	7 635
Properties	7 450	7 835	7 450	8 993	15 597
Cash & Equivalents (Call Accounts)	393 857	251 493	481 337	247 886	233 968
Unlisted Investments	0	158 918	0	0	0
Treasury bills	29 434	31 124	32 389	33 896	35 732
Investments outside Namibia	**527 871**	**548 455**	**497 148**	**669 511**	**681 678**
Cash Outside Namibia	41 514	40 353	37 893	58 703	22 402
Equities/shares	155 199	239 197	244 716	448 021	477 737
Government & Other stock/(Bonds)	8 057	31 111	6 457	4 433	1 541
Bonds	19 774	0	25 808	59 632	89 422
Properties	3 141	6 908	6 878	0	0
Unit trusts schemes	300 187	230 887	175 396	98 722	90 576
Total investment assets	**1 455 968**	**1 534 504**	**1 608 393**	**1 628 197**	**1 670 666**

Table 11: Claims Typology

MAFs N$ 000					
Claims typology	**Q4 2017**	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**
Hospitals	271 253	293 946	312 958	312 619	278 601
General Practitioners	62 849	65 726	80 924	84 136	69 037
Pharmacies/Medicine	115 508	131 021	148 449	147 440	127 173
Specialists	85 509	102 479	121 507	112 641	101 895
Auxiliary Services	37 977	40 960	49 989	39 508	39 807
Pathologists	33 406	43 706	46 194	56 645	47 398
Optometrists	21 177	27 638	27 120	24 914	15 607
Dentists	31 668	35 999	42 528	39 921	41 364
Radiologists	27 919	39 349	47 085	50 746	44 629
Dental Specialists	3 318	4 082	4 233	4 802	4 458
Dental Therapists	867	1 203	1 018	2 124	2 035
Psychiatric Institutions	1 474	1 432	2 168	2 645	2 687
Optic Payouts	0	0	0	68	8 095
Other	19 871	26 548	22 783	34 560	27 547
IBNR movement	-6 881	27 076	14 463	9 548	-33 270
Total	**705 913**	**841 165**	**921 420**	**922 317**	**777 063**

Table 12: Membership

	Q4 2017	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**
Friendly Societies					
Principal Members	604	600	607	602	611
Dependants	1 390	1 390	1 416	1 476	1 498
Total Members	**1 994**	**1 990**	**2 023**	**2 078**	**2 109**

Table 13: Income and Expenses

Friendly Societies Income Statement (N$)	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Contributions received	**44 000**	**45 725**	**47 025**	**49 218**	**49 998**
				0	0
Claims	10 000	25 000	5 000	15 000	17 467
Underwriting surplus/(deficit)	**34 000**	**20 725**	**42 025**	**34218**	**32531**
Administration fees					
Operational expenses	20 096	1 485	15 710	20 796	7 848
Consultant fees/professional fees					
Total Expenses	**20 096**	**1 485**	**15 710**	**20 796**	**7 848**
Surplus/(deficit) operations	**13 905**	**19 240**	**26 315**	**13 422**	**24 683**
Other income	0			542	367
Investment income	18 958	19 423	20 594	30 493	23 654
Net Surplus /(Deficit)	**32 863**	**38 663**	**46 909**	**44 457**	**48 704**

Table 14: Balance Sheet

Friendly Societies Balance Sheet (N$)	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
ASSETS					
Non-current Assets					
Long-term Investments					
Current assets	**1 363 435**	**1 442 512**	**1 514 705**	**1 540 560**	**1 572 901**
Accounts receivable	16 023	31 840	27 827	20 185	21 646
Cash & cash equivalents	22 115	64 902	103 026	32 254	40 253
Short-term Investments	1 325 297	1 345 770	1 383 852	1 488 121	1 511 002
Total Assets	**1 363 435**	**1 442 512**	**1 514 705**	**1 540 560**	**1 572 901**
FUNDS AND LIABILITIES					
Members' Funds	1 281 604	1 337 605	1 406 141	1 450 597	1 499 301
Accumulated funds	1 281 604	1 337 605	1 406 141	1 450 597	1 499 301
Current liabilities	**81 831**	**104 909**	**108 564**	**89 963**	**73 600**
Accounts payable (creditors)	16 181	45 810	49 564	30 963	14 600
Provision for outstanding claims/IBNR	50 000	50 000	50 000	50 000	50 000
Savings plan liability(other liabilities)	6 650	99	-	-	-
Provision for bad debt	9 000	9 000	9 000	9 000	9 000
Total Funds and Liabilities	**1 363 435**	**1 442 514**	**1 514 705**	**1 540 560**	**1 572 901**
Investments					
Investments in Namibia	**1 347 412**	**1 345 770**	**1 486 878**	**1 520 375**	**1 551 255**
Cash & Equivalents (Call Accounts)	1 347 412	1 345 770	1 486 878	1 520 375	1 551 255
Investments					
Investments outside Namibia	**0**	**0**	**0**	**0**	**0**
Total investments	**1 347 412**	**1 345 770**	**1 486 878**	**1 520 375**	**1 551 255**
% 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 15: Investment of Funds

