

# GOVERNMENT GAZETTE

## OF THE

# REPUBLIC OF NAMIBIA

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## General Notice

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### NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY

No. 202-

### STANDARDS UNDER THE FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021

#### INSURANCE

The standards, as set out in the Schedule, are published by the Namibia Financial Institutions Supervisory Authority (NAMFISA) under section 409 of the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021). The standards come into effect on the date of publication.

**ADV. H. GARBERS-KIRSTEN**  
**CHAIRPERSON OF THE BOARD**  
**NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY**

## **SCHEDULE**

### **FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021**

#### **INSURANCE**

#### **CAPITAL ADEQUACY REQUIREMENTS FOR REGISTERED INSURERS AND REINSURERS**

##### **Standard No. INS.S.2.1**

issued by NAMFISA under section 410(3)(a), read with section 20 of the Financial Institutions and Markets Act, 2021

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#### **Definitions**

1. (1) In this Standard -
  - (a) “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021) and it must be read with the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act;
  - (b) “annual premium equivalent” with respect to long-term insurance or reinsurance business means the sum of annual premiums for recurring business and approximate annualised premiums for single premium business, taking into account the average term of the policies for single premium business;
  - (c) “BSCR” means Basic Solvency Capital Requirement and has the meaning as ascribed thereto by clause 4(5);
  - (d) “cell captive” means an insurance or reinsurance vehicle created by a registered insurer or registered reinsurer through a shareholder’s agreement, business agreement or any other agreement for the special purpose of covering the insurance risk which the cell owner, it’s associated party or any other party, is exposed to;
  - (e) “gross written premium” means total premium written by a registered insurer or registered reinsurer whether paid or owed to such registered insurer or registered reinsurer over a period of 12 months;
  - (f) “inadmissible asset” means an asset that, for the purposes of determining the Capital Adequacy Requirement, may not form part of the assets used to demonstrate capital adequacy;
  - (g) “MCR” means Minimum Capital Requirement and has the meaning as ascribed thereto by clause 3(1);
  - (h) “MCRF” means Minimum Capital Requirement Floor and has the meaning as ascribed thereto by clause 3(5);

- (i) “NAMFISA ERS” means the Electronic Regulatory System which facilitates communication between NAMFISA and financial institutions or financial intermediaries;
- (j) “net written premium” means an amount received by and owed to a registered insurer or registered reinsurer in respect of gross written premiums, less an amount equal to the premiums paid and owed by the registered insurer or registered reinsurer in respect of any reinsurance business over a period of 12 months;
- (k) “ORC” means Operational Risk Capital;
- (l) “operating expenses” means gross expenses incurred in carrying on the insurer’s day-to-day activities including but not limited to, claims handling expenses, management expenses, asset management and fund management fees. Operating expenses exclude once-off expenses such as (but not limited to):
  - (i) acquisition expenses relating to the cost of acquiring new business;
  - (ii) the write-down of inventories to net realisable value and the write-down of property, plant and equipment to recoverable amount and the reversal of such write-downs;
  - (iii) a restructuring of the activities of the enterprise and the reversal of any provisions for the restructuring;
  - (iv) losses on disposals of items of property, plant and equipment;
  - (v) losses on disposals of long term investments;
  - (vi) gains and losses arising from natural disasters; and
  - (vii) asset management or fund management fees directly related to linked policies;
- (m) “registered long-term insurer” means an insurer that is registered to carry on the business of long-term insurance;
- (n) “registered long-term reinsurer” means a reinsurer that is registered to carry on business of long-term reinsurance;
- (o) “registered short-term insurer” means an insurer that is registered to carry on the business of short-term insurance;
- (p) “registered short-term reinsurer” means a reinsurer that is registered to carry on a business of short-term reinsurance;
- (q) “SCR” means Solvency Capital Requirement and has the meaning as ascribed thereto by clause 4; and

(r) “technical liabilities” has the meaning ascribed thereto by clause 3 in 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.

(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) banking institution;

(ii) corporate body;

(iii) insurer;

(iv) NAMFISA;

(v) reinsurer;

(vi) valuator;

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

(i) capital adequacy requirement;

(ii) long-term insurance;

(iii) policyholder;

(iv) premium;

(v) registered insurer;

(vi) registered reinsurer;

(vii) short-term insurance;

(c) as defined in section 168 of the Act:

(i) collective investment scheme; and

(ii) participatory interest.

### **Applicability**

**2.** This Standard applies to all insurers and reinsurers registered pursuant to section 11.

### **Minimum Capital Requirement (MCR) for registered insurers and registered reinsurers**

**3.** (1) The Minimum Capital Requirement (MCR) is the absolute minimum amount of capital that the registered insurer or registered reinsurer is required to hold for registration and ongoing operations.

(2) No registered insurer or registered reinsurer shall operate below the MCR.

(3) The Minimum Capital Requirement Floor (MCRF) is the minimum Namibia Dollar amount that a registered insurer and registered reinsurer is required to hold for registration.

(4) The MCRF must consist only of paid-up capital and retained earnings for registered short-term and long-term insurers and reinsurers.

(5) The MCRF is set at:

(a) N\$8,000,000, for a registered insurer operating more than one class;

(b) N\$ 2,000,000, for a registered insurer operating one class only;

(c) N\$200,000, for a registered insurer operating funeral insurance only;

(d) N\$200,000, for a registered insurer operating micro-insurance only;

(e) N\$12,000,000, for a registered reinsurer; and

(f) N\$200,000, for a cell under a cell captive. For a registered insurer or registered reinsurer engaged in cell captive business the MCRF for each cell shall be over and above the MCRF for the registered insurer's or reinsurer's normal business i.e. non-cell captive business.

(6) Every registered insurer and registered reinsurer must at all times hold MCR which is equal to the higher of the values described in paragraphs (a) and (b):

(a) (i) in respect of short-term insurers or reinsurers, the maximum of 15% of the net written premium during its last preceding financial year and 15% of the net written premium during the 12 months rolling period, excluding cell captive business; or

(ii) in respect of long-term insurers or reinsurers, 15% of the annualised operating expenses of the preceding 12 months, excluding cell captive business; and

(b) the MCRF as specified in sub-clause (5).

(7) The MCR for each cell under a cell captive shall be the higher of the values described in paragraphs (a) and (b):

(a) (i) in respect of short-term insurers or reinsurers, the maximum of 15% of the net written premium during its last preceding financial year in respect of that cell and 15% of the net written premium during the 12 months rolling period in respect of that cell; or

(ii) in respect of long-term insurers or reinsurers, 15% of the annual premium equivalence in respect of that cell during the preceding 12 months; and

(b) the MCRF as specified in sub-clause 5(f).

(8) The formulae in the box below illustrates the MCR in sub-clauses (6)(a) and (7)(a):

$$\text{MCR for a registered short-term insurers and registered reinsurers} = \max\{15\% \times NWP_{NC}, MCRF_{NC}\} + \sum_i \max_i\{15\% \times NWP_{C_i}, MCRF_{C_i}\}; \text{ and}$$

$$\text{MCR for a registered long-term insurers and registered reinsurers} = \max\{15\% \times OP \exp_{NC}, MCRF_{NC}\} + \sum_i \max_i\{15\% \times APE_{C_i}, MCRF_{C_i}\}$$

**where:**

$NWP_{NC}$  = is the maximum of the net written premium by the insurer during its last preceding financial year and the net written premium during the 12 months rolling period for non-cell captive business

$MCRF_{NC}$  = MCRF for non-cell captive business

$OP \exp_{NC}$  = is the annualised operating expenses of the insurer in the preceding 12 months for non-cell captive business

$NWP_{C}$  = is the maximum of the net written premium during its last preceding financial year and the net written premium during the 12 months rolling period for each cell,  $i$

$MCRF_{C}$  = MCRF for each cell,  $i$

$APE_{C}$  = Annual Premium Equivalent for each cell,  $i$

#### **Solvency Capital Requirement (SCR) for registered insurers and registered reinsurers**

**4.** (1) The Solvency Capital Requirement (SCR) is a cushion that protects the registered insurer or registered reinsurer against adverse experience or unexpected losses over the following year.

(2) The SCR is set at an amount that ensures that an insurer's or reinsurer's capital will not fall by more than this amount in any given year with a 95% confidence level, i.e. the probability that the registered insurer or registered reinsurer fails in any given year is less than, or equal to, 5% which translates to at least a 1-in-20-year event.

(3) Subject to sub-clause (1), the registered insurer or registered reinsurer is required to target a level of capital that is above the SCR.<sup>1</sup>

(4) Every registered insurer or registered reinsurer must at all times hold SCR which is equal to –

- (a) in respect of a short-term insurer or reinsurer, the sum of Basic Solvency Capital Requirement (BSCR) and the Operational Risk Capital (ORC) of the insurer or reinsurer; and
- (b) in respect of a long-term insurer or reinsurer, the SCR as determined in accordance with the formulae and guidelines provided in the professional guidance note, Standard of Actuarial Practice NSAP 104 of the Society of Actuaries of Namibia.

(5) For purposes of paragraph (a) of sub-clause (4), the BSCR combines Insurance Risk, Market Risk and Credit Risk Capital charges and the calculation thereof is illustrated in Schedule 1 to this Standard, while the calculation of ORC is illustrated in Schedule 2 to this Standard.

(6) For a registered insurer or registered reinsurer engaged in cell captive business the capital requirements for each cell shall be over and above the capital requirements for the registered insurer's or reinsurer's normal business i.e. non-cell captive business. For example, in addition to the registered insurer's or reinsurer's MCR or SCR, there shall be an MCR or SCR for each cell. However, for each cell the registered insurer or registered reinsurer will be able take credit for the diversification benefit between the cell and the registered insurer or registered reinsurer of up to 15% when aggregating the SCR for cell captive business.

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<sup>1</sup> Note that the approaches for the calculation of the SCR for a registered short-term insurer or registered short-term reinsurer and a registered long-term insurer or registered long-term reinsurer are different.

(7) The formula for calculating the individual cell SCR and the aggregate cell captive business SCR for the cell is as follows:

**For a cell underwriting short term business;**

$$\text{cellSCR} = \max(0, \sum_i 0.7g_i * NWP_i + 0.3 * g_i * TL)$$

**For a cell underwriting long term business;**

$$\text{cellSCR} = \max(0, 0.3 * OP_{expenses} + 0.025 * TL)$$

**For the aggregate cell captive business SCR,  $\text{aggSCR}$  is as follows**

$$\text{aggSCR} \geq 0.85 * \sum_{\text{all cells}} \text{cellSCR}$$

**where:**

$i$  = represents different classes of business

$g_i$  = represents the factor for each class of business represented in Table 1 of Schedule 1

$NWP_i$  = the maximum of the net written premium during its last preceding financial year and netwritten premium during the 12 months rolling period for a class of business  $i$

**TL** = Technical liabilities as defined in clause 1(1)(r)

$OP_{expenses}$  = Operational expenses as defined in clause 1(1)(k)

### **Capital Adequacy Requirement**

5. (1) The registered insurer or registered reinsurer must at all times maintain admissible assets that exceed technical liabilities and the Capital Adequacy Requirement.

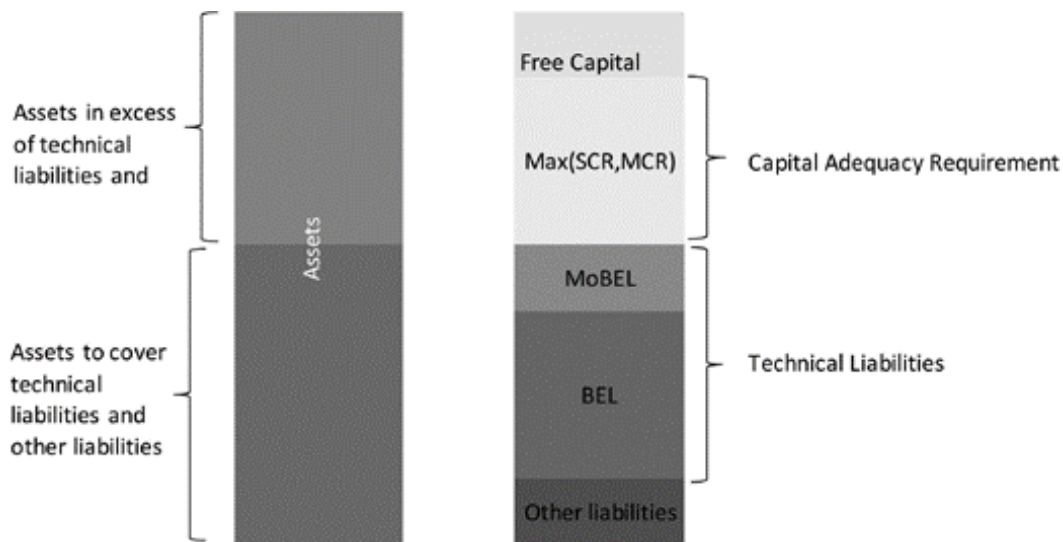
(2) Capital Adequacy Requirement is the maximum of the SCR and the MCR.

(3) The formula in the box below illustrates the Capital Adequacy Requirement for registered insurer or registered reinsurer given in sub-clause (2):

**Capital Adequacy Requirement = max {SCR, MCR}**

(4) The graph below represents a summary illustration of Capital Adequacy Requirement for registered insurers and registered reinsurers:





**Notes:** The illustration is not to scale and the assets in the illustration exclude inadmissible assets. BEL and MoBEL are defined in 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.

(5) NAMFISA may, in writing, require a registered insurer or registered reinsurer to inject additional capital where it deems the risk profile of the registered insurer or registered reinsurer as atypical or where the risk profile has not been represented well by the standard SCR formula.

### Other requirements

6. (1) The registered insurer or registered reinsurer must ensure that dividends are not paid unless the valuator of the registered insurer or registered reinsurer has demonstrated and certified the ability of the insurer or reinsurer to pay dividends and still meet the Capital Adequacy Requirement.

(2) With the exception of dividend pay-out, a registered insurer or registered reinsurer must seek NAMFISA's prior written approval for any planned capital reductions which could adversely affect the solvency of the registered insurer or registered reinsurer.

(3) For purposes of sub-clause (2), capital reductions include, but is not limited to, a share buyback or the redemption, repurchase or repayment of the common equity (used to back the capital) issued by the registered insurer or registered reinsurer.

(4) A registered insurer or registered reinsurer must not, without obtaining NAMFISA's prior written approval, enter into an arrangement to purchase its own capital instrument or provide financial assistance to another party with a dominant purpose of facilitating the purchase by that other party of the registered insurer or registered reinsurer's own assets.

(5) Any arrangement referred to in sub-clause (4), if approved by NAMFISA, shall be subject to any limit imposed by NAMFISA.

(6) A registered insurer or registered reinsurer must provide NAMFISA with copies of documentation associated with the raising of additional capital within 30 calendar days from

the date of issue.

(7) A registered insurer or registered reinsurer must obtain NAMFISA's prior written approval before the terms or conditions of a capital instrument are amended in a way that may affect its eligibility as a component of the Capital Adequacy Requirement.

### **Variation of SCR**

7. (1) Subject to clause 4(1), NAMFISA may, in its discretion, vary the SCR of a registered insurer or registered reinsurer if NAMFISA deems it necessary or appropriate to do so.

(2) A registered insurer or registered reinsurer may apply to NAMFISA for a variation of its SCR upon such circumstances that may warrant such a variation and upon dissolution or termination.

(3) An application referred to in sub-clause (2) must be in writing and must be accompanied by detailed supporting information, documents and explanations, and the applicant must provide NAMFISA with such further information, documents and explanations as NAMFISA may require.

### **Responsibility for capital management**

8. (1) The board of a registered insurer or registered reinsurer must ensure that the insurer or reinsurer, as a whole, has capital that is adequate for the scale, nature and complexity of its business and its risk profile to meet its obligations under a wide range of circumstances.

(2) The valuator of the registered insurer or registered reinsurer is responsible to the board of the insurer or reinsurer for performing or reviewing all aspects of the calculations of the Capital Adequacy Requirement to ensure that the calculations are complete and accurate.

### **Reporting - Compliance**

9. (1) A registered insurer or registered reinsurer must –

- (a) report quarterly to NAMFISA the details of its Capital Adequacy Requirements in electronic form on the NAMFISA ERS; and
- (b) submit annually to NAMFISA, on the NAMFISA ERS, the actuarial report detailing its Capital Adequacy Requirements certified by the valuator and the board of the registered insurer or registered reinsurer.

(2) If the excess of admissible assets over liabilities of a registered insurer or registered reinsurer is above the Capital Adequacy Requirement, then the insurer or reinsurer will be subject to the normal reporting requirements of the Act and standards.

### **Reporting and intervention - Non-compliance**

10. (1) Notwithstanding the requirements of clause 9, in the event that any of the circumstances described in paragraphs (a), (b) or (c) below apply, the registered insurer or registered reinsurer concerned must, in writing, notify NAMFISA of the breach of the Capital Adequacy Requirement immediately, but in any event no later than seven working days from the day that the breach has come to the attention of the registered insurer or registered reinsurer –

- (a) if the excess of admissible assets over liabilities falls to a level that is below the

SCR but is still above 50% of the SCR and above the MCR;

- (b) if the excess of admissible assets over liabilities falls to a level that is less than 50% of SCR and above the MCR; or
- (c) if the excess of admissible assets over liabilities falls below the MCR.

(2) If paragraphs (b) or (c) of sub-clause (1) applies, the registered insurer or registered reinsurer must, if the breach persists beyond 21 working days after NAMFISA has been notified of the breach in terms of sub-clause (1) -

- (a) publish a notice of the breach of the Capital Adequacy Requirement –
  - (i) in a newspaper circulating at the place where the principal office of the registered insurer or registered reinsurer is located; and
  - (ii) on its social media platforms; and
- (b) notify clients and policyholders of the breach by way of electronic means; and
- (c) notify potential clients of the breach at the point of sale.

(3) The notice referred to in sub-clause (2)(a)(i) must not be published in the “classifieds” section of the newspaper.

(4) In the case of non-compliance as stipulated in paragraph (a) of sub-clause (1), the registered insurer or registered reinsurer is subject to supervisory intervention by NAMFISA and such insurer or reinsurer must, within 30 calendar days of the notification under sub-clause (1), submit to NAMFISA a plan of remedial action to rectify the breach.

(5) If a registered insurer or registered reinsurer fails to comply with sub-clause (1), (2) and (4), such insurer or reinsurer is liable to pay an immediate penalty of N\$25,000.

(6) In the case of non-compliance as stipulated in paragraph (b) of sub-clause (1), the registered insurer or registered reinsurer is subject to supervisory intervention by NAMFISA and such insurer or reinsurer must submit to NAMFISA –

- (a) within 30 calendar days of the notification under sub-clause (1), a plan of remedial action to rectify the breach; and
- (b) returns and other documentation or information as prescribed by NAMFISA, on a monthly basis, until such time as the breach is rectified.

(7) If a registered insurer or registered reinsurer fails to comply with sub-clause (6), such insurer or reinsurer is liable to pay a penalty of N\$25,000 per month for as long as the non-compliance with paragraph (b) of sub-clause (1) exists.

(8) In the case of non-compliance as stipulated in paragraph (c) of sub-clause (1), the registered insurer or registered reinsurer is subject to supervisory intervention by NAMFISA and such insurer or reinsurer must, within 30 calendar days of the notification under sub-clause (1) or such shorter period as NAMFISA may specify, submit to NAMFISA a plan of remedial action to rectify the breach.

(9) If a registered insurer or registered reinsurer fails to comply with sub-clause (8), such insurer or reinsurer is liable to pay a penalty of N\$25,000 per month for as long as the non-compliance with paragraph (c) of sub-clause (1) exists.

(10) Supervisory intervention may result in the registration of the registered insurer or registered reinsurer being revoked and the insurer's or reinsurer's book being transferred to another registered insurer or registered reinsurer or the registered insurer or registered reinsurer being liquidated or wound-up.

## **SUPPORTING SCHEDULES**

**The following supporting schedules are attached to and form part of this Standard:**

Schedule 1: CALCULATION OF BASIC SOLVENCY CAPITAL REQUIREMENT (BSCR) FOR SHORT-TERM INSURANCE AND SHORT-TERM REINSURANCE

Schedule 2: CALCULATION OF OPERATIONAL RISK CAPITAL (ORC) FOR REGISTERED SHORT-TERM INSURERS AND REGISTERED SHORT-TERM REINSURERS

**SCHEDULE 1** (to Standard INS.S.2.1)

**CALCULATION OF BASIC SOLVENCY CAPITAL REQUIREMENT (BSCR) FOR  
SHORT-TERM INSURANCE AND SHORT-TERM REINSURANCE**

**The BSCR is calculated as:**

$$\text{BSCR} = \sqrt{\text{IRC}^2 + \text{MRC}^2 + \text{CRC}^2}$$

where IRC, MRC and CRC are illustrated in clauses 1 to 3 below.

**1. Insurance Risk Capital (IRC)**

Insurance risk is the risk of loss arising from the inherent uncertainties about the occurrence, amount and timing of insurance liabilities, expenses and premiums.

IRC is calculated by multiplying the capital factors in Table 1 below with the net written premium (NWP) per class of class of business and summing across all 7 classes of class of business in Table 1.

$$\text{i.e. } \sum_{i=1}^7 \text{NWP}_i * g_i$$

**where:**

$\text{NWP}_i$  represents the maximum of the net written premium during the last preceding financial year and the net written premium during the 12 months rolling period for class of business  $i$ ; net of reinsurance premiums paid in respect of class of business  $i$

$g_i$  represents the factor for each class of business represented in Table 1

**Table 1: Insurance Risk Factors**

$i$	Class of business $i$	Factor $g_i$
1	Fire	25%
2	Marine	32%
3	Guarantee	50%
4	Personal	25%
5	Miscellaneous	33%
6	Vehicles	20%
7	Aviation	50%

## 2. Market Risk Capital (MRC)

Market risk is the risk that, as a result of market movements, a firm may be exposed to fluctuations in the value of its assets or the income from its assets.

The total admissible assets that are held to cover the total liabilities (current, technical and other), but excluding assets held to cover the capital requirement are used to calculate the MRC.

MRC for each asset class is calculated by multiplying the asset amount with the applicable factor in Table 2 and then total MRC is found by summing up these items across all 6 asset classes in

Table 2 below:

**Table 2: Market Risk Factors**

<b>Asset <i>i</i></b>		<b>Factor <i>i</i></b>
1	Cash and cash equivalent	0%
2	Fixed and variable interest securities with an outstanding duration of less than (or including) 4 years	5%
3	Fixed and variable interest securities with an outstanding duration of more than four years	15%
4	Property	30%
5	Equity	35%
6	Other	40%

**Notes:** Examples of assets to be included in each asset category *i* are given below:

- (1) Cash and cash equivalent
  - (a) Bank notes and coins issued by the Bank of Namibia;
  - (b) Credit balance in an account with, or a deposit, including a negotiable certificate of deposit, and a bill accepted by banking institution registered under the Banking Institutions Act, 1998 (Act No. 2 of 1998);
  - (c) Credit balance in an account with, or a deposit, including a negotiable certificate of deposit, and a bill accepted by an institution incorporated outside Namibia, which would have been a banking institution under the Banking Institutions Act, 1998 if it were incorporated in Namibia;
  - (d) Margin deposits on derivative instruments;
  - (e) Participatory interest in a Fixed Interest Money Market scheme that is a collective investment scheme registered under the Act, or any similar scheme subject to the laws of a country other than Namibia which laws establish a regulatory framework equivalent to that established by the Act, and are supervised by a regulatory authority;

- (f) The following fixed and variable interest securities with an effective outstanding duration of less than or equal to one year:
    - (i) Securities issued by and loans made to the Government of Namibia under the State Finance Act, 1991 (Act No. 3 of 1991);
    - (ii) Securities or loans guaranteed under the State Finance Act, 1991;
    - (iii) Securities issued by and loans made to or guaranteed by a public entity under the State Finance Act, 1991;
    - (iv) Securities issued by and loans made to or guaranteed by a public entity under the Agriculture Bank Act, 2003, (Act No. 5 of 2003);
    - (v) Securities or loans with an outstanding duration of not more than one year which are issued by a corporate body established by a law of Namibia;
    - (vi) Listed securities issued by a government of a country other than Namibia or issued by an institution incorporated outside Namibia; and
  - (g) Redeemable fixed and variable rate preference shares with an effective outstanding duration to redemption of not more than one year.
- (2) Fixed and variable interest securities with an outstanding duration of not more than four years. Examples include securities referred to in sub-clauses (1)(f) and (g) but with an outstanding duration greater than a year but not more than four years.
- (3) Fixed and variable interest securities with an outstanding duration of more than four years:
- (a) Examples include securities referred to in sub-clauses (1)(f) and (g) but with an outstanding duration of more than four years; and
  - (b) Irredeemable fixed or variable rate preference shares.
- (4) Property including:
- (a) Immovable property; and
  - (b) Participatory interest in a Collective Investment Scheme in Property registered under the Act or in any similar scheme subject to the laws of a country other than Namibia which laws establish a regulatory framework equivalent to that established by the Act and is supervised by a regulatory authority.
- (5) Equity including:
- (a) Listed or unlisted ordinary shares;
  - (b) Listed or unlisted depository receipt;
  - (c) Listed or unlisted loan stock;
  - (d) Listed or unlisted preference shares; and
  - (e) Participatory interest in a Collective Investment Scheme in Securities or a Collective Investment Scheme in Unlisted Securities registered under the Act or in any similar scheme subject to the laws of a country other than Namibia which laws

establish a regulatory framework equivalent to that established by the Act and is supervised by a regulatory authority.

