

GOVERNMENT NOTICE

MINISTRY OF FINANCE

No.2

2021

REGULATION ISSUED IN TERMS OF THE FINANCIAL INSTITUTIONS AND
MARKETS ACT, 2021

The Minister of Finance has, under subsection 465(5)(a) of the Financial Institutions and Markets Act, 2021 (Act No 2 of 2021), issued the regulation set out in the Schedule.

MINISTER OF FINANCE

WINDHOEK

2021

SCHEDULE

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Regulation

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2. Micro Insurance products

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FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021 [Act No. 2 of 2021]**The meaning of micro-insurance****Regulation No. INS.R. 2.1**

issued by the Minister of Finance under section 465(5)(a) of the Financial Institutions and Markets Act, 2021

Definitions

1. In this Regulation—

- (1) “micro-insurance” means insurance provided by the registered insurers referred to in clause 2 in terms of the benefits of which must not exceed the amounts set out in the Schedule;
- (2) “micro-insurance business” means the business of providing or undertaking to provide policy benefits under a micro-insurance policy;
- (3) “micro-insurance policy” means—
 - (a) any contract for long-term insurance or short-term insurance, either on an individual or group basis, in terms of which a micro-insurer, in return for a premium, undertakes to provide a person or group with policy benefits, not exceeding such amount as is set out in the Schedule, whether in monetary or non-monetary terms; and
 - (b) an insurance policy sold under any plan which has been specifically designed in accordance with the Schedule;
- (4) “micro-insurance product” includes any micro-insurance policy for long-term insurance or short-term insurance and the proposal forms and all marketing materials in respect thereof;
- (5) “micro-insurer” means an insurer referred to in section 2; and
- (6) “Schedule” means the Schedule of micro-insurance benefit thresholds attached to this Regulation and forming part hereof.

(8) “micro-insurance service(s)” means financial service as referred to in section 1 of the Act.

(9) “low-income population” means the population or households who cannot afford the main stream insurance products need low-premium products.

Applicability

2. This Regulation applies to—
 - (1) insurers registered to carry on micro-insurance;
 - (2) insurers registered to carry on long-term insurance and micro-insurance; and
 - (3) insurers registered to carry on short-term insurance and micro-insurance.

Micro-insurance Products

3. To qualify as a micro-insurance product, the micro-insurance policy must comply with the following—
 - (1) the policy must not be a guarantee, aviation, marine or have a co-insurance feature; and
 - (2) the policy must not include fund and sinking fund insurance business.
4. The minimum and maximum amount of benefits under a micro-insurance policy must be capped in accordance with the Schedule.
5. All benefits under a micro-insurance policy must be defined on a first loss or sum assured basis, meaning insurance that provides a defined benefit upon a defined event according to the actual value of the loss suffered.
6. Initial pricing and any subsequent price changes on a micro-insurance policy must be based on verifiable risk considerations as attested to by an actuary.
7. Where benefits under a micro-insurance policy are offered in non-monetary, upon a claim being made, the policyholder must be given the option of receiving a monetary benefit equal to the stated value of the in non-monetary benefit.

Registration

8. A person applying for registration to carry on micro-insurance must pursuant to section 9 and 10 of the Act have paid up capital and surplus in Namibian dollars totalling at least N\$200,000.

Distribution

9. For the purposes of this clause and clauses 10, 11 and 13, a micro-insurance intermediary means a registered insurance intermediary as defined in section 53 and may include:-
 - (1) a civil society;
 - (2) a self-help group;
 - (3) a micro-finance institution;
 - (4) a corporate body;
 - (5) a funeral parlour; and
 - (6) a co-operative.
10. In addition to selling and marketing micro-insurance products and services, a micro-insurance intermediary may perform any or all of the following functions—
 - (1) collection of proposal forms;
 - (2) collection and remittances of premiums;
 - (3) distribution of policy documents;
 - (4) assistance in the settlement of claims; and
 - (5) policy administration services. Refer to INS.S. 2.9.
11. A micro-insurance intermediary may, with prior approval of the micro-insurer, employ certain persons for the purpose of discharging all or any of the functions set forth in sections 10 and 12.

12. Every micro-insurance intermediary and any person employed by the micro-insurance agent or micro-insurance broker in accordance with clause 11, must at all times comply with the provisions of the Act, the Regulations and Standards under the Act and any guidelines, bulletins, rules, directives or other measures that may be issued under the Act, and any violation may lead to termination of the appointment or employment, in addition to imposition of appropriate penalties.

Filing new micro-insurance product designs

13. Every micro-insurer must file with NAMFISA any new micro-insurance product prior to marketing such micro-insurance product to the public. The insurer may after 30 days from the date of submission, if no objection is received from the Registrar lodge the product in the market.

Plain language of micro-insurance policy contract

13. Every micro-insurance policy must comply with the Standard issued pertaining to plain language. Refer to GEN.S. 9.17

SCHEDULE

Micro-Insurance Benefit Thresholds

	MINIMUM BENEFIT/COVER (N\$)*	MAXIMUM BENEFIT/COVER (N\$)*
LIFE INSURANCE		
Disability insurance business	1,000.00	25,000.00
Funeral insurance business	1,000.00	25,000.00
Health insurance business	1,000.00	25,000.00
Life insurance business	1,000.00	25,000.00
NON-LIFE		
Fire	1,000.00	25,000.00
Vehicles	1,000.00	25,000.00
Personal	1,000.00	25,000.00
Gap insurance	1,000.00	25,000.00
Miscellaneous	1,000.00	25,000.00

*the benefit amounts are CPI linked