

FORM MAF1



APPLICATION FOR REGISTRATION OF A MEDICAL AID FUND



APPLICATION FOR NEW REGISTRATION IN TERMS OF SECTION 23 OF THE MEDICAL AID FUNDS ACT, 1995 (ACT 23 OF 1995)

1. I, _____

(full name of authorized representative of fund)

hereby apply for the registration of _____ as a fund.
(name of fund)

2. It is intended that -

(a) the fund will be _____ fund;
(open or closed)

(b) the Principal Officer will be _____

(full names)

(c) the physical address, ID number and contact details of the Principal Officer will be _____

_____;

(d) the registered office of the fund will be located at _____

(full physical address)

(e) the postal address of the fund will be _____
_____;



- (f) the name and contact details of the administrator (if applicable)

- (g) the name and contact details of the proposed auditor

3. Attached to this application are -

- (a) The boards' resolution approving the establishment and the name of the medical aid fund;
- (b) The boards' resolution approving the appointment of the Principal Officer;
- (c) Two copies of the proposed rules of the fund duly signed by the Chairman and co-signed by one other trustee;
- (d) A schedule with full details of the proposed board members i.e full names, ID numbers, addresses and contact numbers;
- (e) Full details those who will be participating employers (if applicable);
- (f) Full details of the proposed auditor;
- (g) Curriculum vitae and the Identification documents of the proposed board members;
- (h) Curriculum vitae and the Identification document of the Principal Officer;
- (i) Proof of Namibian citizenship or permanent residence of Principal Officer;



- (j) A statement explaining the basis on which the fund will operate and a certificate of the valuator as to the soundness of the fund from a financial point;
- (k) A statement of the present rights, obligations, assets and liabilities of the fund (if any) and of any assets held in trust for the fund as contemplated in section 44 (1) (c) of the Act;
- (l) Code of conduct for the members of the board of trustees;
- (m) Copy of the proposed administration agreement between the Fund and the administrator (if applicable);
- (n) Latest audited financial statements of the Administrator (if applicable);
- (o) Copy of all reinsurance agreements relating to the Fund (if applicable);
- (p) Copy of any other agreements between the Fund and any other party (eg. Managed healthcare organizations, healthcare consultant, or any other party);
- (q) Full details of the infrastructure, computer facilities and expertise in terms of which the business of the Fund is to be conducted or administered (this may be included in the business plan);
- (r) Copy of the Business Plan;
- (s) Proof of a bank guarantee to the amount of N\$750,000.00 by a recognized financial institution in Namibia; and
- (t) Proof of payment of the prescribed application fee.



4. Applicant's declaration

We: _____
(Name of Medical Aid Fund)

- **Declare** that all the information and documents provided in this application are complete, and correct.
- **Understand** that the information and documents provided in this application form the basis of the application and can be relied upon.
- **Understand** that if any information in this application changes before and/or after this application is approved, we must immediately notify NAMFISA in writing of the changes.

(To be signed by two trustees including the Chairperson of the Board of trustees.)

.....
Full Name
(Chairperson)

.....
Signature

.....
Date

.....
Full Name
(Ordinary Member)

.....
Signature

.....
Date



ANNEXURE A

FEES PAYABLE

<u>Item</u>	<u>Fee payable</u>
(a) Application for registration of fund (Section 23);	N\$500.00
(b) Registration of fund (section 24).	N\$ 50.00
(c) Application for permission to change name of registered fund (section 25 (3)):	N\$ 50.00
(d) Change of name of registered fund (Section 25):	N\$ 50.00
(e) Registration of amendment of rule, per A4 page or part thereof (section 31):	N\$ 10.00
(f) Inspection of documents, per A4 page or part thereof (section 40 (1)):	N\$ 5.00

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY: BANKING DETAILS

BANK:	First National Bank
BRANCH:	Windhoek Corporate
BRANCH NO.:	568
ACCOUNT NO.:	62062664141
TYPE OF ACCOUNT:	Cheque Account

“However, you may make cheque payments at the NAMFISA Offices, if it’s convenient for you”



