

GOVERNMENT NOTICE

MEDICAL AID FUNDS

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY

No. X

2018

**STANDARDS MADE UNDER THE FINANCIAL INSTITUTIONS AND MARKETS
ACT, 2018**

The Namibia Financial Institutions Supervisory Authority has under section 410 of the Financial Institutions and Markets Act, 2018 (Act No. X of 2018), made the standards set out in the Schedule.

Gersom Katjimune

Chairperson

Windhoek,

2018

DRAFT STANDARD

REQUIREMENTS FOR THE RULES OF A MEDICAL AID FUND AND ANY
AMENDMENT OF SUCH RULES

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY

Standard No: MAF.S.7.4

FINANCIAL INSTITUTIONS AND MARKETS ACT, 2018 [Act No. • of 2018]

Requirements for rules of a medical aid fund and any amendments of such rules

Standard No. MAF.S.7.4

issued by NAMFISA under section 410(8)(p) of the Financial Institutions and Markets Act, 2018

Definitions

1. (1) In this Standard, “Act” means the Financial Institutions and Markets Act, 2018 [Act No. • of 2018], and includes the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act.
- (2) Words and phrases defined in the Act have the same meaning in this Standard, unless the context indicates otherwise, including without limitation, the following-
 - (a) as defined in section 1 of the Act-
 - (i) medical aid fund;
 - (ii) NAMFISA;
 - (iii) officer; and
 - (iv) principal officer;
 - (b) as defined in section 321 of the Act-
 - (i) beneficiary;
 - (ii) board or board of trustees;
 - (iii) contribution;
 - (iv) fund;
 - (v) fund administrator;
 - (vi) member; and

(vii) rules.

Applicability

2. This Standard applies to all medical aid funds registered under the Act and to their boards of trustees, principal officers and fund administrators.

Requirements for rules

3. The rules of a medical aid fund must not be inconsistent with the Act, the regulations and this Standard, must be in the official language of the Republic of Namibia and must provide for the following matters:
 - (a) the full name of the medical aid fund, including a reference to any name changes that the fund may have undergone;
 - (b) the date of registration of the medical aid fund and the date of the first and subsequent financial year end;
 - (c) the address of the principal office of the medical aid fund;
 - (d) the objects of the medical aid fund;
 - (e) a list of definitions, in alphabetical order, defining any terms which are frequently used in the rules and which bear a special connotation;
 - (f) the payment of contributions to the medical aid fund by or on behalf of members;
 - (g) a detailed description of the eligibility conditions for joining the medical aid fund and the circumstances under which membership shall cease, with specific reference to the following:
 - (i) the types of membership e.g. principle, spouse, dependant, and/or special etc, who are, or may in due course become, eligible to join the fund;
 - (ii) details regarding conditions for continuation of membership either after employment or as a dependent of a deceased member; and

- (iii) whether membership is to be compulsory or not, and, if applicable, any period within which current employees may exercise a choice with respect to membership;
- (h) the circumstances under which contributions may be increased or decreased and providing for prior written notice to members of any change in contributions and benefits or any other condition affecting their membership;
- (i) the right of members to make voluntary contributions;
- (j) the nature and extent of the benefits granted by the fund, and the payment of such benefits to a member or other person entitled thereto;
- (k) a specific description of the type of participation in the fund so as to differentiate among funds established for the benefit of-
 - (i) employees of a principal employer and its subsidiaries;
 - (ii) employees of employers that do not fall within the ambit of clause k(i); and
 - (iii) employees not referred to in either clauses k(i) or k(ii);
- (l) the appointment or election of a board of trustees and alternate members of the board of trustees to manage the business of the fund, consisting of persons who are fit and proper to hold such office in accordance with the requirements of Standard No. GEN.S.10.2;
- (m) the appointment of any subcommittees of the board;
- (n) the frequency with which the board and any subcommittee referred to in paragraph (m) must meet, which must be at least four times each year in respect of the board and at least twice a year in respect of any subcommittee;
- (o) a detailed description of the duties of the board, and of any subcommittee referred to in paragraph (m);
- (p) the appointment of a principal officer by the board of trustees who is fit and proper to hold such office in accordance with the requirements of Standard No. GEN.S.10.2;
- (q) a detailed description of the duties of the principal officer;