- (6) “Other”, including but not limited to:
- (a) Motor vehicles, furniture, office equipment;
  - (b) Derivatives (over-the-counter or exchange traded); and
  - (c) Any other assets not falling into the categories referred to in sub-clauses (1) to (6).
- (7) Look-through Approach:
- (a) In assessing the capital charge under market risk for participatory interests in Collective Investment Schemes, the registered insurer or reinsurer must use the look-through approach to capture all material exposures.
  - (b) When undertaking the look-through approach, the groupings in Table 2: Market Risk Factors under item 2 must be used.

### 3. Credit Risk Capital (CRC)

Credit risk is the risk of loss if another party fails to meet its financial obligations or fails to perform them in a timely manner.

The total admissible assets that are held to cover the total liabilities (current, technical and other), but excluding assets held to cover the capital requirement are used to calculate the CRC.

CRC is determined by multiplying the asset value (of each rating category and term) with the relevant risk factor and summing these items. The factors for each category are shown in Table 3:

**Table 3: Credit Risk Factors**

Credit rating category <i>i</i>	International rating local currency	National Rating	Factor	
			Duration longer (and including) one year	Duration shorter than one year
1	AAA to AA-	Not applicable	1.0%	0.25%
2	A+ to A-	AAA to AAA+	4.1%	1.03%
3	BBB+ to BBB-	AA to AA-	5.0%	1.25%
4	BB+ to BB-	A+ to BBB	13.6%	3.40%
5	B+ to B-	BBB- to B-	22.4%	5.60%



6	CCC+ or below	CCC or below	44.8%	11.20%
7	Unrated	Unrated	Minimum 44.8%	Minimum 11.20%

The international local currency ratings in Table 3 gives the credit ratings based on Standard and Poor's, Moody's, Fitch and GCR's credit rating scale.

The following Table 4 of equivalent credit ratings must be used to allow for other credit ratings agencies:

**Table 4: Credit Rating Equivalents**

<b>Credit rating category <i>i</i></b>	<b>Standard &amp; Poor's Fitch GCR</b>	<b>Moody's</b>	<b>AM Best</b>
1	AAA to AA-	Aaa to Aa3	A++ to A-
2	A+ to A-	A1 to A3	B++ to B+
3	BBB+ to BBB-	Baa1 to Baa3	B to B-
4	BB+ to BB-	Ba1 to Ba3	C++ to C+
5	B+ to B-	B1 to B3	C to D
6	CCC+ or below	Caa1 or below	E or below

**Notes:**

- (1) In calculating MRC and CRC, the admissible assets are allocated to liabilities (current, technical and other). The amount of assets used must equal liabilities, excluding free assets and assets backing the Capital Adequacy Requirement.
- (2) Where the investment instrument does not have a credit rating but it is exposed to a creditrated counterparty (e.g. a promissory note with XYZ bank) then the counterparty's credit rating must be applied.
- (3) For unrated assets, the minimum of 11.2% in Table 3 is applied only as a minimum, the credit quality of the instrument must be considered before applying this minimum.
- (4) Namibian Government debt instruments must carry a factor of zero %.
- (5) National ratings should only be used if no international rating is available.

**SCHEDULE 2** (to Standard INS.S.2.1)

**CALCULATION OF OPERATIONAL RISK CAPITAL (ORC) FOR SHORT-TERM INSURERS AND SHORT-TERM REINSURERS**

Operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The ORC is calculated as follows: -

$$ORC = \min (0.3 * BSCR, \textit{Basic ORC})$$

$$\textit{Basic ORC} = \textit{Max} (\textit{ORC premium}; \textit{ORC liabilities})$$

$$\textit{ORC premium} = 0.03 * GEP + \max (0; 0.03 * (GEP - 1.1 * GEP_{prev} ))$$

$$\textit{ORC liabilities} = 0.03 * \max (0; GTL)$$

*GEP* represents the gross earned premium income of the registered insurer or registered reinsurer during the 12 months immediately preceding the day on which the calculation is made

*GEP previous* represents the gross earned premium income of the insurer during the 12 months immediately preceding the day on which the previous financial year ended

GTL represents the amount of the total gross technical liabilities of the insurer

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# FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021

## INSURANCE

### 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

#### Standard No: INS.S.2.2

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

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#### Definitions

1. (1) In this Standard –
  - (a) “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act;
  - (b) “actuarial best-estimate” has the meaning ascribed thereto by clause 5;
  - (c) “AURR” means Additional Unexpired Risk Reserves and has the meaning ascribed thereto by clause 16(4);
  - (d) “cash-back bonus” means a benefit provided for in a policy document that entitles a policyholder to a predetermined benefit on the expiry of a specified period and under specified circumstances;
  - (e) “BEL” has the meaning as ascribed thereto by clause 5;
  - (f) “DAC” means Deferred Acquisition Cost;
  - (g) “group undertaking”, in relation to a registered insurer or reinsurer, means a juristic person in which the insurer or reinsurer alone or with its subsidiaries or holding company, directly holds 20% or more of the shares if the juristic person is a company, or 20% or more of any other ownership interest if the juristic person is not a company;
  - (h) “IBNER” means Incurred But Not Enough Reported;
  - (i) “IBNR” means Incurred But Not Reported reserves and has the meaning ascribed thereto by clause 14(1);
  - (j) “IFRS” means International Financial Reporting Standards;
  - (k) “intercompany loans” means a loan or advance to an affiliate or associate;
  - (l) “Minimum Capital Requirement (MCR)” has the meaning ascribed thereto in Standard INS.S.2.1;
  - (m) “MoBEL” has the meaning as ascribed thereto by clause 6(1);

- (n) “OCR” means Outstanding Claims Reserve and has the meaning ascribed thereto by clause 13(1);
- (o) “registered long-term insurer” means an insurer that is registered to carry on the business of long-term insurance;
- (p) “registered long-term reinsurer” means a reinsurer that is registered to carry on business of long-term reinsurance;
- (q) “registered short-term insurer” means an insurer that is registered to carry on the business of short-term insurance;
- (r) “registered short-term reinsurer” means a reinsurer that is registered to carry on a business of short-term reinsurance;
- (s) “UPR” means Unearned Premium Reserve and has the meaning ascribed thereto by clause 15(1);
- (t) “URR” means Unexpired Risk Reserve and has the meaning ascribed thereto by clause 16(1);
- (u) “technical liabilities” has the meaning ascribed thereto by clause 3; and
- (v) “Termination Capital Requirement (TCR)” means the amount required to ensure that no policy has a negative liability and no policy’s liability is less than its current surrender value as described in the professional guidance note, Standard of Actuarial Practice NSAP 104 of the Society of Actuaries of Namibia.

(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) affiliate;
  - (ii) associate;
  - (iii) banking institution;
  - (iv) board;
  - (v) financial soundness;
  - (vi) generally accepted accounting practice (GAAP);
  - (vii) insurer;
  - (viii) NAMFISA;
  - (ix) reinsurer; and
  - (x) valuator;
- (b) as defined in section 4 of the Act –
  - (i) capital adequacy requirement;
  - (ii) class of business;

- (iii) insurance;
- (iv) long-term insurance;
- (v) policy;
- (vi) registered insurer;
- (vii) registered reinsurer;
- (viii) reinsurance; and
- (ix) short-term insurance.

### **Applicability**

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

### **Technical liabilities**

3. Technical liabilities are the amounts set aside to meet -
- (a) with respect to long-term insurance or long-term reinsurance, all liabilities arising out of long-term insurance or reinsurance policies and is made up of BEL and MoBEL; and
  - (b) with respect to short-term insurance or short-term reinsurance, all liabilities in respect of outstanding claims (whether reported or unreported), and future claims arising from unexpired exposures and is made up of BEL and MoBEL.
4. (1) Negative liabilities in respect of long-term insurance policies may be deducted from liabilities provided that -
- (a) total liabilities (including current liabilities) after such deduction are greater than or equal to zero; and
  - (b) an amount corresponding to the amount deducted from liabilities is added to the Termination Capital Requirement (TCR) component of the Solvency Capital Requirement (SCR), in accordance with the professional guidance note, Standard of Actuarial Practice NSAP 104 of the Society of Actuaries of Namibia.
- (2) A negative liability in respect of a long-term insurance policy will generally arise when, at any stage in a policy's lifetime, the expected present value of future premiums exceeds the expected present value of future benefits and expenses.
- (3) These negative liabilities may be offset at the discretion of the valuator against liabilities of the registered long-term insurer or registered long-term reinsurer.
- (4) Negative liabilities must be calculated per policy but may then be offset when aggregating against liabilities, i.e. for example a negative liability on a term policy may be used to offset the positive liability on an endowment policy.
- (5) If the valuator decides not to offset the negative liabilities, those liabilities must not be reflected as an insurance asset either.

### **Best-estimate of policyholder Liabilities (BEL)**

5. The valuation basis for BEL is the actuarial best-estimate, which means an

assumption that -

- (a) is realistic, with no margins for prudence;
- (b) depends on the nature of the business concerned; and
- (c) is guided by immediate past experience, as modified by any knowledge or expectation of the future.

### **Margin over the Best-estimate of policyholder Liabilities (MoBEL)**

**6.** (1) The Margin over the Best-estimate of policyholder Liabilities (MoBEL) shall be a margin for prudence and must -

- (a) be calculated per class of business as defined in the Act;
- (b) in respect of short-term insurance, be calculated using standard actuarial and statistical methods such as value at risk, percentile approach or any method the valuator deems appropriate; and
- (c) in respect of long-term insurance, comprise of both compulsory and discretionary margins as per the professional guidance note, Standard of Actuarial Practice NSAP 104 of the Society of Actuaries of Namibia.

(2) It should be noted that in the case where technical liabilities are calculated retrospectively, it may not be possible to separately report BEL and MoBEL.

### **Segregation and level of detail in the data**

**7.** (1) In order to calculate technical liabilities, insurance and reinsurance obligations must be segmented by class of business.

(2) Segmentation should achieve as much homogeneity as possible with due regard to the credibility of the resulting segments/groupings.

### **Data**

**8.** (1) Registered insurers and registered reinsurers must have internal processes and procedures in place to ensure the appropriateness, completeness and accuracy of data within the meaning of clauses 9, 10 and 11 for the calculations of technical liabilities.

(2) The relevant actuarial standards must be used as an additional guide when assessing the quality of data for the calculation of technical liabilities.

### **Appropriateness of data**

**9.** For data to be appropriate it must be –

- (a) relevant for the purpose of valuation of technical liabilities and assets;
- (b) consistent with the methods and assumptions used for the valuation of technical liabilities and assets; and
- (c) appropriate for the purpose of reflecting the underlying risks.

### **Completeness of data**

- 10.** For data to be complete it must -
- (a) have sufficient granularity and information to identify trends and assess the characteristics of the underlying risk;
  - (b) be available for each homogeneous risk group; and
  - (c) not be excluded if relevant unless it is justifiable to do so.

**Accuracy of data**

- 11.** For data to be considered accurate it must be -
- (a) free of errors;
  - (b) consistent with the treatment of similar data from different time periods when making the same estimation;
  - (c) recorded in a consistent manner over time; and
  - (d) recorded in a timely manner.

**Part I: Short-term insurance (clauses 12 to 16)**

**Valuation of technical liabilities: registered short-term insurers and reinsurers**

**12.** (1) The valuator of a registered short-term insurer or registered reinsurer must value the following liabilities and explain the methods used in the valuation:

- (a) Outstanding Claims Reserve (OCR);
- (b) Incurred But Not Reported Reserve (IBNR);
- (c) Unearned Premium Reserve (UPR); and
- (d) Unexpired Risk Reserve (URR).

(2) A liability for allocated claims handling costs must be taken into account, either separately or as part of the other liabilities specified in sub-clause (1).

(3) The actuarial best-estimate of technical liabilities must be calculated on both a gross basis and net of outward reinsurance basis.

(4) The calculation of the actuarial best-estimate must be gross of reinsurance receivables with the value of expected reinsurance recoveries being shown as an asset.

(5) The calculation of the technical liabilities must be based on an accident year basis. Where necessary, the underwriting year basis may be used to calculate technical liabilities, then apportion to the appropriate accident year.

**Outstanding Claims Reserve (OCR)**

**13.** (1) The Outstanding Claims Reserve (OCR) is the amount of the reserve set up in respect of liability for all reported outstanding claims that the insurer or reinsurer knows about at the valuation date.

(2) Where the amounts of outstanding claims of the registered insurers or registered reinsurer are known, the amount is to be provided in full.

(3) Where the amounts of outstanding claims can be reasonably estimated, the registered insurer or registered reinsurer may follow the case by case method after taking into account the explicit allowance for changes in the settlement pattern or average claim amounts, expenses and inflation, etc.

### **Incurred But Not Reported Reserve (IBNR)**

14. (1) Reserves must cover liabilities for both -
- (a) “true” or “pure” IBNR reserves which are claims that have been incurred but have not yet been reported to the registered insurer or registered reinsurer;
  - (b) and Incurred But Not Enough Reported (IBNER) claims, which are expected changes in the estimated amount of the reported claims (decreases or increases) and does not include changes in the true IBNR.
- (2) It is not necessary to establish separate liabilities for IBNR and for IBNER so long as the method used will take into account both elements.
- (3) The method used to calculate the liabilities must be appropriate to the nature of the business and claims development pattern.
- (4) The valuator must provide adequate explanations regarding the method adopted and the method must be consistent from year to year.
- (5) In case the valuator decides to change the method previously adopted, sufficient explanations on the reason and impact need to be provided.
- (6) Where the registered insurer or registered reinsurer does not have enough data, the simplified method illustrated in Schedule 1 must be used. Where the valuator is of the view that the simplified method is not appropriate for the class of business, then they can use a method they deem to be suitable and give an explanation on the choice of the method used.

### **Unearned Premium Reserve (UPR)**

15. (1) Unearned Premium Reserve (UPR) is the amount set aside from premiums written before the valuation date to cover risks incurred after that date, and is calculated net of commission.
- (2) The UPR must be calculated using methods that are appropriate to the policy and -
    - (a) in respect of fairly standard policies, standard methods such as the 365ths or 24ths methods should be used;
    - (b) the method used must take into account the terms of the policy and must be explained in the actuarial report; and
    - (c) in the case where the date of initiation of a policy is different from date of initiation of risk or attachment of risk, UPR must be considered from the date of initiation of the risk.
  - (3) The reserve for cash-back bonuses may be added to form part of the UPR or it may form part of the URR.

### **Additional Unexpired Risk Reserve (AURR)**

16. (1) If a registered short-term insurer or registered short-term reinsurer considers that



its UPR is inadequate to cover future liabilities, it may create an AURR to cover the shortfall in the UPR.

(2) The excess of the URR over the UPR, net of Deferred Acquisition Cost (DAC), is the Additional Unexpired Risk Reserve (AURR).

(3) Unexpired Risk Reserve (URR) is the amount needed to cover the claims and expenses that are expected to emerge from an unexpired period of cover.

(4) URR must be based on the expected future outflows (claims and expenses) less any premiums receivable.

## **Part II: Long-term Insurance (clause 17)**

### **Valuation of technical liabilities for registered long-term insurers and reinsurers**

**17.** (1) The valuation of technical liabilities for registered long-term insurers and registered long-term reinsurers must follow the “Financial Soundness Valuation of Liabilities” described in the professional guidance note, Standard of Actuarial Practice NSAP 104 of the Society of Actuaries of Namibia.

(2) Compliance with the professional guidance note, Standard of Actuarial Practice NSAP 104 of the Society of Actuaries of Namibia is mandatory for valuers performing valuations of registered long-term insurers and reinsurers for the purposes of Capital Adequacy Requirement reporting.

## **Part III: Requirements for both registered long-term and registered short-term insurers and reinsurers (clauses 18 to 25)**

### **Valuation of Assets**

**18.** (1) Assets must be valued at fair value except where the Standard says otherwise.

(2) Fair value is the amount for which the asset can be exchanged between knowledgeable and willing parties in an arm’s length transaction. This means quoted market prices must be used, alternatively, a market consistent valuation approach must be used if quoted market prices are not available.

(3) The expected value of the reinsurance recoveries may be shown as an asset on the balance sheet or as a reduction in the technical liabilities.

(4) Only the paid-up share capital (ordinary and preference shares) and retained earnings of the registered insurer or registered reinsurer must be used to cover the Minimum Capital Requirement Floor (MCRF).

### **Assets which are inadmissible for the purpose of statutory valuation**

**19.** For the purpose of meeting the Capital Adequacy Requirement, the following assets are unsuitable for inclusion (these are also unsuitable for backing technical and other liabilities) -

- (a) own shares directly held by the registered insurer or registered reinsurer in the situation where the registered insurer or registered reinsurer has bought and is holding its own shares, thereby reducing the amount of capital available to absorb losses in a going concern or wind-up scenario;

- (b) intangible assets, such as goodwill, whose realisable value may be uncertain even during normal business conditions and may have no significant marketable value in a wind-up scenario;
- (c) future income tax credits whereby such credits may only be realisable if there are future taxable profits, which is improbable in the event of insolvency or a wind-up scenario;
- (d) assets derived under some accounting models in which certain items regarding future income are included implicitly or explicitly as asset values, which future income, in the event of a wind-up scenario, may be reduced;
- (e) equity investments in, and subordinated loans to, other registered insurers or registered reinsurers which are in excess of 10% of the total assets;
- (f) reciprocal cross holdings in the common shares of banking institutions and financial institutions: Reciprocal cross holdings in common shares (e.g. Insurer A holds shares of Insurer B and Insurer B in return holds shares of Insurer A also known as back-to-back placements, that are designed to artificially inflate the capital position of institutions must be fully deducted from capital available);
- (g) premium receivables older than four months excluding reinsurance recoveries;
- (h) intercompany loans that are issued at terms which are not market related; and
- (i) an amount representing a negative liability in respect of a long-term policy in terms of which the registered long-term insurer or registered long-term reinsurer concerned provides or undertakes to provide a policy benefit, provided that this clause shall not be construed as precluding the deduction of a negative liability in respect of a long-term policy from liabilities.

### **Valuation of group undertakings**

**20.** (1) The value of a group undertaking must be limited to the percentage of shareholding or other ownership interest of the registered insurer or registered reinsurer in the group undertaking multiplied by the lower of fair value or net asset value of the group undertaking.

(2) If the group undertaking is listed, the value referred to in sub-clause (1) may be increased by A multiplied by B, where -

**A** equals  $\text{Max}(\text{fair value} - \text{net asset value}, 0)$ ; and

**B** equals  $\text{Min}(20\%, \text{percentage of holding by insure in group undertaking})$ .

(3) Notwithstanding sub-clause (1), if the group undertaking is not a financial institution and banking institution, and its fair value is less than 0.25% of the value of the liabilities of the registered insurer or registered reinsurer, it may be valued at fair value.

(4) If there is more than one group undertaking as contemplated in sub-clause (3), each may be valued at fair value on condition that their combined fair value is not more than 2.5% of the liabilities of the registered insurer or registered reinsurer. If the combined fair value is more than 2.5% of the value of the liabilities of the registered insurer or registered reinsurer, only so many of them selected by the registered insurer or registered reinsurer, as will have a combined fair value of not more than 2.5% of the liabilities of the registered insurer or registered reinsurer may be valued at fair value, with the remaining to be valued as required

by sub-clause (1).

(5) If the registered insurer or registered reinsurer holds securities, directly or indirectly, in its holding company, the value of these securities must for the purpose of this valuation be limited to 5% of liabilities if the holding company is listed, or nil if the holding company is not listed.

(6) Sub-clause (5) applies also where the registered insurer or registered reinsurer, directly, or indirectly through a subsidiary or trust, holds shares in its holding company under a share incentive scheme linked to shares in its holding company.

(7) Sub-clause (5) does not apply where the registered insurer or registered reinsurer holds shares in its holding company under a collective investment scheme, an index-based investment scheme or any similar investment scheme that is recognised generally by the international community of institutional investors.

(8) If a registered insurer or registered reinsurer has a cell in another registered insurer or registered reinsurer, the value of those shares must for the purposes of valuation be limited to the fair value of the admissible assets held in the cell, less the sum of the value of its liabilities and its capital requirement as reported by the insurer (that issued the cell) in respect of that cell.

(9) If a negative asset value is reported in sub-clause (8) and the shareholders' agreement provides that the registered insurer or registered reinsurer that owns the cell is accountable for losses and/or solvency, a liability must be raised for the full negative net asset value.

### **Net asset value of a group undertaking**

**21.** (1) If the group undertaking is a financial institution, the net asset value of the group undertaking is the value of its assets, less the sum of the value of its liabilities and its capital requirement. The capital requirement must be calculated as required by the regulatory authority concerned.

(2) If the group undertaking is a company, and its main business is insurance or reinsurance, the registered insurer or registered reinsurer must, in calculating the net asset values, exclude so much of its capital and reserves as shareholders, other than the insurer or reinsurer, may withdraw in cash when they cease to be shareholders, in terms of the articles of association of, or a contract with, the group undertaking.

(3) In other cases, the net asset value of the group undertaking is the value of its assets, less the value of its liabilities.

(4) If the group undertaking carries on most of its business in Namibia, the net asset values must be calculated in accordance with the Generally Accepted Accounting Practice in Namibia.

(5) If the group undertaking carries on most of its business in another country, the net asset value must be calculated in accordance with accounting standards generally accepted in that country.

(6) In calculating the net asset values, the inadmissible assets specified in Standard No. INS.S.2.1 – Capital adequacy requirements for registered insurers and reinsurers, must be excluded, to the extent that, according to the registered insurer or registered reinsurer, they can

be ascertained with reasonable effort and are material.

### **General requirements**

**22.** (1) Generally, the valuation method of the assets and liabilities of a registered insurer or registered reinsurer and the approach taken must, at a minimum, consider the following -

- (a) assets and liabilities must be valued on a consistent basis to obtain a meaningful insight into the solvency position of the insurer or reinsurer and to understand the financial position of the insurer or reinsurer relative to that of other insurers or reinsurers;
- (b) valuation of assets and liabilities must be determined in a reliable and transparent manner and must take into account the relevant Namibian accounting and actuarial standards, as well as relevant regional industry and international best practice;
- (c) all reasonable steps must be taken to ensure that all data provided by the insurer or reinsurer for the purpose of valuation of technical liabilities is appropriate and sufficient for the specified purpose; and
- (d) recognition of insurance contracts -
  - (i) an insurance obligation must be deemed as “existing” and therefore included in the valuation of technical liabilities upon entering into a binding contract, that is, an insurance liability (or a part of an insurance liability) must not be derecognised until it is extinguished (i.e. until the obligation giving rise to the liability expires or is discharged or cancelled); and
  - (ii) even though reinsurance covering the liability (or part of the liability) has been purchased, in which case the liability must not be derecognised unless the purchase of reinsurance results in the discharge, novation or cancellation of the obligation giving rise to the liability.

(2) The valuator -

- (a) in calculating the present value of a long-term insurance liability, must use a discount rate that is an actuarial best estimate of the yield expected to be earned by assets that are sufficient in value and appropriate in nature to cover the liabilities for the liability being discounted; and
- (b) in its approach to estimating a suitable yield for the discount rate, must have adequate regard to the profile of the assets backing the liabilities (for asset-liability matching purposes).

