

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]

**The determination of what constitutes a sound financial position of registered insurers
or reinsurers**

Standard No. INS.S. 2.12

*issued by NAMFISA under sections 410(2)(t) and 410(3)(dd) 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) “long-term insurer” means an insurer that is registered to carry on the business of long-term insurance or reinsurance;
 - (c) “outstanding claims” means claims received or filed but not yet settled;
 - (d) “short-term insurer” means an insurer that is registered to carry on the business of short-term insurance or reinsurance;
 - (e) “technical provisions” means—
 - (i) under long-term insurance or long-term reinsurance means amounts set aside to meet all liabilities arising out of long-term insurance or long-term reinsurance policy contracts; and
 - (ii) under short-term insurance or short-term reinsurance means amounts set aside to meet all liabilities in respect of outstanding claims (whether reported or not), provision for unearned premium and for unexpired risks;
 - (f) “unearned premium” means an insurance premium that is paid by the policyholder in advance which the registered insurer or registered reinsurer has not earned; and

- (g) “unexpired risk” means risks underwritten by the registered insurer or registered reinsurer for which coverage extends beyond the valuation date.

(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) client;
- (ii) insurer;
- (iii) NAMFISA;
- (iv) reinsurer;

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

- (i) insurance;
- (ii) policyholder;
- (iii) registered insurer;
- (iv) registered reinsurer; and
- (v) reinsurance.

2. This Standard applies to all registered insurers and registered reinsurers.

3. A registered insurer or registered reinsurer will be considered to have a sound financial position when—

- (a) the insurer’s or reinsurer’s assets exceed its liabilities;
- (b) the insurer or reinsurer meets the capital adequacy requirements for registered long-term insurers or registered long-term reinsurers, or the solvency margin for registered short-term insurers or registered short-term reinsurers set out in Standard No. INS.S. 2.1 - The capital adequacy requirements for registered insurers;
- (c) the insurer or reinsurer provides for technical provisions and values assets appropriately and in accordance with the provisions of Standard No. INS.S. 2.2 - The determination, calculation and valuation of the assets and liabilities of registered insurers for the purposes of capital adequacy, including NAMFISA’s right to change a valuation under circumstances determined in such standard;
- (d) the insurer or reinsurer maintains internal controls and risk management systems that are at a minimum compliant with the requirements of the Act;

- (e) the insurer or reinsurer maintains standards of corporate governance that are at a minimum as high as those required by Standard No. GEN.S. 10.3 - Governance of financial institutions and intermediaries; and
- (f) the insurer or reinsurer generally conducts its business in a manner that will enable it to meet all of its obligations to the public, clients and policyholders.

DRAFT