ANNEXURE B

FIT AND PROPER REQUIREMENTS FOR THE PRINCIPAL OFFICER AND EVERY BOARD MEMBER OF THE FUND

If the answer to any of the questions in respect of any individual mentioned above is yes, provide full details and attach to the application form:

	YES	NO
1. Have you within a period of five years preceding the date of the application been found guilty by any professional or financial services industry body (whether in Namibia or elsewhere), of an act of dishonesty, negligence, incompetence or mismanagement?	<input type="checkbox"/>	<input type="checkbox"/>
2. Have you within a period of five years preceding the date of the application been denied membership of any body referred to in 1 on account of an act of dishonesty negligence, incompetence or mismanagement?	<input type="checkbox"/>	<input type="checkbox"/>
3. Have you within a period of five years preceding the date of the application been found guilty by any regulatory or supervisory body (whether in Namibia or elsewhere) or has an authorization to carry on business been refused, suspended or withdrawn by any such body on account of an act of dishonesty, negligence, incompetence or mismanagement?	<input type="checkbox"/>	<input type="checkbox"/>
4. Have you at any time prior to the date of the application been disqualified or prohibited by any court of law (whether in Namibia or elsewhere) from taking part in the management of any company or other statutorily created, recognized or regulated body, irrespective of whether such disqualification has since been lifted or not?	<input type="checkbox"/>	<input type="checkbox"/>

<p>5. Have you ever been involved with a corporation, which has been censured, disciplined, suspended or refused membership or registration by a stock exchange, futures exchange, other market or regulatory authority?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>6. Have you had any judgment (including a finding of fraud, misrepresentation or dishonesty) given against you in any civil proceedings, in Namibia or elsewhere or are there any proceedings now pending which may lead to such a judgment?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>7. Have you ever been a controlling shareholder, director of a company or member of a close corporation or a trustee of any fund which was placed under judicial management or in provisional or final liquidation?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>8. Have you ever been the subject of any investigation or disciplinary proceedings by any regulatory authority (whether in Namibia or elsewhere) or exchange, professional body or government body or agency?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>9. Do you have any additional information, which should be brought to the Registrar's attention, which may have an impact on the evaluation of your application to be accredited?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>10. Are you a director, member, trustee, shareholder, employee or other official of any organization? [If Yes, provide the names of the organization(s)]</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>11. Have you ever been declared insolvent?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>12. If the answer to 11 is "Yes" have you since been rehabilitated?</p>	<input type="checkbox"/>	<input type="checkbox"/>



<p>13. Do you hold any shares or have any financial interest in:</p> <p>a. a financial brokerage;</p> <p>b. an administrator of medical aid fund;</p> <p>c. a managed healthcare organization;</p> <p>d. any other organization or entity that provides healthcare or consultation services to medical aid funds;</p> <p>e. a life office, a short term insurer or re-insurer;</p> <p>f. an investment company, collective investment scheme or similar financial entity; and</p> <p>g. any other financial institution registered by NAMFISA or the Bank of Namibia.</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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DECLARATION

1. I declare that, to the best of my knowledge, that the information herein supplied is complete, true and correct and not misleading in any respect.
2. I undertake to supply any further information requested by the office of the Registrar, or NAMFISA, as and when required for purposes of carrying out the provisions of the Medical Aid Funds Act, 1995 (Act 23 of 1995), the Regulations published there under and any other directive(s) issued by the Registrar, and/or NAMFISA.

.....
Full Name
 (Trustee or Principal Officer)

.....
Signature

.....
Date



ANNEXURE C

BUSINESS PLAN FORMAT

1. Executive summary

1.1 Objective

The applicant must supply sufficient information relating to the purpose of registering a new medical aid fund. The application should include as a minimum the following:

- a. The need/purpose for the proposed medical aid fund and its target market.
- b. The major differences between the proposed medical aid fund and the existing medical aid funds (if any).
- c. The mission and objectives for registering the new medical aid fund.

2. STRATEGY AND IMPLEMENTATION

2.1 Strength and Opportunities

The applicant must give a brief overview of factors considered strengths and those being opportunities, as well as the reasons why the applicant considers the factors as such, and the manner in which such factors will assist the proposed new fund to succeed.

