

**23 February 2017**

**To: Principal Officers of:  
All insurance and reinsurance brokers  
Chairperson-NIBA  
Chairperson-AIM**

**CIRCULAR LETTER: I/STI/02/2017 & I/LTI/02/2017**

**Effective Date: With Immediate Effect**

**SUBJECT: PROFESSIONAL INDEMNITY INSURANCE POLICY**

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## **1. INTRODUCTION**

- 1.1. This Circular is issued in terms of the NAMFISA's functions and power, and those of the Chief Executive Officer in his capacity as such and his various capacities as Registrar in terms of the Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001) and all other authorising legislation.
- 1.2. The Circular is applicable to all registered insurance and reinsurance brokers.
- 1.3. The purpose of this Circular is to inform all registered insurers and brokers of the perils which must be covered for in a professional indemnity insurance policy for such policy to be accepted by the Registrar of Long-Term and Short-Term Insurance ("Registrar") for the purposes of section 54(2) of the Short-Term Insurance Act, 1998 (Act No. 4 of 1998) and section 56(2) of the Long-Term Insurance Act, 1998 (Act No. 5 of 1998) (collectively "Insurance Acts").



## 2. THE CURRENT PRACTICE

- 2.1. The Registrar has observed that the professional indemnity insurance policies submitted in compliance with section 54(2) and 56(2) of the Insurance Acts vary in respect of the perils covered by the policies underwritten by different insurers.
- 2.2. This difference in the nature of the risk covered has resulted in scenarios where policyholders are able to claim for harm suffered as a result of professional misconduct of a broker in certain instances whilst in other instances policyholders are unable to claim for the same or similar misconduct.

## 3. THE PROCESS GOING FORWARD

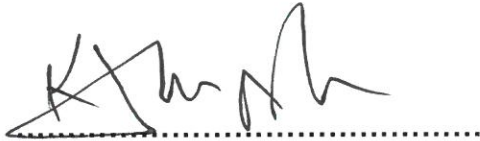
- 3.1. From the date of this circular, the **Registrar will only accept** professional indemnity policies for the purpose of section 54(2) and 56(2) of the Insurance Acts if such policies indemnify the insured (at the very least) for **the following perils:**
  - 3.1.1. Any negligent act, error or omission on the part of a broker (and his admin or any other employees) in connection with the provision of financial/insurance advice, effecting and maintaining an insurance policy;
  - 3.1.2. Any act or omission of dishonesty by a broker (and his admin or any other employees) in relation to the provision of financial/insurance advice, effecting and maintaining an insurance policy.
- 3.2. The limits of liability of the professional indemnity insurance policies must be as determined by sections 54(2) and 56(2) of the Insurance Acts.

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#### 4. ENFORCEMENT DATE

All registered insurance and reinsurance brokers must ensure that they have a professional indemnity policy in place, meeting the minimum criteria set out above, **on/or before 1 May 2017**. Failure to comply with the aforesaid may result in result in the Registrar taking action in terms of section 57(1)(b) or 59(1)(b) of the Insurance Acts.

I trust that all registered insurance and reinsurance brokers will give their full corporation to ensure effective compliance with the above.

A handwritten signature in black ink, appearing to read 'K. Matomola', is written over a horizontal dotted line.

**KENNETH S. MATOMOLA**

**REGISTRAR: SHORT-TERM AND LONG-TERM INSURANCE**