

STATUTORY INSTRUMENTS SUPPLEMENT

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S T A T U T O R Y I N S T R U M E N T S

2020 No. 97.

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S T A T U T O R Y I N S T R U M E N T S

2020 No. 97

The Insurance (Mobile Insurance) Regulations, 2020 *(Under section 151 of the Insurance Act, 2017, Act 6 of 2017)*

IN EXERCISE of the powers conferred upon the Minister, and in consultation with the Insurance Regulatory Authority of Uganda, these Regulations are made this 17th day of June, 2020.

PART I—PRELIMINARY

1. Title

These Regulations may be cited as the Insurance (Mobile Insurance) Regulations, 2020.

2. Application of Regulations

(1) Unless expressly provided otherwise, these Regulations apply to—

- (a) every licensed insurer and Health Membership Organisation that distributes an insurance product, or permits an insurance product, to be distributed through mobile insurance;
- (b) a licensed insurance broker who acts as an insurance broker in relation to any insurance product that is distributed through mobile insurance;
- (c) a micro insurance organisation, micro insurance agent and an insurance agent, that distributes an insurance product, as intermediary, through mobile insurance; and
- (d) any person licenced under the Act that distributes a mobile insurance product through a platform-only provider.

(2) Where a mobile insurance product is approved as a micro insurance product, the Regulations applicable to micro insurance products generally apply to the marketing and sale of the product in addition to these Regulations.

3. Interpretation

In these Regulations, unless the context otherwise requires—

“Act” means the Insurance Act, 2017;

“agent-branded insurance product” means an insurance product which is marketed and sold under the branding of a licensed insurance agent, who is not the mobile network operator;

“air-time balance” means the total value of pre-payments that a customer of a mobile network operator has made to the mobile network operator for telecommunications services to be provided by the mobile network operator that, at that time, remains available for the purchase or utilisation of telecommunications services;

“Authority” means the Insurance Regulatory Authority of Uganda established by section 10 of the Act;

“beneficiary” in relation to a mobile insurance contract, means a person other than the policyholder—

- (a) who is entitled to a payment or a benefit under the insurance contract; or
- (b) who, on the occurrence of the insured event, is entitled to make a claim against the insurer under the insurance contract;

“branded product” includes a mobile network operator branded insurance product, an agent-branded insurance product or a co-branded insurance product;

“co-branded product” means an insurance product which is marketed and sold under the joint branding of the licensed insurer underwriting the product and the participating mobile network operator or a licensed insurance agent participating in the arrangement;

“e-money” means monetary value electronically stored, issued against receipt of funds in local currency or legally recognised currency, accepted as a means of payment by persons other than the issuer and redeemable for cash;

“group insurance contract” has the meaning assigned to it in the Insurance (Licensing and Governance) Regulations, 2020;

“insurance contract” includes a group insurance contract;

“insured person”, in relation to an insurance contract, means a person entitled to a benefit under an insurance contract and includes a policyholder and a member of a group insurance policy;

“licensed insurance agent” means a person who holds an insurance agents license issued under section 83(1)(c) of the Act;

“licensed insurance broker” means a person who holds an insurance brokers license issued under section 83(1)(a) of the Act;

“licensed insurer” means a person who holds an insurers license issued under section 35(1)(a) of the Act;

“loyalty product” has the meaning assigned to it in regulation 6;

“master policyholder” means the policyholder under a group insurance contract;

“member” in relation to group insurance contract, means the person whose life or other interests are insured under the group insurance contract;

“mobile network operator-branded product” means an insurance product which is marketed and sold under the branding of

the mobile network operator rather than the branding of the licensed insurer that is underwriting the contract;

“mobile insurance” or “m-insurance” has the meaning specified in regulation 4;

“mobile insurance product” means an insurance product that is distributed through “mobile insurance” or “m-insurance”;

“mobile money” means e-money available to a user to conduct transactions through a mobile phone;

“mobile money platform” means the hardware and software that enables a mobile money service;

“mobile money service provider” means any person offering mobile money services in accordance with the law;

“mobile network operator” means a person licensed to provide communications services via mobile networks;

“mobile wallet or “M-wallet” means a customer’s virtual account maintained by the mobile money service provider on the mobile money platform which is also known as a “mobile money account”;

“paid product” means a mobile insurance product that is not a loyalty product;

“participating mobile network operator”, in relation to an arrangement that constitutes mobile insurance, means the mobile network operator that is a party to the arrangement;

“platform-only m-insurance” or “platform-only provider” shall be construed in accordance with regulation 5;

4. Meaning of “mobile insurance” or “m-insurance”

(1) Mobile insurance or m-insurance is an arrangement between a person to whom these Regulations apply and a mobile network operator where a mobile network is used as a means of distributing an insurance product to policyholders and potential policyholders.