Possible strength/ opportunity factors could include but are not limited to the following:

- A competitive product offering, including the reasons for the proposed scheme being competitive.
- Comprehensive benefit offering.
- Effective risk management (e.g. capitation arrangements with managed care networks).
- Economies of scale.
- Member involvement.



- Quick hassle free claims turnaround as a result of type of systems to be utilized.
- Lower administration expenditure per member per month, compared to the current industry average.
- Stable risk pool due to younger, healthier members.
- Good investment strategy.
- Member communication.
- Compulsory membership.
- Advertising / branding.

These factors merely serve as an example of some of the strengths and opportunities that the proposed fund may face. Each fund's circumstances will be different and applicants should not feel obliged to concentrate on or limit their analysis to only the factors mentioned.

2.2 Weaknesses and threats

Similarly, an overview of factors considered being weaknesses and threats to the proposed fund must be provided. The applicant should indicate how the board of trustees/steering committee plans to deal with those threats and weaknesses (i.e. risk mitigation plan).

Factors that could be a threat or even a weakness could include but are not limited to the following:

- Failure to attract sufficient members to grow the proposed new fund and increase the risk pool.
- Poor risk pool due to higher age profile of new members (high pensioner take-up).
- Deviation in expected average claims patterns.
- Higher take-up of members in low income categories than expected, if income based contribution structures are used.
- Dissatisfied members due to late claim payments.



- Failure to attract sufficient members to increase the size of the risk pool.
- Spiraling cost of medication and private hospital costs thus threatening the solvency and the viability of the proposed new fund.
- Potential or looming retrenchments in the industry where most of the prospective members of the fund operate (i.e. economic factors).
- Threat of HIV/Aids and other chronic diseases.
- Fraud and corruption.
- Poor investment returns.
- Quality of management information.

These factors merely serve as an example of what could affect the survival of a medical aid fund. Each fund's circumstances will be different and applicants should not feel obliged to concentrate on or limit their analysis to only the factors mentioned.

3. MARKET ANALYSIS

3.1 Membership/Target market strategy

Projections should be made in terms of the proposed membership of the new fund, including the projections per benefit option.

The applicant should also indicate the target market (i.e. public servants, low income earners, professionals etc.) for the proposed new medical aid fund and indicate clearly where and how they intend obtaining such membership.

The applicant should submit at least the following information per option:

- Five-year forecast in terms of membership growth, including sensitivity testing.
- Average age of the beneficiaries, including the pensioner ratio.



- This information should be provided per option and also consolidated.
- Geographical area of the projected members, if applicable.
- Projected average family size of the proposed members per option.
- If the proposed contribution tables differentiate between income bands, the applicant should indicate the number of members estimated per income band.
- If the fund's contribution tables do not provide for income bands, an indication of the salary income bands of the proposed target market should be provided.
- A detailed marketing and communication strategy which should also indicate the channels that will be used to communicate to its target market (i.e. employer group, trade unions, brokers etc.).
- Customer needs analysis.
- The applicant should compare the proposed new fund's target market to the industry and provide how the proposed new medical aid fund will be attractive to the proposed target market, compared to its competitors.
- The applicant should provide any letter(s) of intent by prospective employers, if applicable.

4. PRICING STRATEGY

4.1 Contributions

The applicant should provide details of its proposed contribution tables per option as well as the underlying assumptions used in the pricing of the contributions. The basis used for arriving at the monthly contribution rate charge should be stated clearly. The contribution tables should also be included in the rules of the proposed fund.



Option 1

The following table depicts an example of the contribution structure of income based option(s):

Income bands	Member	Adult dependent	Child dependent
N\$0 - N\$1 000			
N\$1 001 - N\$3 000			
N\$3 001 - N\$5 000			
N\$5 000 plus			

Option 2

The following table depicts the contribution table for an option(s), with age based option(s):

AGE BASED				
Age	Band	Member	Adult dependent	Child dependent
0	25			
26	30			
31	35			
36	40			
41	45			
46	50			
51	55			
56	60			
61	65			
66	100			



4.1.1 Affordability of contributions

Based on the fact that an option would be targeted at a specific income group, the applicant should further comment on the affordability of the new option in relation to the individual's income (e.g. x % of an individual's monthly income will go towards medical aid contributions). The applicant should also give an indication of how many members receive employer subsidies.