Pension Funds N$ million	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Total Investments					
Investments	134 632	136 898	141 381	145 302	139 802
Other Assets (Insurance Policies)	20 228	19 373	20 383	20 660	19 077
Total Investments	154 860	156	161 763	165 961	158 879

Table 16: Geographical Asset Allocation

Pension Funds								
Geographical Asset Allocation	**Q1 2017**	**Q2 2017**	**Q3 2017**	**Q4 2017**	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**
Namibia	47%	46%	46%	42%	45%	40%	40%	42%
CMA	21%	20%	21%	27%	25%	27%	26%	27%
Africa (Excl CMA)	3%	5%	5%	4%	5%	5%	5%	3%
International	29%	28%	29%	26%	25%	28%	29%	28%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Table 17: Allocation of Funds under Management

CIS N$ million	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Country allocation					
Namibia	32 506	36 284	39 513	38 787	39 591
Common Monetary Area	18 708	15 894	15 039	16 123	18 860
Offshore	4 705	4 663	5 160	5 423	4 562
Total country allocation	**55 920**	**56 841**	**59 711**	**60 333**	**63 014**
Asset allocation					
Money market investments					
Treasury bills	4 450	5 012	6 578	5 718	5 205
Negotiable certificates of deposit	15 791	18 937	15 921	18 320	18 911
Banker's Acceptances	-	-	-	-	-
Debentures	144	175	451	527	620
Notice, call and other deposits	10 454	8 370	10 269	11 937	7 590
Other	5 045	4 205	5 626	4 107	7 285
Listed equity	10 698	10 956	11 469	11 199	11 162
Listed debt	5 765	5 987	6 157	6 976	7 663
Unlisted equity	1 356	1 414	1 355	208	1 257
Unlisted debt	657	831	810	182	2 248
Unlisted property	-	-	-		-
Other assets	1 558	954	1 074	1 159	1 074
Total asset allocation	**55 920**	**56 841**	**59 711**	**60 333**	**63 014**

Table 18: Sources of Funds

CIS
N$ million

Source	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Pension funds	5 047	4 966	5 791	6 404	6 349
Short-term insurance companies	529	441	849	733	803
Long-term insurance companies	2 551	2 441	2 574	2 714	3 202
Medical aid funds	310	322	433	404	407
Unit trust schemes	13 928	14 382	6 913	6 766	8 021
Companies	15 054	15 171	22 193	21 956	22 918
Natural persons	13 355	15 856	17 227	17 473	17 858
Other	5 145	3 261	3 732	3 882	3 455
Total Assets	**55 920**	**56 841**	**59 711**	**60 333**	**63 014**
	47 483	48 671	50 064	50 078	52 252

Table 19: Equity Market Performance

Financial Markets

Indices	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
NSX overall index (points)	1 300	1 378	1 284	1 303	1 307
NSX local index (points)	600	629	620	615	621
JES All Share Index (points)	59 505	55 475	57 611	55 709	52 737
Securities Traded					
Overall value of equity securities traded (N$ m)	2 552	3 213	2 905	2 452	3 554
Local value of equity securities traded (N$ m)	254	274	103	136	372
Overall volume of securities traded (m)	34	48	37	47	62
Local volume of securities traded (m)	9	11	4	5	15
Shares In Issue					
Overall market shares in issue (m)	29 818	29 747	35 681	30 898	30 981
Local market shares in issue (m)	3 100	3 053	2 060	3 961	4 059
Total shares in issue (m) DCB	1 051	1 001	1 879	1 891	1 988
Total shares in issue (m) ETFs	240	219	196	179	153
Market Capitalisation					
Overall market capitalisation (N$ m)	2 083 149	2 197 779	2 210 044	2 050 575	1 989 913
Local market capitalisation (N$ m)	36 018	37 126	36 489	35 905	35 406
Liquidity (%)					
Overall market	0,12%	0,15%	0,13%	0,12%	0,18%
Local market	0,71%	0,74%	0,28%	0,38%	1,05%