(2) Mobile insurance includes an arrangement where—

- (a) a mobile network operator acts as an insurance agent for a licensed insurer, HMO or micro insurance organisation;
- (b) a mobile network operator enters into a group insurance contract, as master policyholder, with the intention of providing insurance coverage to its customers, in their capacity as members; or
- (c) the mobile network operator acts as a platform-only provider.

(3) An arrangement under subregulation (1) includes a multi-party arrangement where persons other than a licensed insurer, HMO or micro insurance organisation and the mobile network operator provides administrative, technical or other services.

(5) For purposes of determining whether an arrangement falls within subregulation (1), it is immaterial who pays the premium, payable under the contract, to the licensed insurer, HMO or micro insurance organisation and in particular, whether the premium is—

- (a) paid by the mobile network operator without direct or indirect recourse to the insured person or any beneficiary under the insurance contract;
- (b) paid by the mobile network operator but recovered in whole or in part either directly or indirectly from the insured person or beneficiary; or
- (c) paid directly by the insured person or beneficiary.

5. Meaning of “platform-only” mobile insurance and “platform-only provider”

(1) Platform-only mobile insurance is mobile insurance provided through an arrangement where a mobile network operator provides a licensed insurer, HMO or micro insurance organisation with access to its mobile platform for the distribution of an insurance product where the mobile network operator—

- (a) does not undertake any insurance business that requires a licence under the Act; and
- (b) does not enter into a group insurance contract as a master policyholder.

(2) A mobile network operator that provides platform-only mobile insurance is referred to as a platform-only provider in relation to that mobile insurance.

6. Meaning of “loyalty product”

(1) A “loyalty product” is a mobile insurance product available to customers of the mobile network operator where the premium payable to a licensed insurer, HMO or micro insurance organisation under that product is paid by the mobile network operator as an absorbed cost of its business, without direct or indirect recourse to the insured person or beneficiaries under the insurance contract.

(2) For the purposes of subregulation (1), a mobile insurance product does not fall outside subregulation (1) merely because the level of cover provided to an insured person under a mobile insurance product is directly related to the amount or level of telecommunications services that the insured person purchases from the mobile network operator.

(3) A mobile insurance product is not a loyalty product if the cost of the premium, in whole or part, is recovered from a customer through the customer’s air time balance.

(4) A mobile insurance product that fulfils the criteria specified in this regulation for a loyalty product gives the insured person the option to purchase additional top-up insurance cover at the insured person's cost is regarded—

- (a) as a loyalty product to the extent that the insurance premium is paid by the mobile network operator; and
- (b) as a paid product to the extent that the cost of the insurance premium is charged directly or indirectly to the insured person.

PART II—APPROVAL OF MOBILE INSURANCE PRODUCTS

7. **Approval to sale or market insurance products by mobile insurance**

(1) A licensed insurer, HMO or micro insurance shall not, without the prior written approval of the Authority—

- (a) sale, market or distribute an insurance product through mobile insurance; or
- (b) permit its insurance product to be distributed through mobile insurance.

(2) No licensed insurance broker, HMO, licensed insurance agent or micro insurance agent shall participate in, or act in relation to, an arrangement that constitutes mobile insurance unless the licensed insurer, HMO or micro insurance organisation has obtained the approval of the Authority under these Regulations.

(3) Where a licensed insurance broker, HMO, licensed insurance agent or micro insurance agent contravenes this regulation, the Authority shall issue a written directive to the licensed insurance broker, HMO, licensed insurance agent or micro insurance agent requiring the licensed insurance agent, HMO, licensed insurance agent or micro insurance agent to comply or take such action as may be required by the Authority.

(4) A licensed insurance broker, HMO, licensed insurance agent or micro insurance agent who fails to comply with a written

directive issued by the Authority under subregulation (3), shall be subject to the penalty set out in section 122(2) of the Act.

8. Application for approval to sale or market insurance products by mobile insurance

(1) A licensed insurer, HMO and micro insurance shall apply to the Authority for approval to sale, market or distribute an insurance product by mobile insurance.