5. BENEFITS

The projected claims costs for each benefit option should be listed in the business plan on a per member / beneficiary per month basis, as well as a percentage of risk contribution income. The level of co-payments should also be disclosed.

Where the applicant intends to enter into any capitation arrangements, the applicant would be required to submit a copy of the proposed contract, as well as a detailed list of all services covered in the proposed agreement. The capitation fee to be paid should be justifiable i.e. demonstrable value for money.

6. NON-HEALTH EXPENDITURE

The applicant should provide a detailed analysis of the non-health expenditure per benefit option, expressed as a percentage of risk contribution income and on a member/beneficiary per month basis.



For example:

Total non - health expenditure	Option 1			Option 2		
	pmpm	pbpm	% of RCI	pmpm	pbpm	% of RCI
Administration expenditure						
Managed care services						
Broker fees						
Commercial reinsurance						
Impairment losses						
Other						
TOTAL						

- *Pmpm - per member per month
- *Pbpm - per beneficiary per month
- *RCI - Risk Contribution Income

Details of other administration costs should also be provided. If administration costs exceed 10% of contributions, an explanation should be provided.

The applicant should also provide a list of potential managed healthcare providers it will contract, detailing the services to be provided. Copies of the proposed contracts should also be provided.

7. RESERVE BUILDING

The applicant should indicate the extent to which the net operations will contribute to reserve building and clearly state how the proposed new medical aid fund will meet the following solvency requirements:



- 10.0% - during the first year after the fund was registered;
- 13.5% - during the second year;
- 17.5% - during the third year;
- 22.0% - during the fourth year;
- 25.0% - from the fifth year onwards.

Details of the fund's reserve policy should also be provided.

8. RISK MANAGEMENT

Risk management is a key component of the fund management. A clear policy on how the proposed new fund plans to minimize its exposure to risk should be provided including the following where applicable:

- a. Risk transfer arrangements with managed healthcare providers where an element of risk is transferred to the provider or is shared between the new fund and the provider.
- b. Capping of claims payable to contracted providers in return for unlimited services to members, thus reducing exposure to high inherent claims risk.
- c. Details of reinsurance the applicant intend to enter into.

The applicant should provide full details of possible risk management tools to be implemented. Any proposed risk sharing arrangements should be supported by appropriate reasons for the implementation thereof.



9. FINANCIAL PLAN

The applicant should provide details of the financial projections of the overall proposed fund and per option. The projections should cover a period of at least five full calendar years.

Projections shall comprise of at least the following information:

- a. A detailed consolidated statement of comprehensive income per month.
- b. A detailed statement of comprehensive income per benefit option per month for the first year of operations.
- c. A detailed consolidated year to date statement of comprehensive income for 5 years or up to whenever the fund expects to reach the required solvency margin.
- d. Projected reserve level and solvency ratio for 5 years or up to whenever the fund expects to reach the required solvency margin.
- e. Projected consolidated cash flow statement.
- f. Projected cash flow statement per month for the first year of operations.

10. INDEPENDENT REVIEW

The applicant may wish to seek the services of an expert to evaluate some aspects, especially with regards to the proposed benefit design of the proposed new medical aid fund. The evaluation sought must be addressed to the Board of Trustees of the proposed fund.

The person to perform an evaluation is not limited to an actuary and an evaluation can be performed by any person with the appropriate skills in statistics, health economics and actuarial science etc.



The evaluation shall at minimum report on the appropriateness and adequacy of the following:

- a. Contributions, taking into account the level of benefits offered by the proposed fund.
- b. The level of contribution to be utilized towards reserve building.
- c. The level of non-healthcare expenditure.
- d. Overall risks faced by the proposed fund and the extent to which the proposed fund is vulnerable or covered against these risks.
- e. Sensitivity analysis.