(3) The determination of the valuation of assets and liabilities must be aligned with generally accepted actuarial practices.

### **NAMFISA’s powers to change valuation method**

**23.** (1) Where NAMFISA is of the opinion that any asset value or any liability value used by a registered insurer or registered reinsurer in the determination of its position with respect to the Capital Adequacy Requirement applicable to it –

- (a) does not comply with the requirements of this Standard or any general standards, guidelines, bulletins or rules that NAMFISA may have issued with respect to valuation methods and approaches pertaining to that particular category of assets

or liabilities; or

- (b) does not represent a value that is appropriate for the purpose of assessing the financial position of the registered insurer or registered reinsurer for statutory purposes,

NAMFISA may take any of the actions referred to in sub-clause (2).

- (2) The actions NAMFISA may take pursuant to sub-clause (1) are -
  - (a) direct that the registered insurer or registered reinsurer follow a specified valuation method for the valuation of the assets or liabilities in question after consultation with an independent valuator; or
  - (b) at the expense of the registered insurer or registered reinsurer, appoint an independent valuator or other expert having particular expertise in the valuation area concerned, to determine a value that will be used for the purposes of ascertaining the position of the registered insurer or registered reinsurer with respect to the capital adequacy requirement.

### **Responsibility for financial condition valuations**

**24.** (1) The board of a registered insurer or registered reinsurer has the responsibility of ensuring that the financial condition of the registered insurer or registered reinsurer is investigated and reported upon by a valuator, and must deposit a copy of such a report with NAMFISA.

(2) The valuator of a registered insurer or registered reinsurer is responsible for performing or reviewing all aspects of the calculations of the technical liabilities to ensure that the calculations are complete and accurate and must report such findings to the board of the insurer or reinsurer.

- (3) The valuator -
  - (a) must determine and certify the technical liabilities of the registered insurer or registered reinsurer; and
  - (b) must assess the quality of the data which is used for the calculation of the technical liabilities.

### **SUPPORTING SCHEDULE**

**The following supporting schedule is attached to and forms part of this Standard:**

Schedule: SIMPLIFIED METHOD FOR CALCULATING OF IBNR

**SCHEDULE (to Standard INS.S.2.2)**

**SIMPLIFIED METHOD FOR CALCULATING IBNR**

The following methods must be used where there is insufficient data to use standard actuarial methods to calculate the IBNR reserves:

$$IBNR = \sum_{k=1}^8 \sum_{i=0}^5 NEP_{k,j-i} * f_{k,i}$$

**where**

- k* represents each of the seven classes of short-term insurance business listed in Table 1
- i* represents each of the six development factors periods (0 to 5) listed in Table 1
- j* represents the year in which the amount is calculated
- NEP<sub>k,j-i</sub>* represents the total amount of net earned premiums (exclusive of VAT and reduced by amount of reinsurance premiums paid in respect of those policies) under policies entered into in the 12 months immediately preceding the day on which the calculation is issued in year *j-i* disregarding exchange rate movements from previous periods
- f<sub>k,i</sub>* represents the calibrated factors listed in Table 1

**Table1: IBNR Factors**

Class of business <i>k</i>	Factors per development period in percentage (%)					
	0	1	2	3	4	5
Marine	7.20	1.31	0.30	0.12	0.09	0.09
Aviation	7.20	1.31	0.30	0.12	0.09	0.09
Guarantee	16.32	5.00	1.78	0.86	0.60	0.53
Personal	5.98	0.88	0.15	0.04	0.03	0.02
Miscellaneous	7.18	1.17	0.25	0.11	0.09	0.08
Vehicles	3.43	0.47	0.09	0.04	0.03	0.03
Fire	5.98	0.88	0.15	0.04	0.03	0.02

**Example:**

The example below illustrates a registered insurer who operates only 2 classes of short-term insurance business, namely vehicle and fire. The vehicle business commenced in 2010 while the fire business commenced in 2012. Table 2 shows the net earned premium for the registered insurer over the past six years:

**Table 2: Net earned premium for the 2 classes of business**

Year	Net Earned premium (N\$ million)	
	Vehicles	Fire
2015	160	100
2014	120	90
2013	130	95
2012	100	80
2011	90	0
2010	80	0

Tables 3 and 4 shows how IBNR for the two classes of short-term insurance business is calculated using the net premiums in Table 2:

**Table 3: IBNR for Vehicles business**

Development period	0	1	2	3	4	5
Year	2015	2014	2013	2012	2011	2010
Development factors	3.43%	0.47%	0.09%	0.04%	0.03%	0.03%
Net premium	160	120	130	100	90	80
Resultant IBNR (NEP multiplied by the factor)	5.488	0.564	0.117	0.040	0.027	0.024

Total IBNR for vehicle business is  $5.488+0.564+0.117+0.040+0.027+0.024 = \text{N\$}6.26$  million

**Table 4: IBNR for Fire business**

<b>Development period</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Year	2015	2014	2013	2012	2011	2010
Development factors	6.62%	2.90%	1.92%	1.67%	1.60%	1.58%
Net premium	100	90	95	80	0	0
Resultant IBNR (NEP multiplied by the factor)	6.620	2.610	1.824	1.336	-	-

Total IBNR for Fire business is  $6.260+2.610+1.824+1.336 = \text{N\$}12.390$  million

The total IBNR for the insurer as at the 2015 year end is  $\text{N\$}12.390+\text{N\$}6.26 = \text{N\$}18.650$

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# FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021

## INSURANCE

### MANNER AND FORM OF APPLICATION FOR REGISTRATION OF INSURERS AND REINSURERS AND THE MANNER IN WHICH NAMFISA MAY APPROVE ADDITIONAL CLASSES OF LONG-TERM INSURANCE BUSINESS AND ADDITIONAL CLASSES OF SHORT-TERM INSURANCE BUSINESS FOR THE PURPOSES OF SECTION 8

#### Standard No. INS.S.2.3

issued by NAMFISA under sections 9(2), 410(3)(bb) and 410(3)(dd) of the Financial Institutions and Markets Act, 2021

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#### Definitions

1. (1) In this Standard -
  - (a) “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act;
  - (b) “key person” means any person responsible for managing or overseeing, either alone or together with another responsible person, the activities of the insurer or reinsurer, and includes those individuals or other entities holding more than 20% of the insurer or reinsurer’s voting rights; and
  - (c) “NAMFISA ERS” means the Electronic Regulatory System which facilitates communication between NAMFISA and financial institutions or financial intermediaries.
- (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) actuary;
    - (ii) auditor;
    - (iii) document;
    - (iv) entity;
    - (v) financial institutions;
    - (vi) financial year;
    - (vii) NAMFISA;
    - (viii) principal officer;
  - (b) as defined in section 4 of the Act -

- (i) capital adequacy requirement;
- (ii) class;
- (iii) insurer;
- (iv) reinsurer;
- (v) registered insurer; and
- (vi) registered reinsurer.

### **Applicability**

**2.** This Standard applies to all public companies applying for registration as insurers or reinsurers and the manner in which NAMFISA may approve additional classes of long-term insurance business and additional classes of short-term insurance business for the purposes of section 8 (hereinafter referred to as “applicants”).

### **Application to be made to NAMFISA**

**3.** (1) An application for registration as an insurer or reinsurer or the manner in which NAMFISA may approve additional classes of long-term insurance business and additional classes of short-term insurance business for the purposes of section 8, must be made to NAMFISA in accordance with clause 4.

(2) Applications for variation of the classes of business by cancellation of class(es) of business must be done in accordance with Standard No. INS.S.2.14 – Application by registered insurer or reinsurer for voluntary cancellation of registration granted pursuant to section 11 of the Act or for variation of the classes of business by cancellation of class(es) of business for which it was registered.

### **Particulars to be furnished upon application**

**4.** For the purposes of sub-section 9(2) of the Act, an application by a public company for registration as an insurer or reinsurer, and for purposes of sub-section 410(3)(bb) of the Act, an application by a registered insurer or reinsurer, must -

- (a) be in writing as specified in Schedule 1, FORM A, titled Application letter;
- (b) set out particulars specified in Schedule 2, FORM B, titled Application form and Schedule 3 FORM C, titled Business plan and Actuarial template;
- (c) be accompanied by the information and documents specified in section 10 of the Act;
- (d) be signed by the principal officer or any other person duly authorised to represent the applicant;
- (e) be accompanied by a list of NAMFISA ERS user(s) nominees as set out under Schedule 4 FORM D, titled NAMFISA ERS Nomination form;
- (f) provide proof of public notice required in terms of section 9(3) of the Act;
- (g) be accompanied by the relevant completed parts and other information required pursuant to Standard No. GEN.S.10.2 – Fit and Proper Requirements; and

- (h) provide proof that the prescribed application fee has been paid.
5. Applicants must disclose information as required in the application forms supported by the necessary accompanying documents.
6. (1) An application, not complete in all respects and not conforming to the instructions specified in the Schedules and this Standard, may be rejected on the basis of being non-compliant with this Standard.
- (2) In instances where the application is deemed not complete, NAMFISA must give the applicant the opportunity to provide the required information to complete the application. The required information must be provided within the period of seven days, or such other period stipulated or agreed to by NAMFISA, failing which the application shall be rejected.
7. Nothing shall prevent NAMFISA from seeking additional information and/or documents as may be reasonably necessary for processing of the application for registration.
8. The applicant or its duly authorised representative<sup>1</sup> may, if so required, be called to appear before NAMFISA for a personal representation in connection with an application.

### **Documents to accompany the application**

9. (1) The applicant must submit the documents listed in Schedule 2, FORM B including the following:
- (a) company status report (shareholders, board of directors, auditors, secretary, etc.);
  - (b) proof that the insurer or reinsurer has published the notice required in terms of section 9(3) of the Act; and
  - (c) a business plan projecting, in respect of section 10(1)(f) of the Act -
    - (i) a three-year business plan containing the information as per Schedule 2; and
    - (ii) an actuarial report containing the information as per Schedule 2.
- (2) Where the applicant is part of a group, the applicant must submit -
- (a) its corporate and group structure, indicating the whole group (inclusive of insurance legal entities, other entities and non-regulated entities); and
  - (b) information on the type of related party transactions with relationships between all material entities within the group, ownership, board and management and corporate governance.
- (3) The applicant must also provide information in the business plan to demonstrate the appropriateness of its systems of risk management and internal controls, including contracts with affiliates, outsourcing arrangements, information technology systems, policies and procedures.
- (4) The applicant must provide proof that they meet the minimum capital requirements as set out in Standard No. INS.S.2.1 - Capital Adequacy Requirements for registered insurers and reinsurers.

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<sup>1</sup> Applicant to attach a copy of letter or document of authorisation.

## **Fit and Proper requirements**

**10.** The applicant's appointed directors, principal officer and key persons must complete and submit the relevant parts of the fit and proper requirements contained in Standard No. GEN.S.10.2 - Fit and Proper Requirements.

### **Assessing criteria**

**11.** (1) NAMFISA may rely on the following when assessing an application –

- (a) audits by external bodies;
- (b) actuarial reports; and
- (c) in the case of foreign subsidiaries, the opinion of other supervisors.

(2) Notwithstanding sub-clause (1), NAMFISA may consider any other source, person, report or opinion deemed expedient and apply its own judgment in making the final decision on the application.

(3) Before placing reliance on reports and opinions referred to in sub-clauses (1) and (2), NAMFISA must consider -

- (a) whether the external auditors, actuaries and persons have the necessary expertise and experience to perform the roles; and
- (b) their independence from the applicant and the consideration they give to the protection of policyholders' interests.

### **General requirements**

**12.** The applicant must meet the minimum capital requirements as set out in Standard No. INS.S.2.1 - Capital Adequacy Requirements for registered insurer and reinsurers.

**13.** Where an applicant may need approval under other relevant legislation, it is the applicant's responsibility to ensure that all of the relevant approvals are obtained before application is made, where relevant, or prior to the commencement of insurance business operations.

### **Submission**

**14.** (1) An application must be signed by the principal officer of the registered insurer or reinsurer or a duly authorised representative of the applicant and submitted electronically to NAMFISA on the NAMFISA ERS.

(2) Where necessary and when so directed by NAMFISA, the applicant must submit specified documentation manually to NAMFISA.

## **SUPPORTING SCHEDULES**

**The following supporting schedules are attached to and form part of this Standard:**

Schedule 1: FORM A - APPLICATION LETTER

Schedule 2: FORM B - APPLICATION FORM

Schedule 3: FORM C - BUSINESS PLAN AND ACTUARIAL TEMPLATE

Schedule 4: FORM D - NAMFISA ERS NOMINATION FORM

**SCHEDULE 1 (to Standard INS.S.2.3)**

**FORM A - APPLICATION LETTER**

**(To be completed in duplicate)**

**APPLICATION FOR REGISTRATION AS AN INSURER OR REINSURER/  
APPLICATION FOR ADDITIONAL CLASS(ES) OF INSURANCE** *(Delete whichever  
not applicable)*

In terms of section 9 or 410(3)(bb) of the Financial Institutions And Markets Act of 2021 (Act No.2 of 2021) (“the Act”) -

1. I, the undersigned, being the Principal Officer or authorised person of \_\_\_\_\_ duly empowered thereto as per the annexure hereto<sup>2</sup>, hereby apply for the registration of the said public company as an insurer/reinsurer (delete the one not applicable) to carry out, in Namibia, the following class(es) of insurance business, as defined in terms of section 8 of the Act:

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_
- (e) \_\_\_\_\_

2. I submit with this application all the required documents in terms of this Standard.

3. The proof of payment of prescribed fee, as determined in terms of Standard No. GEN.S.10.23 - Fees, is enclosed with the application.

\_\_\_\_\_

**SIGNATURE (PRINCIPAL OFFICER OR AUTHORISED PERSON)**

Name: \_\_\_\_\_

Capacity: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

<sup>2</sup> Applicant to attach a copy of letter or document of authorisation.

**SCHEDULE 2** (to Standard INS.S.2.3)

**FORM B - APPLICATION FORM FOR REGISTRATION AS AN INSURER OR REINSURER**

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I/We the undersigned, do hereby apply for registration to carry on short-term  or long-term  (*tick applicable box*) insurance business in Namibia as an insurer or reinsure (delete the one not applicable) in terms of section 9 or 410(3)(bb) of the Financial Institutions And Markets Act, 2021 (Act No.2 of 2021) (“the Act”).

**1. COMPANY INFORMATION**

- a) Name(s) of the Company: \_\_\_\_\_
- b) Registration No: \_\_\_\_\_
- c) Income Tax No: \_\_\_\_\_
- d) VAT No: \_\_\_\_\_
- e) Financial Year End: \_\_\_\_\_

**2. COMPANY CONTACT DETAILS**

- a) Physical Address (Principal Office): \_\_\_\_\_  
\_\_\_\_\_
- b) Postal Address: \_\_\_\_\_  
\_\_\_\_\_
- c) Tel No: \_\_\_\_\_
- d) Fax No: \_\_\_\_\_
- e) Email Address: \_\_\_\_\_
- f) Website (if any): \_\_\_\_\_

**3. CLASS(ES) OF INSURANCE TO BE REGISTERED**

**A. SHORT-TERM INSURANCE OR REINSURANCE**

- (1) Fire
  - (a) Fire and natural forces
  - (b) Miscellaneous financial loss
- (2) Marine
  - (a) Ships hull

- (b) Liability for ships
- (3) Aviation
  - (a) Aircraft hull
  - (b) Liability for aircraft
- (4) Vehicles
  - (a) Land vehicles
  - (b) Liability for motor vehicles
- (5) Guarantee
- (6) Miscellaneous
  - (a) Personal accident
  - (b) Sickness as defined in the regulations
  - (c) General liability
  - (d) Damage to property
  - (e) Goods in transit
  - (f) Credit
  - (g) Railway rolling stock
  - (h) Legal expenses
  - (i) Expropriation and confiscation of property
- (7) Personal

**B. LONG-TERM INSURANCE OR REINSURANCE**

- (1) Disability insurance business
- (2) Fund insurance business
- (3) Funeral insurance business
- (4) Health insurance business
- (5) Life insurance business
- (6) Sinking fund insurance business



**3. PERSONAL DETAILS OF APPOINTED PRINCIPAL OFFICER**

First Names: \_\_\_\_\_

Surname: \_\_\_\_\_

ID / Passport No.: \_\_\_\_\_

Nationality: \_\_\_\_\_

Physical Address: \_\_\_\_\_

\_\_\_\_\_

Postal Address: \_\_\_\_\_

Tel. Work: \_\_\_\_\_

Fax No: \_\_\_\_\_

Email Address: \_\_\_\_\_

**4. DETAILS OF THE COMPANY'S ACTUARY**

Full Names: \_\_\_\_\_

Tel. No.: \_\_\_\_\_

Fax No.: \_\_\_\_\_

Email Address: \_\_\_\_\_

Name of the Actuary's Association: \_\_\_\_\_

Actuary's Association Tel: \_\_\_\_\_

Actuary's Association Email address: \_\_\_\_\_

Educational and Professional qualifications: \_\_\_\_\_

\_\_\_\_\_

Membership No.: \_\_\_\_\_

**5. DETAILS OF THE COMPANY'S AUDITORS**

Full Names: \_\_\_\_\_

Tel. No.: \_\_\_\_\_

Fax No.: \_\_\_\_\_

Email Address: \_\_\_\_\_

Name of the Auditors or Auditors Association: \_\_\_\_\_

Membership No.: \_\_\_\_\_

Name of professional regulatory body: \_\_\_\_\_

Membership No.: \_\_\_\_\_

## 6. BOARD OF DIRECTORS

Initials and Surname	Date appointed	Position

## 7. ATTACHMENTS

(1) Proof of registration fee paid in terms of Standard GEN.S.10.23 – Fees

### Entity

(2) Original Certified copies of the following latest and updated company documents: (every page of these documents to be certified)

(a) Memorandum of Association (CM2), in duplicate and signed. (The objectives must clearly include and comply with those set out in terms of section 10(3) of the Act.)

(b) Application for reservation of name (CM5)

(c) Articles of Association (CM44)

(d) Certificate of Incorporation (CM1)

(e) Certificate to commence business (CM46)

(f) Certificate of change of name of company (CM9)

(g) Notice of registered office (CM22)

(h) Contents of Directors register (CM29)

(i) Special Resolutions with regard to above company documents (CM26)

(j) Notice of consent to appoint, change of name or resignation of auditor or removal of auditor (CM31)

(3) List of Directors (and all requirements as listed below for key persons)

(4) Detailed List of Shareholders and shareholding structure (Group Structure) up to the ultimate natural person/Trust in the group (with 20% shares or more)

- (5) Trusts within the shareholding structure (Group Structure where the Trust owns 20% shares or more, the applicant must provide original certified copies of)<sup>3</sup>:
- Trust deed indicating the names of the beneficiaries
  - Trust certificate from Master of the Court clearly indicating natural person trustees
- (6) Certified copy of Shareholders Agreements (between applicant and its direct shareholders)
- (7) Certified copies of Share Certificates (valid and cancelled) (direct shareholders of applicant)
- (8) Certified copy of Proof of Required Paid-up Share Capital (applicant's Bank statement clearly indicating capital funds received)
- (9) Certified copy of detailed information on sources of funds (original sources of how funds/ income is generated/obtained e.g. dividends pay out, Board Resolution, fund/investments statements, contract agreement validating income)
- (10) Certified copy of Treasury Deposits or alternative Securities approved by NAMFISA/Original bank guarantee
- (11) Reinsurance Treaty(ies)/ letters of intent from the reinsurer(s) (including credit rating of respective reinsurer(s))
- (12) Sample of Insurance Contract per product in business plan
- (13) Certified copy of Municipality Certificate of Registration or /of Fitness
- (14) Certified copy of Financial Intelligence Act, 2012 (Act No. 13 of 2012) (FIA) compliance policy of the applicant
- (15) Relevant completed parts and other information required pursuant to Standard No. GEN.S.10.2 - Fit and Proper Requirements

**Principal Officer (PO)**

- (16) Certified copy of Residence Permit or work permit, if not Namibian
- (17) Relevant completed parts and other information required pursuant to Standard No. GEN.S.10.2 - Fit and Proper Requirements

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<sup>3</sup> Where minority shareholders have influence, documents may also be requested.

**Key person(s) (including Director(s), Shareholder(s) or owner(s) that control the applicant and other Manager(s))**

- (18) Copy of each key person's proof of residence or work permit (where applicant resides outside Namibia)
- (19) Relevant completed parts and other information required pursuant to Standard No. GEN.S.10.2 – Fit and Proper Requirements

**9. SIGNATURE**

By signing the document I confirm that:

- (a) The insurance/reinsurance business undertaken will be conducted in Namibia in compliance with the Act and the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act;
- (b) I will adhere to the requirements and conditions stated in this application form; and
- (c) All the information contained in this application is true and accurate and can be relied upon and I have disclosed all necessary material information that may be required by NAMFISA. In the event that any information provided in this application is incorrect or not fully disclosed, I accept that the registration may be cancelled in accordance with the provisions of the Act.

Full Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Capacity: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE 3 (to Standard INS.S.2.3)**

**FORM C - BUSINESS PLAN AND ACTUARIAL TEMPLATE**

**1. Business Plan Requirements**

Business Plan with 3 years financial projections with detailed explanations of assumptions applied including but not limited to the following:

- (1) Introduction -
  - (a) Background
  - (b) Limitations
  - (c) Financial risk analysis
- (2) Proposed product(s) -
  - (a) Cover
  - (b) Premiums
  - (c) Target market(s)
- (3) Business strategy for a minimum of 3 years
- (4) Areas of risk and uncertainty -
  - (a) Premium rates/estimates
  - (b) Claims assumptions (high or low)
  - (c) Risk of increasing claims frequency
  - (d) Risk of increasing claims severity
  - (e) Policy wording
  - (f) Sales volumes
  - (g) Investment(s)
- (5) Financial projections assumptions (stress testing) -
  - (a) Sales volumes
  - (b) Future sales growth
  - (c) Investment returns
  - (d) Claims experience
  - (e) Inflation
  - (f) Sales expenses
  - (g) Administration expenses
  - (h) Tax rate

- (i) Reinsurance
- (j) Claims reserve
- (6) Information Technology (IT) – a description of the applicant’s proposed IT environment and a risk assessment of the IT operations
- (7) Analysis of competitors showing both challenges and opportunities, and plans to address them
- (8) The reasons why the applicant believes it will be successful, and the overall growth strategy for achieving this success, including a discussion of key assumptions
- (9) Projection results -
  - (a) base projections or assumptions
  - (b) sensitivity analysis or Stress testing with contingency plans addressing the worst case and other adverse scenarios
- (10) Where applicable reliance on out of country (group/other) services and reasons for such reliance
- (11) Human capital outline
- (12) Conclusion - signed by actuary

**2. Actuarial Report Requirements**

Certified and signed Actuarial Report and review of business plan including but not limited to the following information:

- (2) Scope
- (3) Background of the product(s)
- (4) Analysis -
  - (a) Sensitivity analysis
  - (b) Financial viability
  - (c) Critical assumptions and methods
- (4) Details of product(s) -
  - (a) Proposed product(s)
  - (b) Distribution channels
  - (c) Benefits of the product(s)
  - (d) Underwriting administration
  - (e) Expenses on product(s)
  - (f) Reinsurance
  - (g) Premium rates
- (5) Actuarial projections -
  - (a) Claims experience analysis

- (b) Mortality rates
  - (c) Premium rates / pricing philosophy
  - (d) Base projection/assumption
  - (e) Technical liabilities
  - (f) Capital requirements
- (6) Risk management policy statement (brief summary of policies, procedures, and risk management controls)
  - (7) Reinsurance management strategy
  - (8) Conclusion – signed by Actuary

**SCHEDULE 4 (to Standard INS.S.2.3.)**

**FORM D - NAMFISA ERS NOMINATION FORM**

<b>Registered name:</b>			
List ERS user nominees			
Name of Nominee		Designation (i.e. Principal Officer, Director, Member or Owner/etc.)	E-mail Address
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
<b>Authorised Signature (Chief Executive Officer/Managing Director/Owner/Principal Officer):</b>			
<b>Designation:</b>			
<b>Please print name and sign below:</b>			
	Name (print)		
	Signature		
	Date		

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# FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021

## INSURANCE

### REGISTRATION REQUIREMENTS FOR INSURANCE BROKER

#### Standard No. INS.S.2.4

issued by NAMFISA under sections 410(3)(r), read with section 57(2), of the Financial Institutions and Markets Act, 2021

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#### Definitions

1. (1) In this Standard –
  - (a) “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act;
  - (b) “key person” means any person responsible for managing or overseeing, either alone or together with another responsible person, the activities of a financial institution or financial intermediary relating to the rendering of the financial services, and includes those individuals or other entities holding more than 20% of the financial institution or financial intermediary’s voting rights; and
  - (c) “NAMFISA ERS” means the Electronic Regulatory System which facilitates communication between NAMFISA and financial institutions or financial intermediaries.
- (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) corporate body;
    - (ii) financial year;
    - (iii) NAMFISA;
  - (b) as defined in section 4 of the Act -
    - (i) registered insurer;
    - (ii) registered reinsurer;
  - (c) as defined in section 53 of the Act -
    - (i) insurance broker;
    - (ii) corporate insurance broker;
    - (iii) registered insurance broker; and

- (iv) registered corporate insurance broker.