(2) An application under subregulation (1) shall be in Form 1 in the Schedule and shall be accompanied by—

- (a) a detailed statement describing the product to be sold or distributed;
- (b) a copy of the sample policy document or mobile insurance contract to be distributed;
- (c) a detailed statement on the mobile insurance arrangement;
- (d) a copy of the service level agreement with the mobile network operator;
- (e) a statement setting out the key features of the mobile insurance product;
- (f) a statement setting out the premium rating structure showing fees and commissions;
- (g) a copy of the marketing or insurance product brochure, if any; and
- (h) any other document the Authority may require.

(3) The Authority may approve an application subject to such conditions as it considers appropriate.

(4) An approval to sale or distribute an insurance product by mobile insurance shall be in Form 2 in the Schedule.

(5) Where the Authority refuses an application for approval, the Authority shall notify the applicant of the refusal in writing and give reasons for the refusal.

(6) For the purposes of section 65(3) of the Act, the prescribed period is the period of forty-five days commencing on the date that a completed application is submitted to the Authority.

9. Variation, suspension and revocation of approval

(1) The Authority may, by notice in writing, vary, suspend or revoke an approval granted under regulation 8 where the arrangement no longer complies with these Regulations or with any conditions imposed by the Authority.

(2) Where the Authority issues a written notice suspending or revoking the approval, the person to whom the notice is issued shall cease distributing the insurance product through the mobile insurance arrangement with effect from the date of the notice or such later date as the Authority may specify in the notice.

(3) The variation, suspension or revocation of approval does not affect—

- (a) the legal status of the contract; or
- (b) the rights of any policyholder who purchased, or acquired rights under, the insurance contract, prior to the date when the variation, suspension or revocation takes effect.

10. Responsibility for insurance contract lies with licensed insurer

(1) It is the responsibility of a licensed insurer, HMO or micro insurance organisation to ensure that a micro insurance product is distributed in accordance with the Act.

(2) Notwithstanding subregulation (1), where a party to a mobile insurance arrangement is regulated or supervised by another regulatory or supervisory authority in Uganda, the licensed insurer,

HMO or micro insurance is not responsible for the compliance of that other party with the obligations and requirements to which it is subject under the other regulatory and supervisory regime.

PART III—MOBILE INSURANCE ARRANGEMENTS

11. Permitted types of mobile insurance arrangements

(1) A person to whom these Regulations apply shall not distribute a mobile insurance product unless—

- (a) the mobile insurance product is an individual product distributed through the mobile network of a participating mobile network operator which acts as a platform-only provider;
- (b) the mobile insurance product is an individual product and the participating mobile network operator is a licensed insurance agent; or
- (c) the mobile insurance product is a group insurance product and the participating mobile network operator is the master policyholder.

(2) Subject to these Regulations, a mobile insurance product may be marketed as—

- (a) a product of the licensed insurer, HMO or micro insurance;
- (b) a mobile network operator branded product;
- (c) an agent-branded product; or
- (d) a co-branded product.

12. Mobile network operator to obtain insurance agent's licence in certain cases

(1) A mobile network operator that participates in a mobile insurance arrangement is not required to be licensed under the Act as an insurance agent where—

- (a) it participates in the arrangement as a platform-only provider; or
- (b) it enters into a group insurance contract, as master policyholder, for the benefit of its customers.

(2) Subregulation (1) does not affect the requirement of a mobile network operator to obtain a licence under the Act where the mobile network operator carries on an activity regulated under the Act in a capacity other as a platform only provider.

(3) A licensed insurer, HMO or micro insurance organisation shall not permit a mobile network operator to distribute its insurance product other than as a platform only provider unless the participating mobile network operator is licenced under the Act.

13. Mobile insurance arrangement to be governed by service level agreement.

A mobile insurance arrangement entered into in accordance with these Regulations shall be governed by a service level agreement which shall—

- (a) provide for the confidentiality of client information;
- (b) include provisions concerning the storage, handling and transmission of data;
- (c) make provision for access and receipt of information;
- (d) make provision for the design, development, pricing and sale of the insurance product; and
- (e) include any other matter the Authority consider necessary.

14. Contingency arrangements

A licensed insurer, HMO or micro insurance organisation that distributes mobile insurance shall establish and maintain a contingency plan which shall make provision to protect the interests of insured persons and beneficiaries in the event that the mobile insurance arrangement is discontinued, interrupted or subject to significant change.