Table 20: Allocation of Funds under Management

Investment Management N$ million	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Country allocation					
Namibia	79 367	81 967	80 494	80 662	82 717
Common Monetary Area	61 318	56 843	58 379	57 190	55 891
Offshore	23 598	22 786	25 225	29 284	25 544
Total country allocation	**164 283**	**161 595**	**164 098**	**167 136**	**164 152**
Asset allocation					
Money market investments					
Treasury bills	20 850	21 337	5 616	5 416	4 766
Negotiable certificates of deposit	8 136	9 784	17 243	18 427	18 910
Banker's Acceptances	23	23	24	-	-
Debentures	163	189	451	527	620
Notice, call and other deposits	17 368	13 744	16 507	16 900	15 578
Other	3 884	3 465	2 708	3 214	3 576
Listed equity	75 267	74 978	74 515	75 010	71 657
Listed debt	22 487	23 437	29 849	31 059	33 014
Unlisted equity	2 006	2 057	2 155	2 207	2 047
Unlisted debt	105	103	1 335	1 185	1 854
Unlisted property	823	825	807	-	-
Other assets	13 171	11 654	12 890	13 191	12 129
Total asset allocation	**164 283**	**161 595**	**164 098**	**167 136**	**164 152**

Table 21: Sources of Funds

Investment Management N$ million					
Source	**Q4 2017**	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**
Pension funds	85 431	85 401	84 699	85 847	81 742
Short-term insurance companies	687	590	561	559	542
Long-term insurance companies	26 430	26 249	26 726	27 549	26 607
Medical aid funds	540	443	478	485	495
Unit trust schemes	31 417	41 793	43 886	45 272	46 971
Companies	5 533	3 001	2 856	2 907	2 843
Natural persons	7 175	364	369	407	458
Other	7 071	3 755	4 496	4 109	4 494
Total Assets	**164 283**	**161 595**	**164 098**	**167 136**	**164 152**
	19 779	**7 120**	**7 749**	**7 423**	**7 795**

Table 22: Microlender Credit Extension

Microlending	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Value of loans disbursed (N$ million)	**974**	**893**	**1 007**	**1 031 223**	**1 147 499**
Term lenders	735	673	791	803 056	921 775
Payday lenders	239	220	216	228 167	225 724
Number of loans	**178 310**	**165 367**	**161 397**	**123 225**	**66 513**
Term lenders	30 913	29 068	31 230	31 916	37 139
Payday lenders	147 397	136 299	130 167	91 309	29 374
Average amounts (N$)					
Term lenders	23 777	23 157	25 339	25 162	24 820
Payday lenders	1 620	1 613	1 657	2 499	7 684
Total value of loan book (N$ million)	**5 460**	**4 926**	**5 956**	**5 562 938**	**6 446 923**
Term lenders	5 341	4 814	5 842	5 522 189	6 407 930
Payday lenders	119	112	114	40 749	38 993
Number of clients	**326 164**	**288 444**	**333 690**	**263 287**	**218 405**
Term lenders	254 873	223 595	265 631	220 001	197 334
Payday lenders	71 291	64 849	68 059	43 286	21 071

Table 23: Consumer Complaints

Complaints Received	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Microlending and credit agreements	74	67	117	116	100
Capital markets	0	0	1	2	0
Collective investment schemes	1	0	0	1	0
Long-term insurance	61	77	66	106	77
Short-term insurance	38	32	39	39	41
Medical aid funds	1	2	5	2	4
Pension funds	46	28	36	55	59
Others/referrals	0	0	0	0	0
Total	**221**	**206**	**264**	**321**	**281**

Table 24: Consumer Complaints Progress

Division	Total no of complaints received	No of resolved complaints	Funds recovered (N$)
Microlending and Credit Agreements	100	89	135 893
Capital markets	0	0	0
Collective investment schemes	0	0	0
Long-term insurance	77	62	157 612
Short-term insurance	41	28	313 778
Medical aid funds	4	4	2 248
Pension funds	59	50	2 301 736
Others/referrals	0	0	0
Total complaints	**281**	**233**	**2 911 267**