### **Applicability**

2. This Standard applies to all individuals and corporations applying for registration as an insurance broker (hereinafter referred to as “applicants”), and to any registered insurer or registered reinsurer with which an insurance broker contracts.

### **Where to apply**

3. An application for registration as an insurance broker must be submitted to NAMFISA in accordance with clause 8.

### **General requirements**

4. (1) Each applicant (irrespective of the affiliation to a corporate broker) must complete one of the following application forms, as applicable:

- (a) if the applicant is an individual, the form entitled Application for Registration as an Insurance Broker attached hereto as Schedule 1; or
- (b) if the applicant is a corporation, the form entitled Application for Registration as a Corporate Insurance Broker attached hereto as Schedule 2.

(2) Each applicant, director and other key person must complete and submit the relevant completed parts and other information required pursuant to Standard No. GEN.S.10.2 - Fit and Proper Requirements.

5. Applicants must disclose information as required in the application form or through accompanying documents.

6. An applicant must submit with the application form -

- (a) certified copies of the following -
  - (i) appointment letter from the registered corporate insurance broker if the applicant is or will be employed or contracted by a registered corporate insurance broker;
  - (ii) any other documents that the applicant considers relevant or that NAMFISA may require;
- (b) an errors and omissions insurance policy pursuant to section 58(4)(a) of the Act; and
- (c) if the applicant will have employees or contracted insurance brokers carrying on the activities of an insurance broker, adequate fidelity insurance policy pursuant to section 58(4)(b) of the Act.

7. In the case of an applicant for registration as a corporate insurance broker, the applicant must submit certified copies of its founding and registration documents, including, where applicable, the following:

- (a) memorandum and articles of association/founding statement; and
- (b) share certificates or certificate of member’s interest.

### **Submission**

**8.** (1) An application for registration as an insurance broker must be signed by the applicant in the case of an individual applicant or the principal officer in the case a corporate insurance or reinsurance broker and submitted electronically to NAMFISA on the NAMFISA ERS.

(2) Where necessary and when so directed by NAMFISA, the applicant must submit specified documentation manually to NAMFISA.

### **SUPPORTING SCHEDULES**

**The following supporting schedules are attached to and form part of this Standard -**

Schedule 1: APPLICATION FOR REGISTRATION AS AN INSURANCE BROKER –  
INDIVIDUAL/NATURAL PERSON

Schedule 2: APPLICATION FOR REGISTRATION AS A CORPORATE INSURANCE  
BROKER

**SCHEDULE 1 (to Standard INS.S.2.4)**

**APPLICATION FORM FOR REGISTRATION AS A LONG-TERM /SHORT-TERM  
INSURANCE BROKER - INDIVIDUAL/NATURAL PERSON**

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I, the undersigned, do hereby apply for registration to carry on the business of insurance broker in Namibia pursuant to section 55 of the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021) (the "Act").

**1. DETAILS OF APPLICANT**

Full Name(s): \_\_\_\_\_

Surname: \_\_\_\_\_

Current/other NAMFISA License Number: \_\_\_\_\_

ID/Passport Number: \_\_\_\_\_

Marital Status: \_\_\_\_\_

Income Tax Number: \_\_\_\_\_

**2. CONTACT DETAILS**

Physical Address: \_\_\_\_\_  
\_\_\_\_\_

Postal Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Facsimile Number: \_\_\_\_\_

Email address: \_\_\_\_\_

**3. BANKING DETAILS**

Bank Name: \_\_\_\_\_

Branch Name: \_\_\_\_\_

Branch Code: \_\_\_\_\_

Account Number: \_\_\_\_\_

Account Type: \_\_\_\_\_

**4. PERIOD OF Financial YEAR :** \_\_\_\_\_

**5. ATTACHMENTS**

- (i) Proof of payment of the prescribed Registration fee paid in terms of Standard No. GEN.S.10.23 - Fees

- (ii) Proof of bank account
- (iii) If registered with NAMFISA previously, proof of payment of renewal fee
- (iv) Marriage certificate (if name different from name on copy of ID)
- (v) Relevant completed parts and other information required pursuant to Standard No. GEN.S.10.2 - Fit and Proper Requirements
- (vi) Proof of insurance policy in respect of errors and omission cover to a minimum of N\$1 000 000
- (vii) Proof of fidelity insurance cover to a minimum of N\$1 000 000 (where applicable)
- (viii) Proof of registration as a taxpayer from the Receiver of Revenue

All copies of original documents must be duly certified<sup>1</sup>. Copies made from certified documents will not be accepted.

### **SIGNATURE**

By signing the document I confirm that:

- (a) The long-term/short-term insurance broker business undertaken by me will be conducted in Namibia in compliance with the Act and the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act;
- (b) I will adhere to the requirements and conditions stated in this application form; and
- (c) All the information contained in this application is true and accurate and can be relied upon and I have disclosed all necessary material information that may be required by NAMFISA. In the event that any information provided in this application is incorrect or not fully disclosed, I accept that my registration as an insurance broker may be cancelled in accordance with the provisions of the Act.

Full Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Capacity: \_\_\_\_\_

Date: \_\_\_\_\_

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<sup>1</sup> All documents certified outside the borders of Namibia should be notarised in terms of the laws of that country.

**SCHEDULE 2** (to Standard INS.S.2.4)

**APPLICATION FORM FOR REGISTRATION AS A CORPORATE INSURANCE  
BROKER**

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I, the undersigned, do hereby apply on behalf of [*insert name of entity*] for registration to carry on the business of corporate insurance broker in Namibia pursuant to section 57 of the Financial Institutions and Markets Act, 2021 (Act. No. 2 of 2021) (the “Act”).

**1. DETAILS OF APPLICANT**

Full Name: \_\_\_\_\_

Corporate body Registration Number: \_\_\_\_\_

VAT Number: \_\_\_\_\_

Current/other NAMFISA License Number: \_\_\_\_\_

**2. CONTACT DETAILS**

Physical Address: \_\_\_\_\_

\_\_\_\_\_

Postal Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Facsimile Number: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

**3. DIRECTORS AND OTHER KEY PERSONS OF APPLICANT**

Full names	Nationality	Country of residence

**4. OWNERSHIP STRUCTURE OF APPLICANT**

Shareholders or members' names and proportion of ownership:

Name	Shareholding


**5. BANKING DETAILS OF APPLICANT**

Bank Name: \_\_\_\_\_

Branch Name: \_\_\_\_\_

Branch Code: \_\_\_\_\_

Account Number: \_\_\_\_\_

Account Type: \_\_\_\_\_

**6. AUDITOR OR ACCOUNTANT OF APPLICANT IN NAMIBIA**

Full Name: \_\_\_\_\_

Physical Address: \_\_\_\_\_

\_\_\_\_\_

Telephone Number: \_\_\_\_\_

Facsimile Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Name of professional regulatory body: \_\_\_\_\_

Membership No.: \_\_\_\_\_

**7. PERIOD OF FINANCIAL YEAR:** \_\_\_\_\_

**8. DETAILS OF PRINCIPAL OFFICER**

Full Names: \_\_\_\_\_

Surname: \_\_\_\_\_

ID/Passport Number: \_\_\_\_\_

Nationality: \_\_\_\_\_

Physical Address: \_\_\_\_\_

\_\_\_\_\_

Postal Address: \_\_\_\_\_

Telephone Number (w): \_\_\_\_\_

Mobile Number: \_\_\_\_\_

Facsimile Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

## **9. ATTACHMENTS**

### **A. Entity:**

- (i) Proof of payment of the prescribed registration fee in terms of Standard No. GEN.S.10.23 – Fees
- (ii) Proof of bank account
- (iii) Memorandum and Articles of Association or other founding documents
- (iv) List of Directors and other key persons
- (v) Certified copies of share or member's interest certificates
- (vi) Municipality Certificate of Registration or /of Fitness
- (vii) Errors and Omission and Fidelity Insurance Policy
- (viii) If registered with NAMFISA previously, proof of payment of the prescribed renewal fee
- (ix) Proof of registration as a taxpayer from the Receiver of Revenue
- (x) Relevant completed parts and other information required pursuant to Standard No. GEN.S.10.2 - Fit and Proper Requirements

### **B. Principal Officer**

- (i) Residence Permit or Work Permit (if not a Namibian citizen)
- (ii) Income tax certificate
- (iii) Proof of domicile
- (iv) Relevant completed parts and other information required pursuant to Standard No. GEN.S.10.2 - Fit and Proper Requirements

All copies of original documents must be duly certified. Copies made from certified documents will not be accepted.

## **SIGNATURE**

By signing the document, I confirm that:

- (a) The insurance broker business of the applicant will be conducted in Namibia in compliance with the Act and the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act;
- (b) I will adhere to the requirements and conditions stated in this application form; and
- (c) All the information contained in this application is true and accurate and can be relied upon and I have disclosed all necessary material information that may be required by NAMFISA. In the event that any information provided in this application is incorrect or not fully disclosed, I accept that the registration of the corporate insurance broker may be cancelled in accordance with the provisions of the Act.



Full Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Capacity: \_\_\_\_\_

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**FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021**

**INSURANCE**

**TERMS AND CONDITIONS APPLICABLE TO:**

**FOREIGN INSURERS AND FOREIGN REINSURERS EXEMPTED UNDER SECTION 5(2) OF THE ACT;**

**REGISTERED INSURERS AND REGISTERED BROKERS EFFECTING OR RENEWING INSURANCE OUTSIDE NAMIBIA; AND**

**REGISTERED INSURERS REINSURING THE WHOLE OR ANY PART OF THEIR BUSINESS**

**Standard No: INS.S.2.5**

issued by NAMFISA under sections 5(3) and 410(3)(b), (c) and (h) of the Financial Institutions and Markets Act, 2021

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**Definitions**

1. (1) In this Standard -
  - (a) “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act;
  - (b) “exempted foreign insurer” or “exempted foreign reinsurer” means a foreign insurer or foreign reinsurer that has been granted an exemption by NAMFISA pursuant to clause 5; and
  - (c) “NAMFISA ERS” means the Electronic Regulatory System which facilitates communication between NAMFISA and financial institutions or financial intermediaries.
- (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) NAMFISA;
    - (iii) principal officer;
  - (b) as defined in section 4 of the Act –
    - (i) foreign insurer;
    - (ii) foreign reinsurer;
    - (iii) insurance;
    - (iv) insurer;
    - (v) policy;

- (vi) policyholder;
- (vii) registered insurer;
- (viii) registered reinsurer;
- (c) “registered insurance broker” as defined in section 53 of the Act; and
- (d) “related party” as defined in Standard No. GEN.S.10.20 - Definition of related party transactions and identifying those that are prohibited under the Act.

### **Applicability**

2. This Standard applies to -
- (a) every foreign insurer and foreign reinsurer;
  - (b) every registered insurance broker proposing to effect or renew insurance with a foreign insurer or foreign reinsurer pursuant to section 70(2) of the Act; and
  - (c) every registered insurer or registered insurance broker proposing to reinsure the whole or any part of the business of a registered insurer.

### **Part I: Terms and conditions applicable to foreign insurers and foreign reinsurers exempted under section 5 of the Act (clauses 3 to 8)**

3. (1) A registered insurance broker proposing to place insurance with a foreign insurer must make an application to NAMFISA for an exemption under section 5(2) of the Act, which application must be in the form of Schedule 1 to this Standard and must contain evidence that

- (a) the policy benefits required cannot be provided by a registered insurer; or
- (b) an explanation of the reason that the terms of the policy benefits that could be provided by one or more registered insurers, are not equitable.

(2) A registered insurance broker or registered insurer proposing to place reinsurance with a foreign reinsurer must make an application to NAMFISA for an exemption under section 5(2) of the Act, which application must be in the form of Schedule 1 to this Standard, and must contain -

- (a) evidence that -
  - (i) the policy benefits required cannot be provided by a registered reinsurer; or
  - (ii) an explanation of the reason that the terms of the policy benefits that could be provided by one or more registered reinsurers, are not equitable; and
- (b) evidence that every registered reinsurer was offered an opportunity to participate in a reinsurance arrangement before considering placing the policy with a foreign reinsurer or with one or more foreign reinsurers.

(3) An application to NAMFISA referred to in sub-clauses (1) and (2) must contain a detailed description of the foreign insurer or foreign reinsurer in question, including:

- (a) its name and address;
- (b) its jurisdiction of incorporation or principal place of business;

- (c) the name and business address of its principal officer or other senior officer;
- (d) the name and address of its principal foreign supervisory or regulatory authority;
- (e) a reinsurance slip;
- (f) confirmation from local reinsurer(s); and
- (g) quotations and any other information deemed necessary from time to time.

4. (1) The application for an exemption referred to in clause 3 must be accompanied by a written undertaking from the foreign insurer or foreign reinsurer in the form of Schedule 2 to this Standard and as provided in sub-clause (2).

(2) The undertaking referred to in sub-clause (1) must state that the foreign insurer or foreign reinsurer –

- (a) will not undertake any insurance or reinsurance business in Namibia other than the issue of the specific policy in question and that it will not advertise or solicit any such business in Namibia with the exclusion of existing or future foreign exemption applications;
- (b) is registered or authorised in its jurisdiction of incorporation or the jurisdiction of its principal place of business to carry on the class of insurance business for which the proposed policy will be issued;
- (c) has capital equivalent at least to that which would be required for a registered insurer or registered reinsurer carrying on insurance business of the same class;
- (d) is in good standing with its principal foreign supervisory or regulatory authority; and
- (e) has received consent from its principal foreign supervisory or regulatory authority to underwrite insurance in Namibia.

(3) In addition to the undertaking referred to in sub-clause (2), a foreign reinsurer must submit proof that it has a credit rating of at least BBB with Standard & Poor's or an equivalent rating with any other international rating agency, which rating must have been maintained for at least the immediately preceding two years.

(4) The credit rating equivalents are illustrated in the table below:

<b>Credit rating category <i>i</i></b>	<b>Standard &amp; Poors Fitch GCR</b>	<b>Moody's</b>	<b>AM Best</b>
1	AAA to AA-	Aaa to Aa3	A++ to A-
2	A+ to A-	A1 to A3	B++ to B+
3	BBB+ to BBB-	Baa1 to Baa3	B to B-
4	BB+ to BB-	Ba1 to Ba3	C++ to C+
5	B+ to B-	B1 to B3	C to D

6	CCC+ or below	Caa1 or below	E or below
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5. (1) Upon receipt of an application referred to in clause 3 and the undertaking referred to in clause 4, NAMFISA may, if it considers it appropriate to do so, issue an exemption to the foreign insurer or foreign reinsurer pursuant to section 5(2) of the Act.

(2) NAMFISA may require any other information from -

(a) the foreign insurer or foreign reinsurer; and

(b) the registered insurance broker, registered insurer or registered reinsurer, as the case may be, as NAMFISA deems necessary or advisable.

6. An exemption granted by NAMFISA pursuant to section 5(2) of the Act and clause 5 shall include an exemption from the prohibition contained in section 6(1) of the Act.

7. The exemption referred to in clause 5 applies only to the issue of the specific policy in question and to no other business of insurance or reinsurance in Namibia undertaken by the foreign insurer or foreign reinsurer.

8. If, at any time, it comes to the attention of NAMFISA that the foreign insurer or foreign reinsurer is not in compliance with the undertaking referred to in clause 4, NAMFISA may take action against the registered insurance or reinsurance broker or insurer in terms of section 439 of the Act.

**Part II: Conditions or limitations applicable to a registered insurer or registered insurance broker effecting or renewing insurance outside Namibia**

9. (1) For the purposes of section 70, the annual cessionary limits and other requirements referred to in sub-clauses (2) to (5) apply to registered insurance brokers, registered insurers and registered reinsurers effecting or renewing insurance or reinsurance with an exempted foreign insurer or exempted foreign reinsurer.

(2) NAMFISA may require a registered insurer or registered reinsurer to justify its retention policy in a given calendar year to prevent registered insurers or registered reinsurers from merely fronting for foreign insurers and foreign reinsurers.

(3) The following limits apply to the amount of insurance business a registered insurer or registered reinsurer may cede in total (net of NamibRe cession) to an exempted foreign reinsurer in a calendar year:

Total cession of gross written premium	75%
Aggregate cession to a single exempted foreign reinsurer	75%
Cession to a related party	50%

(4) In the case of aviation, marine, nuclear energy or oil insurance or any other specialised class of insurance business, a registered insurer or registered reinsurer may apply to NAMFISA for approval to cede more than the limits specified in sub-clause (3).

(5) The proportion of insurance business ceded by a registered insurer or registered reinsurer to any one exempted foreign reinsurer in respect of any one risk must not exceed 80%

of the sum insured or the liability limit of the underlying insurance policy, except in the case of specialised insurance business as referred to in sub-clause (4) or start up insurers or reinsurers with less than 3 years of operations.

**Part III: Terms and conditions applicable to reinsuring the whole or any part of the business of a registered insurer or registered reinsurer (clauses 10 and 11)**

**10.** A registered insurance broker placing insurance or reinsurance with an exempted foreign reinsurer must comply with the provisions of sections 70, 71 and 72 of the Act.

**11.** Registered insurance brokers, registered insurers and registered reinsurers are prohibited from placing an insurance risk with a foreign insurer or foreign reinsurer unless that foreign insurer or foreign reinsurer has received an exemption from NAMFISA pursuant to clause 5 with respect to the specific policy in question.

**Part IV: General**

**12.** For the purposes of Parts I, II and III of this Standard, where insurance or reinsurance has been placed with an exempted foreign insurer or an exempted foreign reinsurer, the registered insurance broker, registered insurer or registered reinsurer concerned must -

- (a) keep all records and notes of such insurance or reinsurance for inspection by NAMFISA for a period of 5 years after the term of the policy comes to end; and
- (b) bring to the attention of NAMFISA any material information that might impact the ability of the exempted foreign insurer or exempted foreign reinsurer to meet its commitments under the policy concerned.

**Submission**

**13.** (1) An application for an exemption under clause 4 and 10 must be submitted electronically to NAMFISA, together with supporting documents, on the NAMFISA ERS.

(2) When necessary and where so directed by NAMFISA, the applicant must submit specified documentation manually to NAMFISA.

**SUPPORTING SCHEDULES**

**The following supporting schedules are attached to and forms part of this Standard:**

Schedule 1: APPLICATION FORM

Schedule 2: UNDERTAKING BY FOREIGN INSURER OR FOREIGN REINSURER

**SCHEDULE 1 (to Standard INS.S.2.5)**

**APPLICATION FORM**

**to NAMFISA for an exemption pursuant to section 5(2) of the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021) (the “Act”)**

This application is made by/on behalf of \_\_\_\_\_ ,  
a registered insurance broker/registered insurer/registered reinsurer [*delete those that do not apply*] for an exemption pursuant to section 5(2) of the Act for

\_\_\_\_\_  
*[insert name of foreign insurer or foreign reinsurer]*

1. This application relates to the following proposed policy [*describe the policy which it is proposed be issued by the foreign insurer or foreign reinsurer issue*] \_\_\_\_\_

\_\_\_\_\_

2. Attached to this Application is evidence that no registered insurer or registered reinsurer is able to quote on this policy (*no-quotes*);

OR

If a registered insurer or registered reinsurer has provided a quote, explain below why the terms of such registered insurer or registered reinsurer are not equitable:

\_\_\_\_\_

\_\_\_\_\_

3. Name and address of the foreign insurer or foreign reinsurer:

\_\_\_\_\_

\_\_\_\_\_

4. Name and business address of the principal officer or other senior officer of the foreign insurer or foreign reinsurer:

\_\_\_\_\_

\_\_\_\_\_

5. The following is the jurisdiction of the incorporation or formation of the foreign insurer or foreign reinsurer or of its principal place of business:

\_\_\_\_\_

6. The following is the name and address of the principal foreign supervisory or regulatory authority of the foreign insurer or foreign reinsurer:

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I HEREBY confirm that the information contained in this application is true and accurate to the best of my knowledge and belief.

SIGNED at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_.

Full Name: \_\_\_\_\_

Capacity: \_\_\_\_\_

Signature: \_\_\_\_\_



**SCHEDULE 2 (to Standard INS.S.2.5)**

**UNDERTAKING BY FOREIGN INSURER OR FOREIGN REINSURER**

**TO: The Namibian Financial Institutions Supervisory Authority (NAMFISA)**

I, the undersigned, \_\_\_\_\_ being the duly authorised officer of \_\_\_\_\_, a foreign insurer/foreign reinsurer<sup>1</sup> (hereafter the “INSURER/REINSURER”) within the meaning of the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021) of Namibia (hereafter the “Act”), hereby UNDERTAKE on behalf of the INSURER/REINSURER and in consideration of any exemption that may be granted to the INSURER/REINSURER by NAMFISA pursuant to section 5(2) of the Act with respect to the policy proposed to be issued,

THAT THE INSURER/REINSURER:

1. is registered in \_\_\_\_\_ and is authorised to carry on the class of insurance/reinsurance business for which the proposed policy will be issued;
2. is in good standing with its principal supervisory or regulatory authority, namely \_\_\_\_\_;
3. has received the consent of its principal supervisory or regulatory authority, referred to in item 3 above, to underwrite insurance/reinsurance in Namibia;
4. will not undertake any insurance or reinsurance business in Namibia other than the issue of the specific proposed policy and will not advertise or solicit any such business in Namibia;
5. has capital equivalent at least to that which would be required for a registered or registered reinsurer carrying on insurance business of the same class; and
6. <sup>2</sup>has a credit rating of at least BBB with Standard & Poor’s, which rating has been maintained for \_\_\_ years (at least two years immediately preceding the date of the undertaking)

OR

an equivalent rating with another international rating agency [insert rating and name of agency] \_\_\_\_\_ which rating has been maintained for \_\_\_ years (at least the two years immediately preceding the date of the undertaking).

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<sup>1</sup> Delete as applicable

<sup>2</sup> Item # 6 applies only to foreign reinsurers; delete if not applicable

SIGNED on behalf of \_\_\_\_\_ (insert  
name of foreign insurer or foreign reinsurer) at \_\_\_\_\_ on this \_\_\_\_\_ day  
of \_\_\_\_\_ 20\_\_\_\_.

Full Name: \_\_\_\_\_

Capacity: \_\_\_\_\_

Signature: \_\_\_\_\_

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**FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021**

**INSURANCE**

**FINANCIAL REPORTING REQUIREMENTS FOR INSURANCE BROKERS**

**Standard No. INS.S.2.6**

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

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**Definitions**

1. (1) In this Standard -
  - (a) “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act; and
  - (b) “IFRS” means International Financial Reporting Standards.
- (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) generally accepted accounting practice (GAAP);
    - (ii) NAMFISA;
  - (b) as defined in section 4 of the Act -
    - (i) foreign insurer;
    - (ii) registered insurer;
    - (iii) registered reinsurer;
  - (c) as defined in section 53 of the Act -
    - (i) insurance broker;
    - (ii) reinsurance broker;
    - (iii) registered insurance broker;
    - (iv) corporate insurance broker; and
    - (v) registered corporate insurance broker.