- (r) the powers of the board of trustees, the removal from office of any member of the board of trustees or the principal officer, and the method of determining their remuneration, if any;
- (s) the appointment and removal from office of officers of the fund;
- (t) the manner of calling the annual general meeting and any special general meeting of members, the quorum necessary for the transaction of business at such meetings and the manner of voting thereat, and the requirement that annual general meetings be held within six months after the financial year-end of the fund;
- (u) the investment powers of the medical aid fund;
- (v) the appointment of a valuator of the fund who is fit and proper within the meaning of Standard No. GEN.S.10.2 and independent within the meaning of Standard No. GEN.S.10.8, and provisions regarding the annual investigation and report of the valuator pursuant to section 347 of the Act;
- (w) the appointment of the auditor of the fund, and the duration of such appointment;
- (x) the manner in which contracts and other documents binding the medical aid fund must be executed;
- (y) the manner of amending or rescinding any rules, and of making additional rules;
- (z) the manner in which any disputes between the fund and its members, former members, and any other person whose claim is derived from a member, must be handled
- (aa) the safe custody of title deeds, securities, books, papers and other effects belonging to or held by the fund;
- (bb) subject to the relevant provisions of the Act, the manner in which and the circumstances under which the fund must be terminated or dissolved, with specific reference to:
 - (i) total and partial dissolution;
 - (ii) the appointment of a liquidator, to be approved by NAMFISA; and
 - (iii) any transfers of participating employers to any other medical aid fund;

- (cc) the amalgamation of the medical aid fund with any other financial institution or financial intermediary;
 - (dd) the transfer of the business of the medical aid fund, or any part thereof, to any financial institution or financial intermediary;
 - (ee) the opening of a bank account in the name of the fund;
 - (ff) professional indemnity insurance for the board of trustees and the principal officer;
 - (gg) the contribution to any association instituted for the benefit of a fund;
 - (hh) the allocation to a member of a personal medical savings account, within the limit and in the manner prescribed by the fund from time to time, to be used for the payment of any relevant health service on behalf of that member, if applicable;
 - (ii) donations to any hospital, clinic, nursing home, maternity home, infirmary or home for aged persons in the interest of all or some of such institutions' beneficiaries and the method for the adoption by the fund of the decision to make such donation;
 - (jj) a detailed description of the procedure by which a member or beneficiary may make a claim from the fund; and
 - (kk) the matters referred to in section 352(5) of the Act.
4. The rules of a medical aid fund must not provide any limitation in respect of the reimbursement of any relevant health service obtained by a member from a hospital where this service complies with the general scope and level of benefits provided for by the fund.
5. The rules of a medical aid fund must state the right of:
- (a) members to be provided, free of charge, with a copy of :
 - (i) the rules of the fund upon becoming a member;
 - (ii) a copy of any amendment to, rescission of, or addition to the rules of the fund at the time of its implementation and/or upon becoming a member;
 - (iii) benefit statements at least once per year at the start of a benefit year; and

