

**GOVERNMENT NOTICE**

**MINISTRY OF FINANCE**

**NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY**

No. 2

2021

**STANDARDS ISSUED UNDER THE FINANCIAL INSTITUTIONS AND MARKETS ACT,  
2021**

The Namibia Financial Institutions Supervisory Authority has under section 410(3) of the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), issued the Standards set out in the Schedule.

**Gersom Katjimune**  
Chairperson

**Windhoek,**

**2021**

**SCHEDULE**

**FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021 [Act No. 2 of 2021]****POINT OF SALE INFORMATION TO BE PROVIDED BY INSURERS, INSURANCE AGENTS AND INSURANCE BROKERS TO POLICYHOLDERS AND POTENTIAL POLICYHOLDERS****Standard No. INS.S. 2.10**

*issued by NAMFISA under section 410(3) (y) of the Financial Institutions and Markets Act, 2021*

**Definitions**

1. (1) In this Standard, unless the context indicates otherwise—

(a) “Act” means the *Financial Institutions and Markets Act, 2021* [Act No. 2 of 2021] and includes the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act;

(b) “point of sale” means anytime the policy information is discussed from the first contact with the client until the time of the conclusion of the deal.

(d) “tied annuity” means a type of annuity where the fund itself provides the compulsory annuity to its retiring member or where the fund rules predetermine the insurer where the compulsory annuity must be provided.

(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) NAMFISA;
- (ii) premium;

(b) as defined in section 4 of the Act—

- (i) insurance;
- (ii) policyholder;
- (iii) registered insurer;

(c) as defined in section 53 of the Act—

- (i) registered insurance agent;
- (ii) registered insurance broker; and
- (iii) registered insurance intermediary.

2. This Standard applies to all registered insurers, registered insurance agents and registered insurance brokers.
3. This Standard must be read in conjunction with;
  - (1) Standard No. INS.S. 2.7 – Fair treatment of policyholders or potential policyholders and by registered insurance agents and registered insurance brokers;
  - (2) Standard No. GEN.S. 10.17 – Plain language.

### **General information disclosures**

3. The information disclosed at point-of-sale should contain—
  - (a) the name of the registered insurance intermediary and the registered insurer and a description of the of insurance product;
  - (b) the type of insurance product, the benefits, rights, options and duties of the policyholder or potential policyholder;
  - (c) the term of the insurance product, i.e. when the cover begins and ends;
  - (d) a description of the risk to be insured and all exclusions;
  - (e) the total premium payable and the detailed premium break down, the payment date, commission earned by the registered insurance intermediary and consequences of non-payment of the premium by the policyholder or potential policyholder;
  - (f) where policy benefits are bundled under a single insurance product, the separate premiums payable for each policy benefit;
  - (g) in the case of annuity policies, a statement as to whether an insurance product purchase is tied or not;
  - (h) the fees or charges, and the type of fees or charges included in the premium;
  - (i) any fees or charges not included to the premium, including but not limited to the fees or charges of the registered insurance intermediary and charges in respect of early termination;
  - (k) information alerting the policyholder or potential policyholder as to the consequences of non-disclosures of risks to be insured.

### **Timing of the provision of point of sale information to policyholder or potential policyholder**

4. The point of sale information must be disclosed or provided in good time before the policy contract is concluded, and the information should enable an informed decision to be made by the policyholder or potential policyholder before the conclusion of the sale of the insurance product.
5. For the purposes of clause 4, in determining what is “in good time”, registered insurance intermediaries and registered insurers should consider the appropriate level of information and its importance to the policyholder or potential policyholder’s decision-making process.

6. The point of sale information must be provided free of charge, and the policyholder or potential policyholder must be informed where to obtain additional information.

7. The date and time of the point of sale information provided to a client for consideration must be clearly recorded by the registered insurer or registered insurance intermediary and acknowledged, in writing, by the client.

### **Delivery and availability of information to clients**

Insurance product information must be provided at point of sale information in a way that is clear, does not hide or mislead, diminish or obscure important statements or warnings.

8. Point of sale information must be provided in writing..

9. Registered insurance intermediaries and registered insurers must have regard to policyholder or potential policyholder preferences and their access with regard to the mode of delivery (e.g. internet, email and fax) of the point of sale information.

10. Registered insurance intermediaries and registered insurers must focus on the quality of insurance product disclosure rather than the quantity of disclosure. In doing so, the registered insurance intermediary and the registered insurer must exercise reasonable care and focus on material and important point of sale information that the policyholder or potential policyholder should know and not focus on merely ticking boxes on a questionnaire.

11. Clear and simple disclosure is required for all insurance products , particularly regarding the fees, charges and risks involved.

12. Registered insurance intermediaries and registered insurers must obtain acknowledgements, in writing, from policyholders or potential policyholders that they have received and understood the point of sale information provided.

13. In addition to the provisions of this Standard and upon any request made by a policyholder or potential policyholder, registered insurance intermediaries and registered insurers must deliver or make more or better information available to the policyholder or potential policyholder.

### **Disclosure of rights and obligations**

14. Registered insurance intermediaries must inform policyholders or potential policyholders at the point of sale of their rights and obligations inherent in or incidental to a policy contract before conclusion of the sale of the insurance product, including but not limited to:-

(b) the policyholder or potential policyholder's obligation to fully disclose material facts truthfully pertaining to the risks to be insured;

(c) the policyholder or potential policyholder's obligations in terms of the particular policy contract that must be complied with for the duration of its term and the legal consequences of non-compliance;

(d) the policyholder or potential policyholder's obligation to monitor the cover, including a statement, where relevant, that the policyholder or potential policyholder may need to review and update the cover periodically to ensure it remains adequate;

(e) the policyholder or potential policyholder's right to cancel the policy contract and the conditions relating to the right to cancel, and prominent disclosure of any fees or charges related to early cancellation or switching a policy;

(f) the policyholder or potential policyholder's right to claim benefits, including the conditions under which the policyholder or potential policyholder may claim and the contact details to notify of a claim;

(g) the policyholder or potential policyholder's right to complain, including the arrangements for handling policyholder or potential policyholder complaints, which must include the registered insurer's internal claims dispute mechanism and the existence of any independent dispute resolution mechanism; and

(h) all exclusions and limitations.

15. In order to ensure that a policyholder or potential policyholder understands the obligation to disclose material facts referred to in clause 14(b), the registered insurance intermediary must:

(a) explain—

(i) the duty to disclose fully all risks to be insured and a description of the kind of information that needs to be disclosed; and

(ii) the consequences of any failure to make such disclosure; and

(b) ask the policyholder or potential policyholder clear questions about any risk to be insured in a policy.

16. For the purposes of clause 14(h), in determining what exclusions or limitations are important, registered insurance intermediaries must, in particular, consider those that relate to the significant features and benefits of a policy and factors which may have an adverse effect on the benefits payable under it, including but not limited to—

(a) deferred payment periods;

(b) exclusion of certain conditions, diseases or pre-existing medical conditions;

(c) moratorium periods;

(d) limits on the amounts of cover;

(e) limits on the period for which benefits will be paid;

(f) waiting periods;

(g) restrictions on eligibility to claim, such as age, residence or employment;

- (h) surrender values; and
- (i) excess amount to be paid by the policyholder.

### **Compliance**

17. Where a insurance product information sheet is used, it should be clearly identified as such and it should be pointed out to the policyholder or potential policyholder that the information is not exhaustive, and insofar as the information concerns the content of a policy contract, reference should be made as appropriate to the relevant provisions of the policy contract or to the general policy conditions underlying the policy contract.

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