**Applicability**

2. This Standard applies to all registered insurance brokers and registered corporate insurance brokers.

**Information required**

**3.** A registered insurance broker is required to submit to NAMIFSA on an annual basis, in the form and manner set out in clause 5;

- (a) where an insurance broker is a registered proprietary limited (Pty Ltd) company, the audited annual financial statements of the insurance broker prepared in accordance with IFRS or GAAP, together with the report of the auditor; or
- (b) where an insurance broker is a closed corporation (CC) or other, unaudited annual financial statements of the insurance broker prepared in accordance with IFRS or GAAP.

**4.** A registered insurance and reinsurance broker is required to submit the following information to NAMIFSA on a quarterly basis, in the form and manner set out in clause 5<sup>1</sup>:

- (a) a certification of the financial soundness of the registered insurance and reinsurance broker that may be available;
- (b) the amount of premiums collected and paid by the registered insurance or reinsurance broker to each registered insurer and reinsurer or foreign insurer or foreign reinsurer;
- (c) the amount of remuneration received by the registered insurance or reinsurance broker from each registered insurer and registered reinsurer or foreign insurer or foreign reinsurer;
- (d) the amount of remuneration paid by the registered insurance or reinsurance broker to any other registered insurance broker;
- (e) the amount of any other fees paid to or received by the registered insurance or reinsurance broker from any registered insurer and registered reinsurer;
- (f) amount and number of claims paid by each registered insurer and registered reinsurer or foreign insurer and foreign reinsurer which the registered insurance or reinsurance broker assisted with or might have been authorised to pay on behalf of the registered insurers and registered reinsurer or foreign insurer or foreign reinsurer;
- (g) a report on all complaints received inclusive of how each complaint was dealt with by the registered insurance or reinsurance broker; and
- (h) full details on the number and types of policies sold by the registered insurance or reinsurance broker on behalf of the registered insurer and registered reinsurer or foreign insurer or foreign reinsurer.

#### **Forms and method of submission**

**5.** (1) The information required by this Standard must be submitted electronically to NAMFISA on the NAMFISA ERS.

(2) Where necessary and when so directed by NAMFISA, the registered insurance and reinsurance broker must submit specified documentation to NAMFISA manually.

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<sup>1</sup> The information requested is limited to what is in the broker's disposal and in respect of his/her or its functions.

## **Reporting periods and due dates**

- 6.** A registered insurance broker must provide the information required by this Standard -
- (a) in the case of the annual information required by clause 3, 90 days after the financial year end of the registered insurance broker; and
  - (b) in the case of the quarterly information required by clause 4, 30 days after the end of the reporting period to which the information relates.
- 7.** Upon application to NAMFISA, NAMFISA may, by notice in writing, grant a registered insurance broker an extension of a due date referred to in clause 6, in which case the new due date for the submission of the information will be the date specified in the notice of extension.
- 8.** Notwithstanding clauses 3, 4 and 6, where NAMFISA considers it necessary and reasonable to obtain information more frequently from a particular registered insurance broker, it may do so and may stipulate the frequency and form of that information.

## **Accountability**

- 9.** A registered insurance broker must ensure that processes and controls are in place to support the submission of accurate and reliable information to NAMFISA within the time periods specified in this Standard.
- 10.** All information submitted to NAMFISA pursuant to this Standard must be duly authorised and signed by the Principal Officer of a registered corporate insurance broker, or by the individual who is the registered insurance broker, as applicable.

## **SUPPORTING SCHEDULES**

**The following supporting schedules are attached to and form part of this Standard:**

- Schedule 1: STATEMENT OF COMPREHENSIVE INCOME
- Schedule 2: STATEMENT OF FINANCIAL POSITION
- Schedule 3: POLICY MOVEMENT STATISTICS (SHORT-TERM)
- Schedule 4: POLICY MOVEMENT STATISTICS (LONG-TERM)
- Schedule 5: COMPLAINTS

**SCHEDULE 1** (to Standard No. INS.S.2.6)  
**STATEMENT OF COMPREHENSIVE INCOME**

	<b>CURRENT YEAR N\$'000</b>
<b>REVENUES</b>	
Commission received	
Commission received from Insurer	
Commission received from Re-insurer	
Commission received from Foreign insurer	
Commission received from Foreign Re-insurer	
Service fees	
Interest income	
Investment and administration Income	
Other Income	
<b>PROFIT FROM OPERATIONS BEFORE TAX</b>	
Investment Income	
Rental Income	
Other Income	
Operating/ Office expenses	
Staff Expenses (Include commission to Natural persons)	
Executive Management expenses	
Finance costs	
Commission paid to other intermediaries	
Claims paid	
Administration & Investment management fee	
Total Expenses	
<b>PROFIT BEFORE TAXATION</b>	
Income Tax Expense	
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	
Other Comprehensive Income	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	

**SCHEDULE 2** (to Standard No. INS.S.2.6)  
**STATEMENT OF FINANCIAL POSITION**

	<b>CURRENT YEAR N\$'000</b>
<b>ASSETS</b>	
Non-current assets	
Property plant and equipment	
Intangibles	
Loans	
Other assets	
Investments	
Deferred tax	
Current assets	
Cash and cash equivalents	
Investments	
Trade and other receivables	
Technical assets	
Reinsurers' share of unearned premiums	
Reinsurers' share of outstanding claims	
Reinsurers' share of claims incurred but not reported	
Commission receivable	
Premium debtors	
Subrogation Claims	
DAC	
<b>TOTAL ASSETS</b>	
<b>EQUITY AND LIABILITIES</b>	
<b>CAPITAL AND RESERVES</b>	
Ordinary Share Capital	
Preference share capital	
Share premium	
Retained earnings	

Other reserves	
Total capital and reserves	
<b>LIABILITIES</b>	
Interest bearing liabilities	
Trade and other payables	
Premiums Received	
Premiums Transferred to Insurer	
Premiums Transferred to Reinsurer	
Other liabilities	
Technical Liabilities	
Gross provision for unearned premiums	
Gross outstanding claims	
Gross claims incurred but not reported	
Commission due	
Reinsurance creditors	
Total liabilities	
<b>TOTAL EQUITY AND LIABILITIES</b>	









**SCHEDULE 5** (to Standard No. INS.S.2.6)

**COMPLAINTS**

Type of Complaint Received	Date Resolved		In Favour

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# FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021

## INSURANCE

### FAIR TREATMENT OF CLIENTS AND POLICYHOLDERS BY REGISTERED INSURANCE INTERMEDIARIES

#### Standard No. INS.S.2.7

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

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#### Definitions

1. (1) In this Standard -
  - (a) “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act; and
  - (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.
- (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) affiliate;
    - (ii) client;
    - (iii) NAMFISA;
  - (b) as defined in section 4 of the Act –
    - (i) insurance;
    - (ii) insurance advice;
    - (iii) policy;
    - (iv) policyholder;
    - (v) premium;
    - (vi) registered insurance intermediary;
    - (vii) registered insurer;
    - (viii) registered reinsurer;
  - (c) as defined in section 53 of the Act –
    - (i) corporate insurance agent.
    - (ii) corporate insurance broker;
    - (iii) insurance agent;

- (iv) registered insurance agent; and
- (v) registered insurance broker.

### **Applicability**

2. This Standard applies to all registered insurance intermediaries, corporate insurance brokers corporate insurance agents, registered insurers and registered reinsurers in as far as they are accountable for the conduct of their insurance agents.

### **General requirements that the information given must comply with**

3. A registered insurance intermediary must at all times comply with -
- (a) Standard No. GEN.S.10.9 – Code of Conduct;
  - (b) Standard No. INS.S.2.10 – Point of Sale Information to be provided by registered insurers, registered insurance agents and registered insurance brokers to policyholders and potential policyholders;
  - (c) Standard No. GEN.S.10.17 - The description of plain language; and
  - (d) the written code of conduct put in place by -
    - (i) the registered insurer, registered insurance broker or registered insurance agent, corporate insurance agent, corporate insurance broker as the case may be, by whom the registered insurance intermediary is employed or to whom the registered insurance intermediary is contractually bound; or
    - (ii) the registered insurance intermediary where that person is an individual and not employed or contracted by a registered insurer or another registered insurance intermediary.
4. A registered insurance intermediary must ensure that -
- (a) insurance advice given to a client and potential policyholders is suitable and takes account of the circumstances of the client;
  - (b) client, policyholders and potential policyholders are provided with such information, illustrations, explanations and responses to questions as may be reasonably sufficient under the circumstances for them to evaluate the meaning and importance of the insurance advice being offered, having careful regard for the client's, policyholder's and potential policyholder's knowledge of the subject matter and ability to analyse and assess it before, during and after point of sale; and
  - (c) clients, policyholders and potential policyholders do not face unreasonable barriers to changing a policy, switching registered insurers or registered insurance brokers, submitting a claim or making a complaint.

### **General conduct**

5. (1) A registered insurance intermediary must not –
- (a) use any illustration, circular, memorandum, statement or other publication that misrepresents, or by omission is so incomplete that it misrepresents the terms, policy benefits or advantages of any policy issued or to be issued;

- (b) make any false or misleading statement as to the terms, policy benefits or advantages of any policy issued or to be issued;
- (c) make any incomplete and selective comparison of any policy with that of any other registered insurer for the purpose of inducing or intending to induce a policyholder to lapse, forfeit or surrender a policy;
- (d) make any payment, allowance, give any gift or any offer to pay, allow or give, directly or indirectly any money or thing of value to lure any potential policyholder to purchase insurance or to doing something;
- (e) engage in any conduct resulting in unreasonable delay in, or resistance to, the fair adjustment and settlement of claims;
- (f) make the issue or variation of a policy conditional on the client, policyholder or potential policyholder having or purchasing another policy;
- (g) make or attempt to make, directly or indirectly, an agreement with a client, policyholder or potential policyholder making an application for insurance as to the premium to be paid for the policy that is different from the premium set out in the policy;
- (h) pay, allow or give, directly or indirectly, a rebate of all or part of the premium stipulated in a policy to a policyholder or potential policyholder, or offer or agree to do so, including allowing or giving, directly or indirectly any consideration or thing of value that is intended to be in the nature of such a rebate;
- (i) in connection with –
  - (i) a request for a quotation or an application for insurance made to a registered insurer that is an affiliate of the registered insurer to whom the registered insurance broker is contractually bound; or
  - (ii) an offer by an insurer that is an affiliate of the insurer to whom the registered insurance broker is contractually bound to renew an existing policy,

fail to provide the lowest rate available, within the meaning of sub-clause (2), from the insurer to whom the registered insurance broker is contractually bound or from any registered insurer that is an affiliate of that registered insurer;
- (j) solicit or demand a referral fee, directly or indirectly, from a person who provides insurance services to or for the benefit of a client, policyholder or potential policyholder who claims payment under a policy or when an application is made for a policy;
- (k) accept a referral fee, directly or indirectly, from a person who provides insurance services to or for the benefit of a client, policyholder or potential policyholder who claims payment under a policy;
- (l) charge an amount in consideration for the provision of insurance services to or for the benefit of a client, policyholder or potential policyholder who claims payment under a policy;
- (m) require, request or permit a client, policyholder who claims payment under a policy, to sign, before it has been completed in full, a claims form or other document;

- (n) make a statement by or on behalf of a registered insurer for the purposes of an adjustment or settlement of a claim if the intermediary knows or ought to know that the statement misrepresents or unfairly presents the findings or conclusions of a person who conducted an examination into the happening of the event giving rise to a claim; and
  - (o) engage in “tied selling” within the meaning of section 23(1) of the Act.
- (2) The reference in sub-clause (1)(i) to the “lowest rate available” is a reference to the lowest rate available and most appropriate having regard to all of the circumstances.
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**FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021**

**INSURANCE**

**MATTERS WITH RESPECT TO ENTITIES COMMONLY KNOWN AS CELL  
CAPTIVES**

**Standard No. INS.S.2.8**

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

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**Definitions**

1. (1) In this Standard -
  - (a) “Act”, means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with the Regulations prescribed under the Act and the Standards and other subordinate measures issued by NAMFISA under the Act;
  - (b) “captive” means an insurance or reinsurance structure created by a registered insurer or registered reinsurer for the purpose of providing cover for insurance risks of cell captives;
  - (c) “cell captive” means an insurance or reinsurance vehicle created by a registered insurer or registered reinsurer through a shareholder’s agreement, business agreement or any other agreement for the special purpose of covering the insurance risk which the cell owner, its associated party or any other party, is exposed to;
  - (d) “cell provider” means a registered insurer or registered reinsurer that transacts cell captive insurance business;
  - (e) “first party cell” means a cell captive where the special class of shares are issued to the cell owners providing the cell owners with the ability to underwrite their own insurance risks and that of their associates;
  - (f) “third party cell” means a cell captive where the special class of shares are issued to the cell owners to provide the cell owners with the ability to underwrite the insurance risks of third parties;
  - (g) “rent a captive” means a captive insurance business arrangement, excluding contingency policies, where the cell captive is specifically formed to provide captive facilities to unassociated parties and the cell provider capitalises the cell captive for a fee;
  - (h) “cell captive insurance business” or “cell captive reinsurance business” means an arrangement for which a registered insurer or registered reinsurer carries on captive insurance or reinsurance business for or on behalf of its cell owners and shall include first party, third party and rent a captive;
  - (i) “cell owner” means a person that owns a special class of shares issued by a cell provider or a person who has any other type of agreement with the cell provider with the intention to insure own assets, assets of associated parties or any other party by funding its capital or not; and

(j) “unrelated insurance business” means insurance of risks that are not related to those of the cell captive owner.

(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) affiliate;
- (ii) associate;
- (iii) client;
- (iv) company;
- (v) entity;
- (vi) holding company;
- (vii) subsidiary;

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

- (i) class or classes;
- (ii) insurance;
- (iii) insurer;
- (iv) reinsurer;
- (v) policy;
- (vi) policyholder;
- (vii) registered insurer;
- (viii) registered reinsurer;
- (ix) registered insurance intermediary; and

(c) “registered insurance broker” as defined in section 53 of the Act.

### **Applicability**

**2.** This Standard applies to –

- (a) cell providers and their associates;
- (b) cell owners;
- (c) cell captive insurance and reinsurance policyholders; and
- (d) registered insurance intermediaries.

### **Conduct of business of cell captive insurer or reinsurer**

**3.** (1) A cell provider must be a registered insurer or registered reinsurer under Part 2 of Chapter 2 of the Act and must comply on an ongoing basis with all the applicable provisions of the Act.

- (2) A cell provider must, before –
  - (a) entering into a shareholder’s agreement, business agreement or any other agreement governing its relationship with a cell owner; or
  - (b) issuing shares to a cell owner,

ensure that the terms and conditions of the agreement and the issuing of the shares comply with the provisions of this Standard and forthwith notify NAMFISA.

(3) Sub-clause (2) shall also apply to any amendment or renewal of an agreement and to any amendment of the share conditions referred to in that sub-clause.

**4.** (1) A cell provider must not carry on any class of insurance or reinsurance business other than for the classes of insurance business registered under the Act.

(2) A cell provider may not act or operate as a front by transferring all risk to any other entity without underwriting or incurring any liability, and policies issued by the cell provider must clearly indicate that the cell provider is the underwriter.

(3) A cell provider may transfer part of the risk to a registered reinsurer.

(4) A cell provider who underwrites unrelated insurance business risks within a cell captive must ensure that it has adequate risk management framework or policies and processes in place.

(5) Cell providers and cell owners must not use the cell captive arrangements for any purpose other than insurance business.

**5.** (1) The cell provider must have oversight arrangements to monitor the insurance market conduct of cell owners at all times.

(2) The cell provider must ensure that the cell owner adheres to and complies with –

- (a) Standard No. INS.S.2.19 - Governance; and
- (b) Standard No. GEN.S.10.2 - Fit and Proper Requirements.
- (3) The cell provider ultimately bears the insurance risk.

**6.** Registered insurance intermediaries engaging or transacting in cell captive insurance or reinsurance business must disclose to clients or potential clients, prior to the purchase of any insurance or reinsurance product –

- (a) any conflict of interest in relation to the cell captive;
- (b) that the client or potential client is entitled to obtain the insurance product from another registered cell captive insurer;
- (c) the proof of registration document as an intermediary; and
- (d) any warranties covered for specific products.

## **Reporting**

**7.** A cell provider must in addition to any requirements imposed by NAMFISA in terms of section 414(3)(a) of the Act, report to NAMFISA on each cell captive’s financial status and position by completing and submitting the annual returns in respect of short-term insurance

and reinsurance business and long-term insurance and reinsurance business in accordance with Schedules 1 or 2 attached to this Standard.

### **Capital requirements**

**8.** For the purposes of policyholder protection and ensuring financial stability of all types of cell captive insurance or reinsurance business referred to under clause 1(1)(e), (f) and (g), the cell provider must –

- (a) ensure that each cell is financially sound;
- (b) in the case of a cell captive insurer or reinsurer where there is a third unaffiliated party to protect, hold necessary capital as required in terms of Standard No. INS.S.2.1 - Capital adequacy requirements for registered insurers;
- (c) ensure that there is sufficient and adequate reinsurance cover in place to meet all its obligations;
- (d) ensure that surplus assets of one cell are not used to offset liabilities in another cell;
- (e) ensure that the insurance risk of the cell provider shall not be limited to the funds available in a particular cell and that any benefits due to the policyholder must not be withheld due to non-performance of the cell captive;
- (f) ensure that surplus assets (i.e. excess of the value of assets over the value of the liabilities, including the statutory capital requirement) in a cell captive are not included in the total assets of the cell provider; and
- (g) ensure that the cell provider remains ultimately liable to the insured in the event of the cell captive having insufficient funds to meet a claim.

**9.** Consistent actuarial assumptions must be used between the cell captives, where appropriate, to value each cell captive's business, otherwise the valuator may take account of the experience of each cell captive when determining the actuarial basis for each cell captive.

**10.** The assets required to cover the liabilities (including statutory capital requirements or solvency capital requirements) of a cell captive shall not include investments in a cell owner.

**11.** (1) The cell provider may not use the assets of a cell captive which are required to cover liabilities (including statutory capital or solvency capital requirements) to make a loan to the cell owner.

(2) For the purposes of sub-clause (1), the cell owner also includes the subsidiaries, affiliates, associates or any other company being a subsidiary or associate of the ultimate holding company of the cell owner.

**12.** No ordinary or preference shares may be issued, whether directly or indirectly, to any registered insurance brokers or registered reinsurance brokers or its affiliate through cell captives.

### **Dissolution**

**13.** (1) Subject to sub-clause (2), the dissolution of the cell captives shall be in accordance with the shareholders agreement or policy contract.

(2) The dissolution clause in the shareholders agreement or policy contract must comply with the requirements of the section 445 of the Act.

(3) Prior to dissolution of the cell captive, the cell provider's valuator and auditor must carry out an evaluation of the cell captive's assets and liabilities, state the impact of such dissolution on the cell captive insurer or reinsurer and issue a certified statement to NAMFISA for review and approval.

### **SUPPORTING SCHEDULES**

**The following supporting schedules are attached to and form part of this Standard:**

Schedule 1: FINANCIAL STATEMENTS FOR LONG-TERM CELL CAPTIVE INSURER OR REINSURER

Schedule 2: FINANCIAL STATEMENTS FOR SHORT-TERM CELL CAPTIVE INSURER OR REINSURER

**SCHEDULE 1 (to Standard INS.S.2.8)**

**FINANCIAL STATEMENTS FOR A LONG-TERM CELL CAPTIVE INSURER OR REINSURER**

<b>STATEMENT OF COMPREHENSIVE INCOME</b>	
<b>LONG-TERM INSURANCE /REINSURANCE</b>	
<b>REPORTING PERIOD</b>	
Gross premiums written	
Less: Reinsurance premium	
<b>Net premiums written</b>	
Gross policyholder benefits paid	
Reinsurance recoveries	
<b>Net policyholders benefits</b>	
Change in policyholder liabilities	
Commission paid	
<b>POLICYHOLDER BENEFITS AND COMMISSION</b>	
<b>GROSS PROFIT/(LOSS)</b>	
Investment income	
Other income	
<b>TOTAL INCOME</b>	
Management expenses	
Finance costs	
Other expenses	
<b>TOTAL EXPENSES</b>	
<b>PROFIT BEFORE TAXATION</b>	
LESS: Est. taxation (Current + def.)	
<b>PROFIT FOR THE YEAR</b>	
<b>Other comprehensive income for the year</b>	

<b>STATEMENT OF CHANGES IN EQUITY</b>							
Reporting Period:							
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>Ordinary Share Capital</b>	<b>Share Premium</b>	<b>Retained Earnings</b>	<b>Contingency Reserve</b>	<b>Other Reserve</b>	<b>Total</b>	<b>Previous year</b>
	<b>NS'000</b>	<b>NS'000</b>	<b>NS'000</b>	<b>NS'000</b>	<b>NS'000</b>	<b>NS'000</b>	
Balance At End of previous Year							
TOTAL COMPREHENSIVE INCOME							
Transfers To/From Contingency Reserve							
Transfers To/From Other Reserve							
Other							
Dividends Declared							
<b>Balance At Current Year</b>							

<b>STATEMENT OF FINANCIAL POSITION</b>	
<b>LONG-TERM INSURANCE /REINSURANCE</b>	
<b>REPORTING PERIOD</b>	
Immovable Property	
Property, plant and equipment	
Intangible assets	
Deferred tax	
Other assets	
Investments	
<b>NON-CURRENT ASSETS</b>	
Reinsurer's debtors	
Premium debtors	
<b>TECHNICAL ASSETS</b>	
Cash and cash equivalents	
Receivables	
Investments	

<b>CURRENT ASSETS</b>	
<b>TOTAL ASSETS</b>	
Deferred taxation	
Other non-current liabilities	
<b>NON CURRENT LIABILITIES</b>	
Policyholder liabilities	
Reinsurance creditors	

<b>TECHNICAL LIABILITIES</b>	
Trade and other payables	
Current income taxation	
CAR	
Other current liabilities	
<b>CURRENT LIABILITIES</b>	
<b>TOTAL LIABILITIES</b>	
<b>Excess Assets</b>	



**SCHEDULE 2 (to Standard INS.S.2.8)**

**FINANCIAL STATEMENTS FOR A SHORT-TERM CELL CAPTIVE INSURER OR REINSURER**

<b>STATEMENT OF COMPREHENSIVE INCOME</b>	
Reporting Period:	
	<b>NS'000</b>
Gross premiums written	
Less: Reinsurance premium	
<b>Net premiums written</b>	
Change in provision for unearned premiums	
<b>Net Premiums Earned</b>	
Gross claims and loss adjustment expenses	
Change in Incurred But Not Reported	
Less: Gross claims and loss adjustment expenses recovered from reinsurers	
<b>Net Claims incurred</b>	
Commission incurred	
Less: Commission earned	
<b>Net commission incurred</b>	
<b>Claims And Commissions</b>	
<b>Underwriting Surplus/Loss</b>	
Management expenses	
Investment income	
Finance costs	
Other income	
<b>Profit Before Taxation</b>	
Less: Est. taxation (Current + def.)	
<b>Profit For The Year</b>	
Other comprehensive income for the year	
<b>Total Comprehensive Income for the year</b>	

<b>STATEMENT OF CHANGE IN EQUITY</b>							
Reporting Period:							
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>Ordinary Share Capital</b>	<b>Share Premium</b>	<b>Retained Earnings</b>	<b>Contingency Reserve</b>	<b>Other Reserve</b>	<b>Total</b>	<b>Previous year</b>
	<b>NS'000</b>	<b>NS'000</b>	<b>NS'000</b>	<b>NS'000</b>	<b>NS'000</b>	<b>NS'000</b>	
Balance At End Of Previous Year							
<b>TOTAL COMPREHENSIVE INCOME</b>							
Transfers To/From Contingency Reserve							
Transfers To/From Other Reserve							
Other							
Dividends Declared							
<b>BALANCE AT CURRENT YEAR</b>							

<b>STATEMENT OF FINANCIAL POSITION</b>	
<b>SHORT-TERM INSURANCE /REINSURANCE</b>	
REPORTING PERIOD	<b>NS'000</b>
<b>Non-Current Assets</b>	
Immovable Property	
Motor Vehicle And Office Equipment	
Intangible Assets	
Deferred Tax	
Other Assets	
Investment	
<b>Total Non-Current Assets</b>	
Cash And Cash Equivalents	
<b>Total Other Receivables</b>	
Other Receivables- Please specify	

<b>Other Receivables</b>	
Subrogate receivables	
Asset portion of inter-company account	
Agent balances - Reinsurance	
VAT balance (net of doubtful debts)	
Sundry debtors	
Investment	
<b>Total Current Assets</b>	
<b>Reinsurers' Share Of Unearned Premiums</b>	
<b>Reinsurers' Share Of Outstanding Claims</b>	
Reinsurers' Share Of Claims Incurred But Not Reported	
Commission Receivable	
Premium Debtors	
<b>Total Technical Assets</b>	
<b>TOTAL ASSETS</b>	

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**FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021**

**INSURANCE**

**AMOUNT OF COMMISSION THAT MAY BE PAID TO INSURANCE BROKERS**

**Standard No. INS.S.2.9**

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

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**Definitions**

1. (1) In this Standard,
  - (a) “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021) and it must be read with the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act; and
  - (b) “commission” means compensation paid by a registered insurer to a registered broker or Lloyd’s intermediary in respect of financial services rendered under Chapter 2 of 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) financial service;
    - (ii) NAMFISA;
  - (b) as defined in section 4 of the Act –
    - (i) insurance;
    - (ii) long-term insurance;
    - (iii) policy;
    - (iv) policyholder;
    - (v) premium;
    - (iv) short-term insurance;
  - (c) as defined in section 8 of the Act –
    - (i) fund policy;
    - (ii) health insurance business;
    - (iii) life policy;
    - (iv) long-term policy;
    - (v) sinking fund insurance business;

- (d) as defined in section 42 of the Act –
  - (i) Lloyd’s;
  - (ii) Lloyd’s intermediary;
  - (iii) Lloyd’s underwriter;
- (e) as defined in section 53 of the Act –
  - (i) insurance agent;
  - (ii) insurance broker;
  - (iii) registered insurance agent; and
  - (iv) registered insurance broker.