PART IV—MOBILE INSURANCE CONTRACTS

15. Design criteria for mobile insurance contract

A licensed insurer, HMO or micro insurance organisation shall, in designing and developing a mobile insurance product, have regard to whether—

- (a) the product is likely to provide value to insured persons for whom it is designed;
- (b) the terms of the product are fair; and
- (c) the product is sustainable.

16. Terms of group mobile insurance contracts

(1) The terms of a group mobile insurance contract shall require the master policyholder to—

- (a) maintain a written record of members and beneficiaries under the contract which shall—
 - (i) adequately identify each member of the group insurance contract;
 - (ii) in the case of a member, record the date upon which the person became a member;
 - (iii) provide details of any other persons who are beneficiaries under the group insurance contract; and
 - (iv) if members are able to exercise options to take different levels of cover, summarize the cover provided by the contract to the member; and
- (b) provide each person who becomes a member under a group mobile insurance contract with—

- (i) a statement setting out the key features of the insurance contract;
- (ii) a statement setting out the details of the cover provided to the member, if details are specified in statement referred to in subparagraph (i);
- (iii) the name and contact details of an employee or representative of the master policyholder whom the member may contact for further information in relation to the insurance contract; and
- (iv) details as to how the member may obtain a copy of the policy document.

(2) A master policyholder complies with subregulation (1) if the activities are undertaken by another party to the mobile insurance arrangement on its behalf.

(3) A licensed insurer, HMO or micro insurance organisation shall take reasonable steps to ensure that the master policyholder complies with the obligations specified in subregulation (1).

17. Branded insurance products

Where a mobile insurance product is distributed as a branded product, all relevant documents provided to the insured person shall—

- (a) state that the product is underwritten by a licensed insurer, HMO or micro insurance organisation; and
- (b) specify the licensed insurer, HMO or micro insurance organisation concerned.

18. Payment of premiums

The premium for a mobile insurance product may be paid—

- (a) from a mobile wallet held by the insured person;

- (b) through the reduction of the insured person's airtime balance held with the participating mobile network operator; or
- (c) by cash or other means, if permitted by the mobile insurance contract.

19. Key features statement

(1) A licensed insurer, HMO or micro insurance organisation shall prepare a document referred to as a "key features statement" setting out the key features of every mobile insurance contract underwritten.

(2) Subregulation (1) applies to a branded product or a co-branded product.

20. Payment of claims under a mobile insurance contract

(1) A mobile insurance contract shall provide for the method of payment of monies due to the insured person or to the beneficiary under the mobile insurance contract on the settlement of a claim.

(2) Notwithstanding subregulation (1), a mobile insurance contract may provide for payment—

- (a) into a mobile wallet held by the insured person or beneficiary with a mobile money service provider;
- (b) by cash; or
- (c) into a bank account held by the insured person or beneficiary.

(3) A claim shall not be settled by applying credit to the air time balance of an insured person or beneficiary.

SCHEDULE

Regulation 8(2)

FORM 1

Application for Approval to Distribute Insurance Product by Mobile Insurance

General Information		
1.	Company Name	
2.	Product Name	
3.	Product status	New
		Revamped / Redesigned
4.	Risks the product covers	
5.	Product target market	
6.	Briefly state mode of mobile distribution of insurance product	
7.	Date of submission of application	
Additional / Support documents to be submitted		
8.	Indicate additional / Support documents attached to this application (tick where applicable)	
	A detailed statement describing product to be distributed	
	A copy of sample mobile insurance contract(s) to be distributed / policy document	
	Detailed statement on the mobile insurance arrangement	
	Service Level Agreement with mobile network operator (MNO)	

	Copy of key features statement on the mobile insurance product	
	The premium rating structure showing fees and commissions	
	The Marketing / Product brochure.	

Statement of Compliance and sign off by the Chief Executive Officer of the applicant

9.	<p>I, affirm that this product has been internally reviewed by the Company, and is in compliance with the Authority’s guidance on insurance products, the Insurance Act and the Regulations thereunder.</p> <p>Name</p> <p>Signature..... Date.....</p>
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FORM 2

Approval Certificate

The Insurance Regulatory Authority of Uganda pursuant to its powers under the Insurance Act 2017, and these Regulations hereby approves the sale, marketing and distribution of the following insurance product by mobile insurance:

Product:

Company:

Category of Business:;

Date of approval:

This approval is subject to the following conditions and shall remain valid from the date of issue unless varied, suspended or revoked.

CONDITIONS

1

2

3

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CHIEF EXECUTIVE OFFICER

MATIA KASAIJA (M.P)
Minister of Finance, Planning and Economic Development.