- (iv) claims statements and benefits statements after each claim has been processed;
 - (b) members, beneficiaries or persons authorised by a member or beneficiary, to inspect, free of charge, any of the documents referred to in clause 5(a)(i) and (ii), at the principal office of the medical aid fund and to make extracts therefrom; and
 - (c) members, beneficiaries or persons authorised by a member or beneficiary to be provided, at a charge that must not exceed N\$• with a copy of:
 - (i) the rules of the fund;
 - (ii) the most recent financial statements of the fund; or
 - (iii) either a full report or an abridged version of the most recent report by the valuator of the fund prepared pursuant to section 347(1) of the Act,provided that upon request of members, electronic copies of any of the documents listed under paragraph (c) must be provided free of charge.
6. (1) Where a medical aid fund imposes a waiting period pursuant to section 354(1) of the Act, the rules of the fund must state that:
- (a) any general waiting period must not be longer than 30 days, and the rules must further stipulate certain conditions which are not subject to any waiting period, or certain conditions which are subject to a general waiting period; and
 - (b) any condition-specific waiting period must not be longer than 30 days.
- (2) Where a medical aid fund imposes a waiting period pursuant to section 354(2) of the Act, the rules of the fund must state that:
- (a) any general waiting period must not be longer than 90 days, provided the rules must further stipulate certain conditions which are not subject to any waiting period, or certain conditions which are subject to a general waiting period; and
 - (b) any condition-specific waiting period must not be longer than nine months.
7. The rules of a medical aid fund must provide that every member must be provided free of charge with:

- (a) a membership card upon becoming a member;
 - (b) upon request of the member, a certificate of membership; and
 - (c) upon termination of the members' membership, with a membership certificate indicating the date on which he or she was admitted as a member and the date on which membership was terminated.
8. A medical aid fund referred to in section 329 of the Act must amend its rules to comply with this Standard within six months of the date on which this Standard comes into effect.

Format and certification

9. The rules of a medical aid fund must comply with the following requirements as to format:
- (a) the rules must be printed in at least 1.5 spacing on A4 paper of at least 80 grams;
 - (b) the rules must be printed on one side of the paper only with a margin of at least 30 mm on the left side of the paper;
 - (c) headings and subheadings must be printed in bold print;
 - (d) definitions must be printed in capital letters and used in that way throughout the text;
 - (e) the document must not contain any underlining; and
 - (f) the document must at the front contain a detailed table of contents, with references to the relevant page numbers.
10. The rules of a medical aid fund must be certified as follows on the first page or on the cover if the rules are in the form of a booklet: “Certified that these are the rules of the XYZ Medical Aid Fund (*substitute “XYZ Medical Aid Fund” with the full name of the fund*) which will become effective on the date of registration of the fund” or “on the specified date” in the case of a fund referred to in clause 8.
11. The rules and any amended, rescinded or additional rule must be signed on the first page as follows:
- (a) where the medical aid fund is administered by one individual, there must be two signatures, by:

- (i) that individual; and
 - (ii) the principal officer; or
- (b) where the fund is managed by a board of trustees, there must be three signatures, by:
- (i) the chairperson of the board;
 - (ii) one other member of the board who is not the principal officer; and
 - (iii) the principal officer.

Adoption of rules

12. A medical aid fund that adopts a new rule or an amendment to or rescission of an existing rule may only do so by resolution of the board.

Amended, rescinded and additional rules

13. Within 30 days from the date of the passing of a resolution for the amendment or rescission of any rule or for the adoption of any additional rule, but not later than 30 days prior to the implementation of any such amended, rescinded or additional rule, the board of the fund shall submit to NAMFISA, together with the text of the amended, rescinded or additional rule, and in the manner prescribed by NAMFISA-
- (a) a copy of the resolution adopted by the board together with a certificate to the effect that the resolution has been adopted in accordance with the provisions of the rules of the fund;
 - (b) if the amended, rescinded or additional rule affects the financial position of the fund, a certificate by the valuator of the fund, or if no valuator has been appointed, by a valuator retained by the fund for this purpose, as to the financial soundness of the amendment, rescission or addition; and
 - (c) a statement explaining the reason for the amended, rescinded or additional rule.

14. The resolution and certificate referred to in clause 13(a) is not necessary in the case of a consolidation of the existing rules, but will apply in the case of a consolidation that contains amended, rescinded or additional rules.
15. In accordance with clause 5(a)(ii), the principal officer of the fund must, within one month of its implementation, communicate to each member a copy of any amendments to, rescissions of or additions to the rules of the fund.

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