### **General information**

- 2. This Standard applies to all registered insurance brokers, Lloyd’s intermediaries and registered insurers.
- 3. This Standard must be read in conjunction with -
  - (a) Standard No. INS.S.2.7 – The fair treatment of clients and policyholders by registered insurance intermediaries; and
  - (b) Standard No. GEN.S.10.10 – Outsourcing of functions and responsibilities by financial institutions and financial intermediaries.

### **Compliance**

- 4. Any agreement, scheme or arrangement to offer, provide, accept, pay or receive commission for the rendering of a financial service in terms of Chapter 2 of the Act, otherwise than in accordance with this Standard, is void.

### **Part I: Long-term Insurance Definitions**

- 5. In this part, unless the context indicates otherwise -
  - (a) “annualised contributions” in relation to a scheme, means the total amount of 12 months’ contributions due under such scheme during a scheme year, but excluding transfer values inwards and excluding credits to the employer arising in the scheme by reason of the withdrawal of a member;
  - (b) “annualised premium” in relation to a group policy, means the total of 12 months’ premiums payable under the policy for a scheme year;
  - (c) “benefit component” means a separately identifiable kind of policy benefit provided under a policy;
  - (d) “compulsory annuity” means a long term policy purchased in either the name of the former fund member, where there is a duty in terms of the rules of a fund or both to take out such annuity;
  - (e) “deferred annuity” means a long-term policy to provide its owner retirement capital or retirement income at a future date and includes, but not limited to, a retirement annuity policy;

- (f) “group scheme” means a scheme or arrangement which provides for the entering into of a policy, other than an individual policy, in terms of which two or more persons without an insurable interest in each other, are the lives insured;
- (g) “immediate annuity” means a compulsory annuity or voluntary annuity;
- (h) “m” means the number of months in any scheme year;
- (i) “n” means-
  - (i) in relation to each separately identifiable constituent of a life policy-
    - (aa) if only C of the numbers A, B and C is applicable to such constituent, C; or
    - (bb) if C and one or both of A and B are applicable to such constituent, the smaller or smallest, as the case may be, of such numbers as are applicable, and for the purposes of this definition of “n” –
      - “A” means the number of years in the premium paying term, as such term is uniquely defined;
      - “B” means the number of years in respect of which premiums are payable before the earliest survival benefit (including a surrender value but excluding a disability benefit) of at least a specifically stated or pre-determinable monetary amount becomes available; and
      - “C” means the greater of 10 and 75 minus age next birthday at entry; and
  - (ii) in relation to retirement annuity policies -
    - (aa) under which there is a stated premium paying term, the number of years in such term, but limited to the greater of 10 and 66 minus age next birthday at entry; or
    - (bb) under which there is no stated premium paying term, the greater of 10 and 66 minus age next birthday at entry;
- (j) “P” in relation to any policy year, means, for each separately identifiable constituent of a policy, the premium which in terms of the policy is payable in respect of that year;
- (k) “policy” means a long-term policy, other than a reinsurance policy;
- (l) “premium” means the consideration paid and still to be paid in respect of a policy, or, where the policy has two or more benefit components, the consideration paid and still to be paid in respect of the benefit component concerned;
- (m) “premium term” in relation to a recurring premium policy, or in relation to a benefit component of a recurring premium policy, other than a group policy or a fund policy, means the period for which the premium must be paid, being the shorter of the following periods:-
  - (i) the period stated in the policy, or ascertainable from its written provisions, at the commencement of the policy or at the commencement of the benefit component;

- (ii) the period for which the premium must be paid before a policy benefit must or may be provided, otherwise than upon a disability event, a health event or the death of a life insured; or
- (iii) the period for which the premium must be paid before a consideration must or may be paid upon the surrender of the policy, if the amount of the consideration is stated in the policy, or is ascertainable from its written provisions, at the commencement of the policy or at the commencement of the benefit component; or
- (iv) the period that is the longer of –
  - (aa) 10 years; or
  - (bb) in the case of a fund member policy, the number of full years from the beginning of the first premium year to the 66th birthday of the life insured; or
  - (cc) in the case of another policy, the number of full years from the beginning of the first premium year to the 75th birthday of the life insured;
- (n) “premium year” in relation to a recurring premium policy or a benefit component of a recurring premium policy, other than a group policy or a fund policy, means one of a succession of periods, each of 12 months, the first of which begins on the date the policy, or the benefit component concerned, is entered into, or, if it is a later date, the date on which the obligation of the registered insurer in respect of the policy or the benefit component becomes operative;
- (o) “regular premium policy” means a policy under which the premium is payable in two or more amounts;
- (p) “scheme year” in relation to a scheme, means a period commencing on –
  - (i) the date of commencement or the inception date, as the case may be, of the scheme with a registered insurer; or
  - (ii) the date of the appointment of a registered insurance agent, a registered insurance broker, as the case may be, to the scheme,
 whichever is the later, and ending on -
  - (aa) the day preceding the next succeeding inception date of the scheme;
  - (bb) the date of termination of the scheme with the registered insurer; or
  - (cc) the date of termination of the appointment of the registered insurance agent or registered insurance broker, as the case may be, to the scheme;
- (q) “retirement annuity policy” means a long-term policy taken out by retirement annuity fund for the purposes of meeting in whole or in part its liability to provide benefits to its members in terms of its rules, relating exclusively to a particular member of the fund or the surviving spouses, children, dependents or nominees of the particular member of the fund, but excludes a fund policy;
- (r) “scheme” means a fund or group scheme underwritten by means of a life policy;

- (s) “single premium policy” means a policy under which the premium is payable in one amount only;
- (t) “Table” means Table 1 or Table 2 in Schedule 1 attached to this Standard;
- (u) “term cover” means cover that is provided under a policy during a specified limited period of time;
- (v) “tied”, in relation to a compulsory annuity, means a type of annuity where the fund itself provides the compulsory annuity to its member or where the fund rules predetermine the registered insurer where the compulsory annuity must be provided; and
- (w) “voluntary annuity” means a long-term policy where there is no obligation in terms of legislation or the rules of any fund to take out such annuity.

### **Limitation of commission payable in respect of long-term insurance**

**6.** (1) A registered insurer must not directly or indirectly pay, allow or give commission to a registered insurance broker or Lloyd’s intermediary in respect of financial services rendered in terms of Chapter 2 of the Act, otherwise than in monetary form and in accordance with this Part, and more particularly, as specified in Table 1 of the Schedule attached to this Standard.

(2) A registered insurance broker or Lloyd’s intermediary must not, directly or indirectly, receive or accept commission from a registered insurer in respect of financial services rendered in terms of Chapter 2 of the Act, otherwise than in monetary form and in accordance with this Part, and more particularly, as specified in Table 1 of the Schedule attached to this Standard.

**7.** Irrespective of how many persons render financial services as registered insurance brokers or Lloyd’s intermediaries in relation to a policy, the total commission that may be paid and received in respect of that policy may not exceed the maximum allowed under Table 1 of the Schedule attached to this Standard.

**8.** No commission shall be paid, allowed, given or accepted on a policy before the date on which the premium, in respect of which the commission is based, is paid to the registered insurer concerned, except that commission relating to any particular policy year may be paid, allowed, given or accepted at the commencement of that year and in advance of receipt of any premium for that year by the registered insurer, provided that -

- (a) for the purposes of calculating the amount of the commission payable in advance, it must be assumed that the premium becomes due with the same frequency as the commission; and
- (b) if any such premium remains partially or wholly unpaid, the registered insurer shall reverse the commission relating to the unpaid amount or the whole, as the case may be, of such premium within 60 months.

**9.** If a premium or any part thereof is for any reason refunded by a registered insurer, the commission paid, allowed or given in respect of that premium or part of that premium, if any, shall be paid back to the registered insurer by the person to whom it was paid, allowed or given at the discretion of the registered insurer.



### **Time of payment of commission**

**10.** The commission payable in terms of Table 1 of the Schedule attached to this Standard may be paid in one or more amounts, but must not be paid or received before -

- (a) the first premium year has begun; or
- (b) the premium, in respect of which the commission is payable, has been received by the registered insurer.

### **Commission when a policy has two or more benefit components**

**11.** If a policy has two or more benefit components, and it is not specified in the policy or the portion of the total premium attributable to each benefit component is not ascertainable from the written provisions of the policy, the commission that may be paid must not exceed the maximum that would have been allowed had the policy comprised of, and had the total premium been attributable to only the benefit component that most closely reflects the main purpose of the policy, to the exclusion of other subordinate purposes of the policy.

### **Calculation of commission**

**12.** Commission in respect of individual life insurance business shall be calculated as set out in Table 1 of the Schedule, subject to the following conditions:

- (a) regular premium policies in respect of retirement annuity policies: no renewal commission;
- (b) in respect of all other policies -
  - (i) for each separately identifiable constituent of the policy, the first year's commission of  $(3.25\% * n * P)$ , subject to a maximum of 85% of P, provided that payment of any part of such commission may be made conditional upon payment of the premium due in any later year and that in such event that part of the commission may be increased by not more than 15% per annum, compounded annually until payment of that part of the commission;
  - (ii) renewal commission, payable after the first year of the policy, the aggregate value of which, discounted at 15% per annum to the commencement of the second year, does not exceed 33⅓% of the first year's commission, as determined in accordance with paragraph (b)(i) but excluding the proviso thereto; and
- (c) sinking fund insurance business: such commission shall be payable only as and when the premium is received by the registered insurer.

**13.** Commission in respect of pension funds, funds, group schemes (excluding funeral) shall be calculated as set out in Table 2 of the Schedule subject to the condition: In respect of the first scheme year after setting up a new scheme, commission additional to that determined in accordance with Table 2 but not exceeding N\$7,500.00 (seven thousand five hundred Namibia dollar) or 7.5% of annualised contributions for that scheme year linked to CPI, whichever is the lesser, may be paid, but such additional commission shall apply only when a scheme is first established.

## **Part II: Short-term Insurance**

### **Limitation of remuneration in terms of short-term insurance**

**14.** No remuneration in respect of short-term insurance business, directly or indirectly must be paid, allowed or given to, or accepted by or on behalf of, a registered insurance broker, Lloyd's intermediary or any other person as remuneration for rendering services as an insurance broker otherwise than by way of commission in monetary form.

**15.** The commission payable in respect of a short-term insurance policy, regardless of the number of insurance brokers involved, in total must not exceed the maximum rate of commission payable under this Standard.

**16.** No commission shall be paid, allowed, given or accepted on a short-term insurance policy before the date on which the premium in respect of which the commission is based, is paid to the registered insurer or to the Lloyd's underwriter concerned.

**17.** Commission for short term insurance policies shall be calculated as set out in Table 3 in the Schedule.

**18.** If a premium or any part thereof is for any reason refunded by a registered insurer or by a Lloyd's underwriter, the commission paid, allowed or given in respect of that premium or part of that premium, if any, shall be refunded to the registered insurer or to the Lloyd's underwriter by the person to whom it was paid, allowed or given.

#### **SUPPORTING SCHEDULE**

**The following supporting schedule is attached to and forms part of this Standard:**

Schedule: COMMISSION

**SCHEDULE (to Standard INS.S.2.9)**

**COMMISSION**

<b>TABLE 1</b>				
<b>Item</b>	<b>Kind of policy or benefit component</b>	<b>Maximum Percentage</b>		
		Single Premium	Regular premium	
			Basic percentage	Limit:
	Column 1	Column 2	Column 3	Column 4
<b>1</b>	<b>Individual life (excluding funeral) policy</b>			
<b>1.1</b>	Not annuity or credit life	2.5% x P	3.25% x n x P	85% of P
<b>1.2</b>	Deferred annuity	1.5% x P	3.25% x n x P	75% of P
<b>1.3</b>	Immediate annuity			
<b>1.3.1</b>	Voluntary annuity	1.5% x P	n/a	n/a
<b>1.3.2</b>	Compulsory annuity – not tied	1.5% x P	n/a	n/a
<b>1.3.3</b>	Compulsory annuity – tied	No commission		
<b>1.4</b>	Credit Life	2.5% x P	3.25% x n x P	85% of P
<b>1.5</b>	All other term policies	2.5% x P	3.25% x n x P	75% of P
<b>2</b>	<b>Individual/ group funeral policy*</b>	2.5% x P	3.25% x n x P	85%
<b>3</b>	<b>Individual disability/ group policy</b>			
<b>3.1</b>	Term cover only	2.5% x P	3.25% x n x P	85% of P
<b>3.2</b>	Not term cover only	2.5% x P	3.25% x n x P	85% of P
<b>3.3</b>	Health policy	2.5% x P	3.25% x n x P	85% of P
<b>4</b>	<b>Fund policy</b>	Table 2	Table 2	n/a
<b>5</b>	<b>Individual / group sinking fund insurance business</b>	2.5% x P	2.5% x P	

\* A life policy that qualifies as a funeral policy may be dealt with under item 2.

<b>TABLE 2</b>			
<b>Maximum Normal Commission</b>			
<b>Item</b>	<b>Column 1</b>	<b>Column 2</b>	
	<b>Apply the applicable percentage(s) below</b>	<b>To so much of the annualised premium that</b>	
		<b>Is more than N\$</b>	<b>But not more than N\$</b>
<b>1</b>	7.5%	1	372,000
<b>2</b>	5.0%	372,001	640,000
<b>3</b>	3.0%	640,001	1,400,000
<b>4</b>	2.0%	1,400,001	4,000,000
<b>5</b>	1.0%	4,000,001	Unlimited

<b>TABLE 3</b>	
<b>Maximum Normal Commission of the premium payable under a policy</b>	
<b>Item</b>	
	<b>Apply the applicable percentage(s) below</b>
<b>Vehicle policy</b>	12.5%
<b>Other policies other than a vehicle policy</b>	20.0%

# FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021

## INSURANCE

### 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

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#### Definitions

1. (1) In this Standard -
  - (a) “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021) and it must be read with 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; and
  - (c) “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;
    - (iv) registered insurance intermediary;
  - (c) as defined in section 53 of the Act –
    - (i) registered insurance agent; and
    - (ii) registered insurance broker.

#### Applicability

2. This Standard applies to all registered insurers, registered insurance agents and registered insurance brokers.

3. This Standard must be read in conjunction with:
- (a) Standard No. INS.S.2.7 – Fair treatment of policyholders or potential policyholders by registered insurance intermediaries; and
  - (b) Standard No. GEN.S.10.17 – Description of plain language.

#### **General information disclosures**

4. The information disclosed at point-of-sale must 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 in the premium, including but not limited to the fees or charges of the registered insurance intermediary and charges in respect of early termination; and
  - (j) 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**

5. The point of sale information must be disclosed or provided in good time in the quotation or subsequent but before the policy contract is concluded, and the information must enable an informed decision to be made by the policyholder or potential policyholder before the conclusion of the sale of the insurance product.

6. For the purposes of clause 5, in determining what is “in good time”, registered insurance intermediaries and registered insurers must consider the appropriate level of information and its importance to the policyholder or potential policyholder’s decision-making process.

7. 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.

**8.** The date 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, audio or visual recording by the client.

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

**9.** 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.

**10.** Point of sale information must be provided in writing, audio or visual recording.

**11.** 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.

**12.** 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 must know and not focus on merely ticking boxes on a questionnaire.

**13.** Clear and simple disclosure is required for all insurance products, particularly regarding the fees, charges, terms and conditions and risks involved.

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

**15.** 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**

**16.** 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 -

- (a) the policyholder or potential policyholder's obligation to fully disclose material facts truthfully pertaining to the risks to be insured;
- (b) 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;
- (c) 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;
- (d) the policyholder or potential policyholder's right to cancel the policy contract and the conditions relating to the right to cancel, the cooling-off period within 30 days

and prominent disclosure of any fees or charges related to early cancellation or switching a policy;

- (e) 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;
- (f) 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
- (g) all exclusions and limitations.

**17.** In order to ensure that a policyholder or potential policyholder understands the obligation to disclose material facts referred to in clause 16(a), 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.

**18.** For the purposes of clause 16(g), 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**

**19.** Where an insurance product information sheet is used, it must be clearly identified as such and it must 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 must be made as appropriate to the relevant provisions of the policy contract or to the general policy conditions underlying the policy contract.



# FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021

## INSURANCE

### 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

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#### Definitions

1. (1) In this Standard –
  - (a) “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with 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) policy holder;
  - (iii) registered insurer;
  - (iv) registered reinsurer; and
  - (v) reinsurance.

### **Applicability**

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

### **Sound financial position**

- 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 and reinsurers;
    - (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; and
    - (f) the insurer or reinsurer generally conducts its business in a manner that will enable it to meet all of its obligations to clients and policyholders.
-

# FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021

## INSURANCE

### THE TRUST ACCOUNT TO BE OPENED BY LLOYD'S, THE MINIMUM VALUE OF FUNDS THEREIN AND THE RETURNS TO BE FURNISHED BY LLOYD'S UNDER SECTION 47 OF THE ACT

#### Standard INS.S.2.13

issued by NAMFISA under sections 410(3)(n), (o), (p) and 47 of the Financial Institutions and Markets Act, 2021

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#### Definitions

1. (1) In this Standard, "Act" means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with 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) banking institution;
  - (ii) building society;
  - (iii) corporate body;
  - (iv) entity;
  - (v) financial institution;
  - (vi) generally accepted accounting practice (GAAP);
  - (vii) NAMFISA;
- (b) as defined in section 4 of the Act -
  - (i) policy;
  - (ii) policyholder;
  - (iii) short-term insurance;
- (c) as defined in section 42 of the Act -
  - (i) Lloyd's;
  - (ii) Lloyd's intermediary;
  - (iii) Lloyd's representative;
  - (iv) Lloyd's underwriter;
  - (v) trust account; and

- (d) as defined in section 162 of the Act -
  - (i) collective investment scheme;
  - (ii) participatory interest; and
  - (iii) portfolio.

### **Applicability**

- 2. This Standard applies to Lloyd's and the Lloyd's representatives.

### **Part I: Trust Account (clauses 3 to 7)**

#### **Deposits**

3. (1) The Lloyd's representative must, not later than 90 days after the end of each financial year, deposit in the trust account an amount equal to 70% of all premiums of whatever nature received by Lloyd's underwriters during the immediately preceding financial year in respect of insurance activity which is subject to the jurisdiction of NAMFISA, less -

- (a) premiums refunded during the month in which such premiums were received; and
- (b) commission paid or payable in respect of such premiums.

(2) A different percentage to that referred to in sub-clause (1) may be determined by NAMFISA from time to time by notice to the Lloyd's representative and publication in the Gazette.

#### **Investments**

4. (1) Any moneys standing to the credit of the trust account that are not required for immediate use pursuant to clause 6 may be invested by the Lloyd's representative in any asset specified in Schedule 1 to this Standard.

(2) All documents issued in respect of an investment made pursuant to sub-clause (1) must be held by the Lloyd's representative, who shall be competent to realize any asset referred to in that sub-clause.

(3) All moneys acquired by virtue of any investment or realization contemplated in sub-clauses (1) or (2) must, as soon as practicable, be deposited in the trust account.

#### **Withdrawals**

5. (1) Within 90 days after the financial year end, an amount equal to the amount deposited in the trust account during the same year of the immediately preceding year, together with interest thereon, may be withdrawn from the trust account, less any amount withdrawn for the purposes of clause 6 during the first-mentioned year.

(2) Any amount withdrawn from the trust account pursuant to sub-clause (1) must not be transferred to Lloyd's unless the Lloyd's representative has obtained approval in writing from NAMFISA and complied with the provisions of clause 8(2).

(3) Prior to making any withdrawal pursuant to section 46(3) of the Act and sub-clause (2), a return in the form of Schedule 2 to this Standard must be submitted to NAMFISA.

#### **Claims**

- 6.** (1) Any claim against a Lloyd's underwriter arising from a policy entered into by virtue of an act performed by a Lloyd's intermediary may be paid -
- (a) out of the moneys standing to the credit of the trust account;
  - (b) from any assets referred to in clause 4(1); or
  - (c) from an amount due to Lloyd's underwriters in respect of any act performed by a Lloyd's intermediary in the capacity as such intermediary.
- (2) The Lloyd's representative must, upon production of a warrant of execution issued under an order of a competent court in respect of a claim referred to in sub-clause (1), pay such claim out of the moneys, assets or amounts referred to in that sub-clause.

**Limits on withdrawals**

- 7.** Moneys must not be withdrawn from the trust account except –
- (a) for the purposes of clauses 4, 5 or 6; and
  - (b) with the prior written approval of NAMFISA.

**Part II: Lloyd's Returns (clauses 8, 9 and 10)**

- 8.** The Lloyd's representative must submit to NAMFISA, annually, in accordance with clause 12 -
- (a) a return in the form of Schedule 2 to this Standard, showing the assets specified in Schedule 1 that are held by Lloyd's; and
  - (b) after the end of each calendar year, a return in the form of Schedule 2 to this Standard, reviewed by an auditor, in respect of the trust account as at the last day of the immediately preceding year, including the assets specified in Schedule 1 that are held by Lloyds as of that date.
- 9.** The Lloyd's representative must submit to NAMFISA, quarterly, the following information in the form of Schedule 3 to this Standard and in accordance with clause 11 and clause 12(a) -
- (a) the amount of claims per class paid by Lloyd's underwriters;
  - (b) a report on all complaints received from policyholders and clients in Namibia inclusive of how each complaint was dealt with;
  - (c) premium volume and types of policies in Namibia sold during the period in question; and
  - (d) any other documents that NAMFISA may prescribe.
- 10.** The Lloyd's representative must submit to NAMIFSA, annually, in accordance with clause 12(b) -
- (a) audited annual returns reviewed by an auditor relating to the short-term insurance business carried on by Lloyd's in Namibia, together with the report of the auditor thereon, in the form of Schedule 2 to this Standard;
  - (b) the latest available Solvency and Financial Condition Report prepared in respect of the association of underwriters known as Lloyd's; and

- (c) the latest available International Standard on Assurance Engagements (ISAE) No. 3402, Assurance Report on Controls at a Service Organisation in respect of Lloyd's insurance transaction processing services.

### **Part III: General (clauses 11 to 15)**

#### **Form and method of submission**

**11.** (1) The information required by this Standard must be submitted electronically to NAMFISA on the NAMFISA ERS.

(2) Where necessary and when so directed by NAMFISA, specified information or documentation must be submitted to NAMFISA manually.

#### **Reporting periods and due dates**

**12.** The Lloyd's representative must provide the information required by this Standard –

- (a) in the case of the quarterly information required by clause 9, not later than 30 days after the end of the reporting period to which the information relates;
- (b) in the case of the annual returns and reports required by clauses 8 and 10, not later than 90 days after the financial year end; and
- (c) in the case of the audited annual return required by clause 10(b) and (c), not later than 90 days after the financial year end, of the short-term insurance business carried on by Lloyd's in Namibia.