Table 25: Consumer Complaints Typology

The total number of complaints received per quarter

	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Microlending and Credit Agreements	**74**	**67**	**117**	**116**	**117**
Non-cancellation of contract	8	10	13	14	13
Queries	2	3	3	10	3
Overcharged interest	17	14	18	29	18
Non-payment of refunds	8	10	6	12	6
Overpayment	3	1	2	18	2
Illegal deductions	0	0	0	1	
Extension of loan repayment period	0	0	0	4	
Dispute	0	0	0	3	
Service not delivered	0	0	0	15	
Listing on Credit Bureau	0	0	0	1	
Retention of Identification Card	0	0	0	1	
Marketing Issues	7	11	26	1	26
Query: Arrears on loan	17	8	23	1	23
Breach of Contract	2	2	16	1	16
Request to negotiate repayment period	3	4	1	1	1
Erroneaous Funds Transfer	6	3	8	1	8
Loan Amount not Dsibursed	1	1	1	1	1
Capital Markets	**0**	**0**	**1**	**2**	**1**
Non-payment of refunds	0	0	1	1	1
Low investment/saving value	0	0	0	1	0
Collective Investment Schemes	**1**	**0**	**0**	**1**	**0**
Low investments/Savings value	**0**	**0**	**0**	**1**	**0**
Query	1	0	0	0	0
Long-term Insurance	**61**	**77**	**66**	**106**	**66**
Non-cancellation of insurance policy	17	6	10	25	10
Dispute: Correctness of payment received	0	1	2	8	2
Non-payment of savings	1	1	2	1	2
Delay in disability/funeral benefit payment	3	8	3	1	3
Low investment/savings value	1	4	3	4	3
Non-payment of refunds	14	17	17	1	17
Policy lapses	5	4	14	7	14
Repudiation of death benefit	3	13	2	2	2
Non-provision of the information	3	2	3	5	3
Illegal deductions	0	7	4	11	4
Non-payment of beneficiary claim	4	5	2	1	2
Policy administration enquiry	10	9	4	4	4
Repudiation of insurance claim	0	0	0	1	
Non-payment of funeral benefit	0	0	0	4	

Table 25: Consumer Complaints Typology (continued)

The total number of complaints received per quarter

	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Long-term Insurance (continued)					
Repudiation of funeral benefit	0	0	0	5	
Service not acceptable	0	0	0	18	
Repudiation d disability benefit	0	0	0	8	
Short-term Insurance	**38**	**32**	**39**	**39**	**39**
Repudiation of motor vehicle accident	9	6	9	5	9
Repudiation of medical insurance	2		2	9	2
Repudiation of legal insurance claim	2	4	5	12	5
Repudiation of property insurance claim	4	1	2	2	2
Queries	4	7	2	1	2
Non-cancellation of insurance policy	4	5	3	3	3
Repudiation of third party	1	2		1	
Repudiation of loss of income				1	
Illegal deduction		3	3	1	3
Repudiation of motor cycle replacement	5			1	
Non-payment of refund		1		1	
Dispute	7	2	11	2	11
Repudiation of personal claim		1	2	0	2
Medical Aid Funds	**1**	**2**	**5**	**2**	**5**
Query	0	1	1	0	1
Repudiation of hospital benefit	0	0	2	0	2
Repudiation of medical benefit	1	1	2	1	2
Service not acceptable	0	0	0	1	
Pension Funds	**46**	**28**	**36**	**54**	**36**
Delay in pension benefit payment	29	13	17	7	17
Non-payment of withdrawal benefit	2	1	3	6	3
Dispute: correctness of payment received	3	2	1	8	1
Non-payment of pension benefits	4	9	4	15	4
Non-payment of death benefit	8	3	11	1	11
Erroneous of Funds Transfer	0	0	0	1	
Non-payment of retirement annuity	0	0	0	2	
Withholding of pension benefit	0	0	0	2	
Service not accpetable	0	0	0	6	
Pension administration enquiry	0	0	0	1	
Non-payment of disability benefit claim	0	0	0	1	
Pension Fund Investements	0	0	0	1	0
Non-provision of information	0	0	0	1	0
Non-payment of pension contribution by employer	0	0	0	1	0
Non-payment of Pension surplus	0	0	0	1	
Friendly Societies	**0**	**0**	**0**	**0**	**0**
Queries	0	0	0	0	0
General (miscellaneous complaints)	**0**	**0**	**0**	**0**	**0**
Total complaints	**221**	**206**	**264**	**320**	**264**

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 provider 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 Capitalisation
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.

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 provider 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 Capitalisation
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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