#### **Extension**

**13.** Upon application by the Lloyd's representative, NAMFISA may, by notice in writing, grant the Lloyd's representative an extension of a due date referred to in clause 12, in which case the new date for the submission of the information shall be the date specified in the notice of extension.

#### **Additional information**

**14.** Notwithstanding clauses 8, 9, 10 and 12, if NAMFISA considers it necessary and reasonable to obtain additional information or to obtain information more frequently from the Lloyd's representative, NAMFISA shall inform the Lloyd's representative and shall stipulate the frequency, form and content of such information as applicable.

#### **Accountability**

**15.** The Lloyd's representative must ensure that each Lloyd's underwriter and each Lloyd's intermediary, where acting as agent on behalf of Lloyd's underwriters, carrying on short-term insurance business in Namibia has processes and controls in place to support the submission of accurate and reliable information to the Lloyd's representative necessary for the Lloyd's representative to submit to NAMFISA the information required by this Standard, within the time periods stipulated by clause 12.

## **SUPPORTING SCHEDULES**

**The following supporting schedules are attached to and form part of this Standard:**

- Schedule 1: ASSETS IN WHICH MONEYS STANDING TO THE CREDIT OF THE TRUST ACCOUNT MAY BE INVESTED
- Schedule 2: FORM OF AUDITED, ANNUAL RETURN PURSUANT TO CLAUSE 8(B) OF THE STANDARD WITH RESPECT TO THE TRUST ACCOUNT AS AT THE LAST DAY OF THE IMMEDIATELY PRECEDING YEAR, INCLUDING THE ASSETS SPECIFIED IN SCHEDULE 1 THAT ARE HELD BY LLOYD'S AS OF THAT DATE
- Schedule3: FORM OF QUARTERLY RETURN PROVIDING THE INFORMATION REFERRED TO IN CLAUSE 9 OF THE STANDARD FOR THE QUARTER ENDED

**SCHEDULE 1** (to Standard INS.S.2.13)

**ASSETS IN WHICH MONEYS STANDING TO THE CREDIT OF THE TRUST  
ACCOUNT MAY BE INVESTED**

1	Bills, bonds or securities issued by the Government of Namibia
2	Bills, bonds or securities guaranteed by the Government of Namibia
3	Bills, bonds or securities issued or guaranteed by or loans to or guaranteed by any statutory body or local authority in Namibia
4	Bills, bonds or securities issued by or loans to any institution in Namibia
5	Bills, bonds or securities issued by the government of or any local authority in, a country other than Namibia
6	Bills, bonds or securities issued by an institution in a country other than Namibia
7	Stocks or shares in any corporate body, banking institution, building society or other financial institution incorporated in Namibia in terms of the laws of Namibia or in participatory interests in a portfolio of a collective investment scheme
8	Immovable property in Namibia
9	Motor vehicles, furniture and office equipment, including computer equipment, used by Lloyd's in the course of its business in Namibia
10	Any other assets which NAMFISA may approve, subject to such conditions as NAMFISA may determine



**SCHEDULE 2 (to Standard INS.S.2.13)**

**FORM OF AUDITED, ANNUAL RETURN PURSUANT TO CLAUSE 8(b) OF THE STANDARD WITH RESPECT TO THE TRUST ACCOUNT AS AT THE LAST DAY OF THE IMMEDIATELY PRECEDING YEAR, INCLUDING THE ASSETS SPECIFIED IN SCHEDULE 1 THAT ARE HELD BY LLOYD'S AS OF THAT DATE**

**31 MARCH 20\_\_\_\_\_**

In this Return -

“Year of the Return” means the year to which the return relates, as indicated above; and

“Standard” means Standard No. INS.S.2.13.

		N\$ Sub- total	N\$ Total
1.	Credit balance in the Lloyd's trust account as at the end of the Year of the Return		
2.	Book value of assets referred to in Schedule 1 held as at the end of the Year of the Return		
3.	Total amounts deposited in the trust account during the Year of the Return (a) pursuant to clause 3 of the Standard; (b) pursuant to clause 4(3) of the Standard.		
4.	Total of amounts shown against items 1, 2, 3(a) and 3(b)		
5.	Total of amounts withdrawn from the trust account during the Year of the Return for: (a) investment in assets referred to in Schedule 1 to the Standard; (b) transfer to Lloyd's; (c) payment of any claim referred to in clause 6(1) of the Standard; and (d) other purposes (specify).		
6.	Total of amounts shown against items 5(a), 5(b), 5(c) and 5(d)		
7.	Difference between the amounts shown against items 4 and 6		
8.	Total amount deposited in the trust account during the year immediately preceding the Year of the Return pursuant to clause 5 of the Standard		
9.	Credit balance in the trust account at the end of the Year of the Return		
10.	Book value of assets referred to in Schedule 1 to the Standard held at the end of the Year of the Return		

**ANNEX TO SCHEDULE 2**

**FORM OF ANNUAL RETURN SHOWING ASSETS REFERRED TO IN SCHEDULE  
1 AND CLAUSE 8(a) OF THE STANDARD HELD BY LLOYD'S FOR THE YEAR  
ENDED**

(day)\_\_\_\_\_ (month)\_\_\_\_\_ (year) \_\_\_\_\_

		N\$	N\$
1.			
2.			
3.			
4.			
5.			

**SCHEDULE 3 (to Standard INS.S.2.13)**

**FORM OF QUARTERLY RETURN PROVIDING THE INFORMATION  
REFERRED TO IN CLAUSE 9 OF THE STANDARD FOR THE QUARTER ENDED**

(day) \_\_\_\_\_ (month) \_\_\_\_\_ (year) \_\_\_\_\_

		N\$	N\$
<b>1.</b>			
<b>2.</b>			
<b>3.</b>			
<b>4.</b>			
<b>5.</b>			
<b>6.</b>			
<b>7.</b>			
<b>8.</b>			
<b>9.</b>			

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# FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021

## INSURANCE

### APPLICATION BY REGISTERED INSURER OR REINSURER FOR VOLUNTARY CANCELLATION OF REGISTRATION GRANTED PURSUANT TO SECTION 11 OF THE ACT OR FOR VARIATION OF THE CLASSES OF BUSINESS BY CANCELLATION OF CLASS(ES) OF BUSINESS FOR WHICH IT WAS REGISTERED

#### Standard No. INS.S.2.14

issued by NAMFISA under sections 410(3)9dd), read with 13(2), of the Financial Institutions and Markets Act, 2021

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#### Definitions

1. (1) In this Standard –
  - (a) “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act; and
  - (b) “NAMFISA ERS” means the Electronic Regulatory System which facilitates communication between NAMFISA and financial institutions.
- (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) auditor;
    - (ii) board;
    - (iii) document;
    - (iv) principal officer;
    - (v) NAMFISA;
    - (vi) valuator;
  - (b) as defined in section 4 of the Act –
    - (i) class;
    - (ii) insurer;
    - (iii) policyholder;
    - (iv) reinsurer;
    - (v) registered insurer;
    - (vi) registered reinsurer; and
    - (vii) insurance business.

## **Applicability**

2. This Standard applies to all registered insurers or reinsurers (hereinafter referred to as “applicants”) applying for cancellation of its registration granted pursuant to section 11 of the Act.

3. Applications for variation of registration by adding a class(es) of insurance or for variation to the conditions subject to which registration was granted must be dealt with in accordance with Standard No. INS.S.2.3 - Application for registration of insurers and reinsurers.

## **Where to apply**

4. An application for cancellation of registration granted pursuant to section 11 of the Act or an application for variation of registration by cancellation of class(es) of insurance for which it was registered must be submitted to NAMFISA in accordance with clause 12.

## **Application for cancellation of registration or variation of registration by cancellation of a class(es) of business**

5. Pursuant to section 13(2) of the Act, an applicant that intends to apply for voluntarily cancellation of its registration granted pursuant to section 11 or variation of registration by cancellation of a class(es) of business for which it was registered must -

- (a) apply to NAMFISA, in writing, in accordance with the form set out in Schedule 1, FORM A, titled Application letter;
- (b) file with NAMFISA, as proof, a copy of the notice published in terms of section 13(3) of the Act;
- (c) provide a copy of the resolution on the decision to cancel or vary its registration by cancelling a class(es) of business for which it was registered pursuant to section 11 of the Act;
- (d) provide proof of payment of the application fee (if any); and
- (e) provide any other information and documents that NAMFISA may, from time to time, reasonably require.

6. The applicant, its principal officer or a duly authorised person<sup>1</sup> may, if so required, be called to appear before NAMFISA for a personal representation in connection with an application.

## **Notice**

7. The applicant must, 30 days before publishing the notice in the newspapers in terms of section 13(3) of the Act and clause 5(b), notify NAMFISA of the proposed intention to cancel registration or variation of registration by cancellation of a class(es) of business for which it was registered.

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<sup>1</sup>Applicant to attach a copy of letter or document of authorisation.

**8.** The applicant may after NAMFISA has considered all objections received due to the published notice referred to in section 13(3) of the Act and 5(b), lodge an application with NAMFISA within 30 days.

### **General requirements**

**9.** An applicant must further specify the measures that the applicant shall take to discharge all its obligations under insurance policies, other contractual obligations including broker agreements and meet all of its liabilities.

### **Powers of NAMFISA**

**10.** (1) No registered insurer or reinsurer shall voluntarily wind-up or cease insurance business operations without the prior written approval of NAMFISA.

(2) An application, not complete in all respects and not conforming to the instructions specified in Schedule 2 and this Standard, may be rejected on the basis of non-compliance with this Standard.

(3) In instances where the application is deemed not complete, NAMFISA must give the applicant the opportunity to provide the required information to complete the application. The required information must be provided within the period of seven days, or such other period stipulated or agreed to by NAMFISA, failing which the application shall be rejected.

### **Application fee**

**11.** If applicable, an application must be accompanied by the required non-refundable fee as stipulated in terms of Standard GEN.S.10.23 - Fees.

### **Submission**

**12.** (1) An application for cancellation of registration or for variation of registration by cancellation of class(es) of insurance for which it was registered must be signed by the principal officer of the registered insurer or reinsurer or a duly authorised representative of the applicant and submitted electronically to NAMFISA, together with supporting documents, on the NAMFISA ERS.

(2) Where necessary and when so directed by NAMFISA, the applicant must submit specified information and documentation manually to NAMFISA.

### **Effect of cancellation of registration**

**13.** On and from the date of cancellation of the registration, the insurer or reinsurer, shall cease to act as an insurer or a reinsurer or cease in offering a specific class(es) of insurance products by virtue of its varying of its classes of business.

## **SUPPORTING SCHEDULES**

**The following supporting schedules are attached to and form part of this Standard:**

Schedule 1: FORM A – APPLICATION LETTER

Schedule 2: FORM B – APPLICATION FOR CANCELLATION OF REGISTRATION GRANTED PURSUANT TO SECTION 11 OF THE ACT OR FOR VARIATION OF REGISTRATION BY CANCELLATION OF A CLASS(ES) OF BUSINESS FOR WHICH IT WAS REGISTERED

**SCHEDULE 1 (to Standard INS.S.2.14)**

**FORM A - APPLICATION LETTER**

**APPLICATION BY REGISTERED INSURER OR REINSURER FOR CANCELLATION OF REGISTRATION GRANTED PURSUANT TO SECTION 11 OF THE ACT OR CANCELLATION OF CLASS(ES) OF BUSINESS**

In terms of section 13(2) of the Financial Institutions and Markets Act No. 2 of 2021 (“the Act”) -

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1. I, the undersigned, being the Principal Officer or duly authorised person of \_\_\_\_\_ duly empowered thereto, hereby apply for the voluntary cancellation of registration or cancellation of a class(es) of business (delete whichever not applicable) of the said registered insurer or reinsurer, in terms of section 13(2) of the Act;
2. I submit with this application all the required documents as per this Standard; and
3. If applicable, the proof of payment of the requirement application fee in terms of Standard GEN.S.10.23 – Fees, is enclosed with the application.

**PRINCIPAL OFFICER OR DULY AUTHORISED PERSON**

Full names: \_\_\_\_\_

Signature: \_\_\_\_\_

Capacity: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE 2 (to Standard INS.S.2.14)**

**FORM B - APPLICATION FOR CANCELLATION OF REGISTRATION GRANTED  
PURSUANT TO SECTION 11 OF THE ACT OR FOR VARIATION OF  
REGISTRATION BY CANCELLATION OF A CLASS(ES) OF BUSINESS FOR  
WHICH IT WAS REGISTERED**

Please tick appropriate box:

**SHORT-TERM INSURER/REINSURER**

**LONG-TERM INSURER/REINSURER**

**1. INSURER/REINSURER**

Full Name(s): .....

NAMFISA Registration Number: .....

Income Tax Number: .....

**2. CONTACT DETAILS**

Physical address: .....

Postal address: .....

Tel. Work: .....

Cell. No: .....

Fax No: .....

Email: .....

**3. DETAILS OF PRINCIPAL OFFICER**

First Names: .....

Surname: .....

ID/Passport No: .....

Nationality: .....

Physical address: .....

Postal Address:.....

Tel. Work: .....

Email address: .....

**4. DETAIL OF SHAREHOLDER(S)**



Name	Shareholding

**5. DETAILS OF BOARD OF DIRECTORS**

Name	Nationality	Executive/Non-Executive

Name of the Board Chairperson: .....

Name	Name of Chairperson(s) of committee(s)

**6. DETAILS OF AUDITOR**

.....  
.....  
.....  
.....

**7. DETAILS OF VALUATOR**

.....  
.....  
.....  
.....

**8. BOARD RESOLUTION**

8.1 Date when the special resolution was passed .....

8.2 Effective date of cancellation or variation .....

8.3 Furnish full reason(s) why the special resolution in question 8.1 was passed

.....  
.....  
.....  
.....

**9. CANCELLATION SPECIFIC INFORMATION**

9.1 Is the insurer or reinsurer cancelling all the classes of insurance registered for?

Yes	
No	

9.2 If not please indicate the classes being cancelled below.

**Short-term insurance classes**

Vehicle	
Aviation	
Fire	
Marine	
Guarantees	
Personal	
Miscellaneous	
Others, specify	

**Long-term insurance classes**

Disability	
Fund	
Funeral	
Health	
Life	
Sinking fund	
Others specify	

9.3 Does the insurer or reinsurer have any liabilities under long-term or short-term policies at the time of cancelling?

Yes	
No	

9.4 If the answer is yes, kindly furnish full details of the arrangements that the insurer or reinsurer has made to meet all the liabilities.

.....

.....

.....

.....

.....

9.5 Did the insurer or reinsurer inform its Auditor and Valuator of this notification?

Yes	
No	

9.6 If the answer is No, kindly explain.

.....

.....

.....

.....

.....

**10. LIQUIDATOR’S DETAILS (IF APPLICABLE)**

Full name(s) of Liquidator .....  
Identity number of Liquidator .....  
Appointed date of Liquidator .....  
Completion date of Liquidator .....  
Total assets at the date the Liquidator is appointed .....  
Total liabilities at the date the Liquidator is appointed .....  
Total assets on the final date of liquidation .....  
Total liabilities on the final date of liquidation .....

**11. ATTACHMENTS REQUIRED**

- Letter requesting for cancellation or variation to NAMFISA
- Original certificate of registration (declaration under Oath where original lost) Proof of settlement or liabilities
- A certificate by the Auditor and Valuator stating that the insurer or reinsurer has no liability under long-term or short-term insurance policies (where there is liability furnish further details as would be directed by NAMFISA)
- Copy of Board resolution for voluntary cancellation decision or variation
- Bank letter confirming the closure of the bank account(s) three months after cancellation
- Resolution for change of objectives

**SIGNATURE OF PRINCIPAL OFFICER OR DULY AUTHORISED PERSON**

By signing the document, I confirm that all the information contained in this application is true and correct and can be relied upon and I have disclosed all necessary material information that may be required by NAMFISA.

Full Names(s): .....  
Signature: .....  
Capacity: .....  
Date: .....

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# FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021

## INSURANCE

### THE ACCOUNTS AND OTHER INFORMATION TO BE KEPT IN NAMIBIA RELATING TO INSURANCE BUSINESS, AND TO BE SUBMITTED TO NAMFISA, BY REGISTERED INSURERS AND REINSURERS

#### Standard No. INS.S.2.15

issued by NAMFISA under sections 16, 410(3)(f) and 410(3)(dd) of the Financial Institutions and Markets Act, 2021

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#### Definitions

1. (1) In this Standard –
  - (a) “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act;
  - (b) “accounting year” means a period of 12 months;
  - (c) “IFRS” means International Financial Reporting Standards; and
  - (d) “NAMFISA ERS” means the Electronic Regulatory System which facilitates communication between NAMFISA and financial institutions or financial intermediaries.
- (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) auditor;
    - (ii) document;
    - (iii) generally accepted accounting practice (GAAP);
    - (iv) financial institutions;
    - (v) principal office;
    - (vi) principal officer;
    - (vii) NAMFISA;
  - (b) as defined in section 4 of the Act –
    - (i) insurer;
    - (ii) insurance intermediary;
    - (iii) reinsurer;
    - (iv) registered insurer;
    - (v) registered reinsurer; and

- (vi) insurance business.

### **Applicability**

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

### **Financial information to be kept**

- 3. Every registered insurer or reinsurer shall keep information related to the following –

- (a) records of premiums;
- (b) records of claims;
- (c) commissions paid;
- (d) particulars and details of policyholders such as names, age, physical and postal address;
- (e) contact details of insurance intermediaries; and
- (f) any other additional information as may reasonably be required by NAMFISA from time to time.

- 4. Every registered insurer or reinsurer shall prepare in accordance with GAAP and IFRS for every accounting year —

- (a) a balance sheet or a statement of affairs as at the end of each accounting period;
- (b) a profit and loss account for that period;
- (c) a statement of cash or fund flow;
- (d) a valuation report; and
- (e) additional information as may reasonably be required by NAMFISA from time to time.

- 5. The information required to be kept in terms of this Standard shall be maintained at the principal office of the registered insurer or reinsurer or such other place where it is easily accessible at the request of NAMFISA.

- 6. The information referred to in this Standard and maintained by the registered insurer or reinsurer shall be kept for a period of at least five years from the end of the year to which they relate.

### **Manner and form of reporting of financial information**

- 7. A registered insurer or reinsurer is required to submit the information referred to in clause 4(a), (b) and (c) to NAMIFSA on a quarterly basis, in the form and manner set out in clause 8, and as set out in the Chart of Accounts on the NAMFISA ERS.

- 8. In addition to the requirement specified under clause 7, a registered insurer or reinsurer is further required to submit the following information annually to NAMFISA -

- (a) a signed copy of the audited annual financial statements of the insurer or reinsurer prepared in accordance with GAAP and IFRS or, together with the signed report of the auditor; and

- (b) the signed valuation report.

### **Forms and method of submission**

**9.** (1) The information required by this Standard must be submitted electronically to NAMFISA on the NAMFISA ERS.

(2) Where necessary and when so directed by NAMFISA, specified documentation or information must be submitted manually to NAMFISA.

### **Reporting periods and due dates**

**10.** A registered insurer or reinsurer must provide the information required by this Standard –

- (a) in the case of the annual information required by clause 8, within 90 days after the financial year end of the registered insurer or reinsurer; and
- (b) in the case of the quarterly information required by clause 7, within 30 days after the end of the reporting period to which the information relates.

**11.** Upon application to NAMFISA, NAMFISA may, by notice in writing, grant a registered insurer or reinsurer an extension of a due date referred to in clause 10, in which case the new due date for the submission of the information will be the date specified in the notice of extension.

**12.** Notwithstanding clauses 7 and 8, where NAMFISA considers it necessary and reasonable to obtain information more frequently from a particular registered insurer or reinsurer, it may do so and may stipulate the frequency and form of that information.

### **Accountability**

**13.** A registered insurer or reinsurer must ensure that processes and controls are in place to support the submission of accurate and reliable information to NAMFISA within the time periods specified in this Standard.

**14.** All information submitted to NAMFISA pursuant to this Standard must be duly authorised and signed by the principal officer or a duly authorised person of the registered insurer or reinsurer.

**FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021**

**INSURANCE**

**THE REQUIREMENTS FOR THE REGISTRATION, OPERATION AND DUTIES  
OF A LLOYD'S INTERMEDIARY IN NAMIBIA**

**Standard No. INS.S.2.16**

issued by NAMFISA under sections 47(4), 50 and 410(3)(p) of the Financial Institutions and  
Markets Act, 2021

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**Definition**

1. (1) In this Standard –
  - (a) “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act; and
  - (b) “NAMFISA ERS” means the Electronic Regulatory System that facilitates communication between NAMFISA and financial institutions or financial intermediaries.
- (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) “NAMFISA” as defined in section 1 of the Act;
  - (b) as defined in section 42 of the Act –
    - (i) Lloyd’s;
    - (ii) Lloyd’s broker;
    - (iii) Lloyd’s intermediary;
    - (iv) Lloyd’s representative;
    - (v) Lloyd’s underwriter; and
  - (c) as defined in section 53 of the Act –
    - (i) insurance broker;
    - (ii) corporate insurance broker;
    - (iii) registered corporate insurance broker; and
    - (iv) registered insurance broker.

**Applicability**

2. This Standard applies to -
  - (a) Lloyd’s and the Lloyd’s representative; and



- (b) every registered insurance broker and registered corporate insurance broker registered under the Act that have also been approved by a Lloyd's broker or Lloyd's underwriter to act as a Lloyd's intermediary.

## **Part I: Registration (clauses 3 to 6)**

### **Prior condition for registration**

- 3.** In order to be registered as a Lloyd's intermediary, a person must first be registered as an insurance broker or corporate insurance broker under section 59 of the Act.

### **Registration as a Lloyd's intermediary**

- 4.** In order for a registered insurance broker or registered corporate insurance broker to be registered by NAMFISA under the Act as a Lloyd's intermediary, the Lloyd's representative must submit to NAMFISA, in accordance with clause 6, a list of registered insurance brokers or registered corporate insurance brokers who -

- (a) have been approved by Lloyd's to place business with Lloyd's underwriter through Lloyd's broker; or
- (b) who have been approved by Lloyd's to act on behalf of Lloyd's underwriter.

- 5.** At the time the Lloyd's representative submits the list referred to in clause 4, he or she must also, in accordance with clause 6, provide NAMFISA with -

- (a) the number under which the registered insurance broker or registered corporate insurance broker is registered as such by NAMFISA;
- (b) a copy of an appointment letter or agreement from Lloyd's or Lloyd's underwriter; or
- (c) the required application fee; and
- (d) such other documents as NAMFISA may consider necessary and reasonable to prescribe.

### **Submission of application**

- 6.** (1) The lists referred to in clause 4 and the information and documents referred to in clause 5(a), (b) and (d) must be submitted electronically to NAMFISA on the NAMFISA ERS.

(2) Where necessary and when so directed by NAMFISA, the applicant must submit specified documentation manually to NAMFISA.

## **Part II: Operations and duties (clauses 7 to 10)**

### **Application for premium approval**

- 7.** A registered Lloyd's intermediary must, prior to seeking exchange control approval from an unauthorised dealer in foreign exchange for transferring premiums outside Namibia in relation to insurance placed at Lloyds, seek NAMFISA's approval by completing the Schedule to this Standard and submitting it to NAMFISA in accordance with clause 9.

8. Upon receipt of the completed Schedule, NAMFISA may, if it considers it appropriate to do so, issue a letter of approval to the Lloyd's intermediary for the premium transfer to Lloyds.

**Where to submit the form**

9. (1) The Lloyds intermediary must submit the completed Schedule electronically to NAMFISA, on the NAMFISA ERS.

(2) Where necessary and when so directed by NAMFISA, specified documentation or information must be submitted manually to NAMFISA.

**Duties of Lloyd's intermediaries**

10. A Lloyd's intermediary registered under the Act must at all times –

- (a) comply with the requirements of sections 64, 66, 68, 69, 70, 71, 72 and 73 of the Act with any changes made necessary by the context; and
- (b) in all policies and related documents and written communications with policyholders or potential policyholders, comply with the requirements for plain language in accordance with section 29 of the Act and Standard No. GEN.S.9.17 - Description of plain language.

**Part III: General**

**Powers of NAMFISA and application of the Act**

11. (1) In relation to Lloyd's intermediaries, NAMFISA has the powers referred to in section 66 of the Act, with such changes as may be made necessary by the context.

(2) Section 54 of the Act applies to Lloyd's intermediaries, with such changes as may be made necessary by the context.

**SUPPORTING SCHEDULE**

**The following supporting schedule is attached to and forms part of this Standard:**

Schedule: LLOYD'S PREMIUM APPROVAL FORM FOR PREMIUM APPROVAL PURSUANT TO CLAUSE 7

**SCHEDULE (to Standard INS.S.2.16)**

**LLOYD'S PREMIUM APPROVAL FORM FOR PREMIUM APPROVAL  
PURSUANT TO CLAUSE 7**

**PART I**

1.	APPLICATION DATE:	
2.	NAME OF INSURANCE BROKER:	
2.1	NAMFISA REGISTRATION No:	
2.2	LLOYD'S INTERMEDIARY:	
3	LEAD SYNDICATE NAME & NUMBER:	
4	ACTIVE UNDERWRITER:	
5	NAME OF INSURED:	
6	IS THE INSURED A:	
	a) COMPANY	
	b) CLOSED CORPORATION	
	c) PARTNERSHIP	
	d) SOLE PROPRIETOR	
7	NATURE OF BUSINESS	
8	NAME OF PREVIOUS INSURER:	

9	DEDUCTIBLES/EXCESS:	
10	PERIOD OF INSURANCE:	
11	PREMIUM PAYMENT INTERVALS:	
12	ANNUAL PREMIUM AMOUNT:	
13	ENCLOSURES:	Placing broker supporting invoices

By signing the document, I confirm that all the information is true and correct and can be relied upon and I have disclosed all necessary material information that may be required by NAMFISA.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_.

Signature: \_\_\_\_\_

Designation: \_\_\_\_\_

For advice on completion or how to transfer Lloyd's premiums, please contact Lloyd's International Trading Advice ([LITA@lloyds.com](mailto:LITA@lloyds.com)).

**Permitted Insurance Classes, Scope of Cover and Cover amounts Please tick the Class & subclass with  $\checkmark$**

**PART II**

<b>Insurance Class</b>	<b>Descript Scope of Cover</b>	<b>Sum Insured</b>	<b>Premium</b>	<b>Local Commission</b>	<b>Net Premium</b>
1. Fire					
a) Fire & Natural Forces					
b) Miscellaneous Financial Loss					
2. Marine					
a) Ship Hull					
b) Liability for ships					
3. Aviation					
a) Aircraft Hull					
b) Liability for aircraft					
4. Vehicles					
a) Land Motor Vehicles					
b) Liability for Motor Vehicles					
5. Guarantee					
6. Miscellaneous					
a) Personal Accident					
b) Sickness					
c) General Liability					
d) Damage to Property					
e) Goods in transit					
f) Credit					
g) Railway rolling stock					
h) Legal Expenses					
i) Expropriation & Confiscation of Property					
j) Other					
7. Personal					

# FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021

## INSURANCE

### APPLICATION BY REGISTERED INSURANCE OR REINSURANCE BROKERS, CORPORATE INSURANCE AND REINSURANCE BROKERS FOR CANCELLATION OR VARIATION OF REGISTRATION

#### Standard No. INS.S.2.17

issued by NAMFISA under sections 65(2) and 410(3)(dd) of the Financial Institutions and Markets Act, 2021

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#### Definitions

1. (1) In this Standard -
  - (a) “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act; and
  - (b) “NAMFISA ERS” means the Electronic Regulatory System which facilitates communication between NAMFISA and financial intermediaries.
- (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) document;
    - (ii) financial intermediary;
    - (iii) principal officer;
    - (iv) NAMFISA;
  - (b) as defined in section 4 of the Act -
    - (i) policyholder;
    - (ii) registered insurer;
    - (iii) registered reinsurer;
  - (c) as defined in section 53 of the Act –
    - (i) corporate insurance broker;
    - (ii) insurance broker;
    - (iii) registered insurance broker;
    - (iv) registered reinsurance broker; and
    - (v) reinsurance broker.

#### Applicability

2. This Standard applies to all registered insurance and reinsurance brokers and corporate insurance or reinsurance brokers (hereinafter referred to as “applicants”) applying in terms of section 65 of the Act for cancellation of registration granted pursuant to section 59 of the Act or for variation of the conditions subject to which that registration was granted.

### **Where to apply**

3. An application for cancellation of registration must be submitted to NAMFISA in accordance with clause 11.

### **Application for cancellation or variation of registration**

4. Pursuant to section 65(2) of the Act, an applicant that intends to apply for cancellation of a registration granted pursuant to section 59 or for a variation of the conditions subject to which that registration was granted must -

- (a) apply to NAMFISA, in writing, in accordance with the form set out in Schedule 1, FORM A, titled Application letter;
- (b) complete the form and furnish particulars as set out in Schedule 2, FORM B, titled Application for voluntary cancellation of registration;
- (c) file with NAMFISA, as proof, a copy of the notice published in terms of section 65(3) of the Act;
- (d) provide a copy of the resolution on the decision to cancel the registration granted pursuant to section 59 of the Act where the applicant is a registered corporate insurance or reinsurance broker;
- (e) provide proof of payment of the application fee (if any); and
- (f) provide any other information and documents that NAMFISA may, from time to time, reasonably require.

5. The applicant, its principal officer or a duly authorised person<sup>1</sup>, may, if so required, be called to appear before NAMFISA for a personal representation in connection with an application.

### **Notice**

6. The applicant must, 30 days before publishing the notice in the newspapers pursuant to section 65(3), notify NAMFISA of the proposed intention to cancel registration or vary the conditions of registration, including the imposition of additional conditions.

7. The applicant may after NAMFISA has considered all objections received due to the published notice referred to in section 65(3) of the Act and clause 4(c), lodge an application with NAMFISA within 30 days.

### **General requirements**

8. An applicant must further specify the measures that an applicant shall take to discharge all its obligations towards its clients and other parties and meet all of its liabilities.

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<sup>1</sup>Applicant to attach a copy of letter or document of authorisation.

## **Powers of NAMFISA**

**9.** (1) No registered insurance or reinsurance broker shall voluntarily wind-up or cease insurance or reinsurance business operations without the prior written approval of NAMFISA.

(2) An application, not complete in all respects and not conforming to the instructions specified in Schedule 2 and this Standard, may be rejected on the basis of non-compliance with this Standard.

(3) In instances where the application is deemed not complete, NAMFISA must give the applicant the opportunity to provide the required information to complete the application. The required information must be provided within the period of seven days, or such other period stipulated or agreed to by NAMFISA, failing which the application shall be rejected.

## **Application fee**

**10.** If applicable, an application must be accompanied by the required non-refundable application fee as stipulated in terms of Standard No. GEN.S.10.23 - Fees.

## **Submission**

**11.** (1) An application for cancellation or variation of registration must be signed by the principal officer of the registered insurance or reinsurance brokers, corporate insurance and reinsurance brokers or a duly authorised representative of the applicant and submitted electronically to NAMFISA, together with supporting documents, on the NAMFISA ERS.

(2) Where necessary and when so directed by NAMFISA, the applicant must submit specified documentation or information manually to NAMFISA.

## **Effect of cancellation of registration**

**12.** On and from the date of cancellation of the registration as determined by NAMFISA, the insurance or reinsurance or corporate insurance or reinsurance broker, shall cease to act as an insurance or reinsurance broker.

## **SUPPORTING SCHEDULES**

**The following supporting schedules are attached to and form part of this Standard:**

Schedule 1: FORM A – APPLICATION LETTER

Schedule 2: FORM B – APPLICATION FOR VOLUNTARY CANCELLATION OR VARIATION OF REGISTRATION



**SCHEDULE 1 (to Standard INS.S.2.17)**

**FORM A - APPLICATION LETTER**

**APPLICATION BY REGISTERED INSURANCE OR REINSURANCE BROKERS,  
CORPORATE INSURANCE AND REINSURANCE BROKERS FOR  
CANCELLATION OR VARIATION OF REGISTRATION GRANTED PURSUANT  
TO SECTION 57 OF THE ACT**

In terms of section 65(2) of the Financial Institutions and Markets Act of 2021 (“the Act”) –

1. I, the undersigned, being the Principal Officer or duly authorised person of \_\_\_\_\_ duly empowered thereto, hereby apply for the voluntary cancellation of registration or variation of registration of the said registered insurance or reinsurance broker, in terms of section 65(2) of the Act;
2. I submit with this application all the required documents in terms of this Standard; and
3. If applicable, the proof of payment of the application fee in terms of Standard GEN.S.10.23 – Fees, is enclosed with the application.

**PRINCIPAL OFFICER/DULY AUTHORISED PERSON**

**Full Names:** .....

**Signature:** .....

**Capacity:** .....

**Date:** .....

**SCHEDULE 2 (to Standard INS.S.2.17)**

**FORM B - APPLICATION FOR VOLUNTARY CANCELLATION OR VARIATION OF REGISTRATION**

**1. INSURANCE BROKER / REINSURANCE BROKER**

Name: .....

NAMFISA Registration Number: .....

**2. PRINCIPLE OFFICE ADDRESS**

Physical Address: .....

Postal Address: .....

Telephone Number: .....

Facsimile Number: .....

**3. DETAILS OF PRINCIPAL OFFICER**

First Names: .....

Surname: .....

ID/Passport Number: .....

Nationality: .....

Physical Address: .....

Postal Address: .....

Telephone Number: .....

Cellphone Number.: .....

Facsimile Number: .....

Email Address: .....

**4. DEREGISTRATION/VARIATION OF CONDITIONS**

Effective Date: .....

Reason(s): .....

.....

.....

.....

**5. CANCELLATION SPECIFIC INFORMATION**

5.1 Does the applicant have any obligations towards its clients, creditors or any other third party at the time of cancelling?

Yes	
No	

5.2 If the answer is yes, kindly furnish full details of the arrangements that the applicant has made to meet all the obligations.

.....

.....

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.....

5.3 Did the applicant inform its Auditor of this cancellation?

Yes	
No	

5.4 If the answer is No, kindly explain.

.....

.....

**6. ATTACHED THE FOLLOWING DOCUMENTS (REQUIREMENTS)**

- 6.1 Original Certificate of Registration;
- 6.2 Proof of Payment of renewal fee;
- 6.3 A statement by Auditor/Accountant regarding liabilities; and
- 6.4 Board Resolution approving cancellation or variation (corporate broker).

**SIGNATURE OF PRINCIPAL OFFICER OR DULY AUTHORISED PERSON**

By signing the document, I confirm that all the information contained in this application is true and correct and can be relied upon and I have disclosed all necessary material information that may be required by NAMFISA.

Full Name: .....

Signature: .....

Date: .....

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**FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021**

**INSURANCE**

**FORM OF CERTIFICATE OF REGISTRATION FOR AN INSURER OR  
REINSURER**

**Standard No. INS.S.2.18**

issued by NAMFISA under section 410(3)(dd), read with section 11(3), of the Financial Institutions and Markets Act, 2021

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**Definitions**

1. (1) In this Standard, “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with 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) NAMFISA;
  - (ii) principal office; and
- (b) as defined in section 4 of the Act –
  - (i) insurer;
  - (ii) reinsurer;
  - (iii) registered insurer;
  - (iv) registered reinsurer; and
  - (v) insurance business.

**Applicability**

2. This Standard applies to all insurers and reinsurers registered under the Act.

**Form of certificate of registration**

3. Upon registration of an applicant as an insurer or reinsurer, NAMFISA must issue to the applicant a certificate of registration in the form of the Annexure to this Standard.

**ANNEXURE** (to Standard INS.S.2.18)

**Registration. No .....**

**CERTIFICATE OF REGISTRATION**

**FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021 (ACT NO. 2 OF 2021)**

**REGISTRATION AS A SHORT-TERM/LONG-TERM INSURER OR REINSURER**  
*(insert whichever is applicable)*

**This is to certify that**

\_\_\_\_\_ *(insert the name)*

with principal office at \_\_\_\_\_ *(insert address of principal office),*

**has been duly registered in terms of section 11 of the Financial Institutions and Markets Act, 2021, and is authorised to conduct insurance/reinsurance business in the following class(es) of insurance:** *(list the class(es) of insurance)*

and may operate from Namibia.

\_\_\_\_\_  
**CHIEF EXECUTIVE OFFICER**

\_\_\_\_\_  
**DATE OF REGISTRATION**

\_\_\_\_\_

# FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021

## INSURANCE

### GOVERNANCE

#### Standard No. INS.S.2.19

issued by NAMFISA under section 410(3)(dd), read with sections 10(1)(c)(ii) and 17, of the Financial Institutions and Markets Act, 2021

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#### Definitions

1. (1) In this Standard –
  - (a) “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with the regulations prescribed under the Act and the standards and other subordinate measures issued by NAMFISA under the Act;
  - (b) “conflict of interest” means a situation which a director or key person encounters, while rendering a financial service to a client, if that situation –
    - (i) impairs the objectivity of the director or key person in any aspect of rendering the financial service to the client; or
    - (ii) prevents a director or key person from rendering the financial service to the client in an unbiased and fair manner or from acting in the best interest of the client;
  - (c) “key person” means any person responsible for managing or overseeing, either alone or together with another responsible person, the activities of the registered insurer or reinsurer, and includes those individuals or other entities holding more than 20% of the insurer or reinsurer’s voting rights; and
  - (d) “non-executive director” means an individual not involved in the day-to-day management of the insurer or reinsurer and is not a salaried employee of an insurer and reinsurer or its subsidiaries; and
  - (e) “senior management” means a team of individuals at the highest level of a registered insurer or reinsurer’s management who are involved in the day-to-day responsibilities of managing the insurer or reinsurer, and who hold specific executive powers conferred onto them, with and by authority of the board, and may include the principal officer and line management.
- (2) A party is related to an insurer, reinsurer or person if the party is -
  - (a) an affiliate of, or an associate of, the insurer, reinsurer or person;
  - (b) in a joint venture with the insurer, reinsurer or person;
  - (c) a member of the senior management personnel of the insurer, reinsurer or person; or
  - (d) considered to be controlled by the insurer, reinsurer or person, pursuant to section 3 of the Act.

(3) 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) auditor;
  - (ii) board;
  - (iii) director;
  - (iv) NAMFISA; and
  - (v) principal officer;
- (b) as defined in section 4 of the Act –
  - (i) insurer;
  - (ii) reinsurer;
  - (iii) registered insurer; and
  - (iv) registered reinsurer.

### **Applicability**

- 2. This Standard applies to all registered insurers and reinsurers.
- 3. This Standard must be read with the provisions in the following General Standards –
  - (a) Standard No. GEN.S.10.2 – Fit and Proper Requirements;
  - (b) Standard No. GEN.S.10.8 – The independence of directors, members of a board, trustees, custodians, auditors and valutors and of any other person required to be independent under the Act;
  - (c) Standard No. GEN.S.10.9 – Code of Conduct; and
  - (d) Standard No. GEN.S.10.20 – Definition of related party transactions and identifying those that are prohibited under the Act.
- 4. Every registered insurer or reinsurer must adhere to the following principles of corporate governance as prescribed in this Standard.

### **Independence**

- 5. The board of a registered insurer or reinsurer must, pursuant to section 10(1)(c)(ii) of the Act –
  - (a) consist of a minimum of five directors, of which a third shall be independent, non-executive directors; or
  - (b) where the board comprises of more than five directors, the majority shall be independent, non-executive directors.
- 6. In addition to the meaning assigned to the term “independent” in Standard No. GEN.S.10.8 - The independence of directors, members of a board, trustees, custodians, auditors

and valuers and of any other person required to be independent under the Act, for purposes of this Standard, “independent director” means a director who –

- (a) has not been employed by the insurer or reinsurer in any executive capacity or senior management within the preceding six years;
- (b) is not associated to an adviser or consultant to the insurer or reinsurer;
- (c) is not a material customer or supplier of the insurer or reinsurer, or has a personal service contract(s) with the insurer or reinsurer or a member of the insurer or reinsurer’s senior management;
- (d) is not an associate of the insurer or reinsurer, or a related party;
- (e) is not an entity that receives significant contributions from the insurer or reinsurer;
- (f) has not had any business relationship with the insurer or reinsurer (other than service as a director) for which the insurer or reinsurer has been required to make disclosure within the preceding six years;
- (g) is not employed by a public listed company or an unlisted company at which an executive officer of the insurer or reinsurer serves as a director;
- (h) is not a member of the immediate family of any person described in paragraphs (a) to (g); or
- (i) has not had any of the relationships described in paragraphs (a) to (g) with any affiliate of the insurer or reinsurer.

**7.** An independent director must not be an employee of an insurer or reinsurer or an employee of a related party.

**8.** A director who is regarded as an independent director of a holding company or a related party shall not be deemed or considered independent on the subsidiary within the group.

**9.** (1) To ensure independence and reduce the risk of familiarity in respect of the auditor of the registered insurer or reinsurer, the auditor must be appointed for a fixed period and –

- (a) the auditor may not serve for more than six consecutive years; and
- (b) the auditor must comply with the partner rotation requirements prescribed by the Code of Ethics issued by the International Ethics Standards Board for Accountants.

(2) After serving as the auditor for the maximum period of six consecutive years, a minimum period of at least three years must lapse before the same auditor may be appointed again.

**10.** (1) To ensure independence and reduce the risk of familiarity in respect of the valuator of the insurer or reinsurer, the valuator must be appointed for fixed period and may not serve for more than nine consecutive years.

(2) After serving as the valuator of the insurer or reinsurer for the maximum period of nine consecutive years, a minimum period of at least three years must lapse before the same valuator may be appointed again.

## **Board composition**



**11.** Every registered insurer and reinsurer must have full reporting structures that the board of directors must be comprised of, such as a chairperson, a principal officer, directors, etc.

**12.** (1) No board shall be comprised only of foreign executive directors.

(2) Pursuant to section 10(1)(c) of the Act, every board of a registered insurer and reinsurer must ensure that there is appropriate balance of power on the board, by ensuring that there is a representation of Namibian executives.

**13.** Senior management of the registered insurer or reinsurer, with responsibilities relating to the business in Namibia, must be Namibian citizens ordinarily residing in Namibia, or in the event of the person being a foreigner, the person must be ordinarily resident in Namibia.

**14.** (1) The board of a registered insurer or reinsurer must have relevant minimum qualifications and expertise among them as necessary to provide effective leadership direction and oversight of the insurer or reinsurer's business to ensure it is conducted in a sound and prudent manner.

(2) In addition to the requirements specified under sub-clause (1) –

(a) the board must collectively and individually have, and continue to maintain, including through training, necessary skills, knowledge and understanding of the insurer or reinsurer's business to be able to fulfil their roles;

(b) the board must have knowledge and understanding of areas such as the lines of insurance or reinsurance underwritten by the insurer or reinsurer, actuarial and underwriting risks, finance, accounting, the role of control functions, investment analysis and portfolio management and obligations relating to fair treatment of customers; and

(c) while certain areas of expertise may lie in some but not all members, the collective board must have an adequate spread and level of relevant competencies and understanding as appropriate to the insurer or reinsurer's business.

### **Board chairperson**

**15.** The chairperson of the board must –

(a) proactively and impartially lead the board, without bias;

(b) proactively raise issues of concerns on behalf of the board; and

(c) ensure that the performance of the board as a whole, board committees and the principal officer is reviewed and evaluated on a regular basis, and must manage the performance of members of the board.

### **Board Committees**

**16.** Pursuant to section 398 of the Act, the registered insurer or reinsurer's board must set up the committees necessary for the performance of the following functions, but not limited to –

(a) investment;

(b) risk management;

- (c) asset management;
- (d) policyholders protection;
- (e) ethics; and
- (f) nomination and remuneration.

**17.** (1) The board must put in place the minimum mandatory policies, board structures and board committees that the insurer or reinsurer is required to have, so as to enforce compliance.

(2) Pursuant to sub-section (1), the policies must comprise of the following, but not limited to –

- (a) investment management;
- (b) risk underwriting; and
- (c) reinsurance.

### **Tenure of office and appointment**

**18.** (1) To ensure independence and reduce the risk of familiarity, no non-executive director may serve for more than three consecutive terms, and the tenure for one term may not exceed a period of three years.

(2) After serving the maximum of three consecutive terms, a minimum period of at least three years must lapse before the same person may be appointed as a non-executive director again.

### **Delegation of authority**

**19.** The board must not abdicate their responsibility over, including in respect of, delegated functions.

**20.** Committees of the board may be established to exercise a specific oversight responsibility or to carry out any board-delegated responsibility.

**21.** The terms of reference of a committee of the board must, as a minimum, cover –

- (a) composition of the committee;
- (b) objectives, purpose and functions;
- (c) delegated authorities, including the extent of power to make decisions or recommendations or both;
- (d) tenure; and
- (e) reporting mechanism to the board.

**22.** Every member of a committee must, as far as is reasonably possible, be suitably skilled and experienced to serve on such committee.

**23.** Each committee must be required to advise the board on risks relating to the functions to be performed by that committee, and the processes or controls necessary to mitigate that risk.

### **Performance reviews**

**24.** The board must, at least annually, review its own performance to ascertain whether board members collectively and individually remain effective in discharging the respective roles and responsibilities assigned to them and identify opportunities to improve the performance of the board as a whole.

**25.** The board must implement appropriate measures to address any identified inadequacies, including any training programs for continuous development of board members.

**26.** Subject to the Act, the board must ensure that –

- (a) the evaluation of the board, its committees and individual directors is performed annually against the board's determined roles, functions, duties and performance criteria, as well as those for members of board committees;
- (b) the past performance as a board member must be taken into account when directors are nominated for re-appointment or re-election;
- (c) evaluations must be conducted by the chairperson who must ensure that directors know that they will be subject to evaluation, that they understand the criteria used for evaluation and that they understand the evaluation procedures that will be followed;
- (d) the evaluation of the chairperson's performance must be led by at least two directors designated by the board and who may not include the Principal Officer; and
- (e) the chairperson of the board, or a committee appointed by the board, must evaluate the performance of the principal officer at least annually.

**27.** The board must implement appropriate measures to address any identified inadequacies, including any training programs for board members.

**28.** The board may consider the use of external expertise from time to time to undertake its performance assessment where appropriate in order to enhance the objectivity and integrity of that assessment process.

### **Rotation**

**29.** The board must establish an arrangement for periodic, staggered rotation of directors and chairs of committees or tenure limits to serve on a committee by introducing members with new expertise and perspectives while retaining valuable knowledge, skills and experience and maintaining continuity in order to avoid undue concentration of power and promote fresh perspectives.

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**FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021**

**INSURANCE**

**FORM OF CERTIFICATE OF REGISTRATRION FOR AN INSURANCE BROKER**

**Standard No. INS.S.2.20**

issued by NAMFISA under section 410(2)(c), read with section 59(3) of the Financial Institutions and Markets Act, 2021

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**Definitions**

**1.** (1) In this Standard, “Act” means the Financial Institutions and Markets Act, 2021 (Act No. 2 of 2021), and it must be read with 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) NAMFISA; and
  - (ii) principal office;
- (b) as defined in section 53 of the Act:
  - (i) insurance broker;
  - (ii) corporate insurance broker;
  - (iii) corporate reinsurance broker; and
  - (v) reinsurance broker.

**Applicability**

**2.** This Standard applies to all insurance brokers registered pursuant to section 59(3).

**Form of certificate of registration**

**3.** The certificate of registration to be issued pursuant to section 59(3) must take the form of the Annexure attached to this Standard.

ANNEXURE (to Standard No. INS.S.2.20)

Registration. No .....

**CERTIFICATE OF REGISTRATION**

**FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021**

**REGISTRATION AS AN INSURANCE/REINSURANCE/CORPORATE  
INSURANCE OR REINSURANCE BROKER** *(insert whichever is applicable)*

**This is to certify that -**

\_\_\_\_\_ *(insert the name)*

with principal office at \_\_\_\_\_ *(insert  
address of principal office),*

**has been duly registered in terms of section 59(3) of the Financial Institutions and  
Markets Act, 2021,**

and may operate from Namibia.

\_\_\_\_\_  
**CHIEF EXECUTIVE OFFICER**

\_\_\_\_\_  
**DATE OF REGISTRATION**

\_\_\_\_\_  
**EXPIRY DATE**

\_\_\_\_\_