

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. 98.

THE INSURANCE (REINSURANCE) REGULATIONS, 2020

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STATUTORY INSTRUMENTS

2020 No. 98

The Insurance (Reinsurance) 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.

1. Title

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

2. Application of Regulations

(1) These Regulations apply only to licensed insurers, reinsurers and HMOs.

(2) For the avoidance of doubt, these Regulations do not limit the obligation of a licensed insurer or HMO to make mandatory reinsurance placements in accordance with the Act.

3. Interpretation

In these Regulations, unless the context otherwise requires—

“Act” means the Insurance Act, 2017;

“alternative risk transfer” means any form of risk transfer by an insurer, other risk transfer than through a traditional reinsurance agreement, that has an element of insurance risk, rather than purely financial risk, including—

- (a) securitisation of insurance risks, including through insurance-linked securities;
- (b) catastrophe bonds;

- (c) reinsurance sidecars;
- (d) industry loss warranties; and
- (e) finite reinsurance;

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

“cedant” means an insurer that transfers risk to a reinsurer under a reinsurance contract or a reinsurer that transfers risk to another reinsurer under a retrocession contract;

“facultative reinsurance” means the reinsurance of a single individual risk or a specified group of individual risks on the basis of an offer by the cedant and acceptance by the reinsurer where the reinsurer is not under an obligation to accept each offer by the cedant;

“foreign reinsurer” means a foreign insurer whose primary business is the business of entering into reinsurance contracts, as reinsurer;

“fronting arrangement” means an arrangement through which an insurer cedes more than ninety-five percent of the risk under an insurance contract that it has entered into, to another insurer or reinsurer, while remaining liable under the insurance contract to the insured;

“licensed insurer” means a person who holds an insurer’s licence;

“mandatory reinsurance placement” means a placement of reinsurance with a reinsurer which complies with section 74 of the Act;

“net retention” means the amount of risk that a cedant retains, after taking into account of all reinsurance contracts entered into by the cedant in relation to the risk concerned;

“pooling arrangement” has the meaning specified in regulation 4;

“qualifying foreign reinsurer” has the meaning specified in regulation 5;

“reinsurance contract” means an insurance contract under which one insurer, referred to as the reinsurer, indemnifies, or otherwise compensates another insurer referred to as the cedant, against losses on one or more contracts of insurance entered into by the cedant;

“retention” means the amount of risk that a cedant retains after entering into a reinsurance or retrocession contract with respect to the risk;

“retrocession contract” means a reinsurance contract where the cedant is a reinsurer;

“risk appetite” means the aggregate level and types of risk a licensed insurer, reinsurer or HMO is willing to assume within its risk capacity to achieve its strategic objectives and business plan;

“senior management”, in relation to a licensed insurer, reinsurer or HMO, means senior managers of the licensed insurer, reinsurer or HMO, who have collective responsibility for day-to-day management;

“treaty reinsurance” means reinsurance under which the cedant agrees to offer, and the reinsurer agrees to accept, all risks or a pre-determined proportion of risks within a defined class or type of insurance business that meet any pre-agreed criteria.

4. Meaning of “pooling arrangement”

(1) A pooling arrangement is an arrangement made between two or more licensed insurers, reinsurers or HMOs through which the participating licensed insurers, reinsurers or HMOs insure particular

types of agreed risk on the basis that the licensed insurers, reinsurers or HMOS will share the premiums, expenses, losses and profits in pre-agreed proportions.

(2) Without limiting the general effect of subregulation (1), a pooling arrangement may be established by the participating licensed insurers, reinsurers or HMOs acting directly as a group or through one or more third parties including insurance brokers and agents authorised by the participating licensed insurers, reinsurers or HMOs for the purpose, or operate through a separate entity established for that purpose.

(3) A co-insurance pool is a pooling arrangement made between licensed insurers and HMOs.

(4) A reinsurance pool is a pooling arrangement made between reinsurers.

5. Meaning of qualifying foreign reinsurer

(1) For purposes of section 67(2)(b) and 67(3)(b) of the Act, a qualifying reinsurer is a foreign reinsurer that has—

- (a) financial strength rating of—
 - (i) A +, A, B+, B or C+ assigned to it by the A. M. Best Company;
 - (ii) AAA, AA, A, BBB BB assigned to it by the Fitch Group or Standard & Poors; or
 - (iii) Aaa, Aa, A or Baa assigned to it by Moody’s Corporation; or
- (b) such other financial strength rating by other companies as may be approved by the Authority.

(2) Where a foreign reinsurer has been rated by two or more of the above rating agencies, the most recent rating shall be used to determine whether the foreign reinsurer is a qualifying reinsurer.

6. Reinsurance strategy

(1) Every licensed insurer, reinsurer and HMO shall develop and maintain a written reinsurance strategy.

(2) Without limiting the generality of subregulation (1), the reinsurance strategy of a licensed insurer, reinsurer or HMO shall—

- (a) be appropriate for the nature, scale, complexity and diversity of its business, risk profile, and tolerance to risk;
- (b) form a part of its underwriting strategy and its overall risk management strategy;
- (c) set out the objectives of using reinsurance;
- (d) set out a clear methodology for determining the reinsurance arrangements including—
 - (i) the reinsurance to be purchased;
 - (ii) the setting of net retention limits; and
 - (iii) the selection of reinsurers;
- (e) provide for the assessment of the security of reinsurers and the collateral required, if any;
- (f) provide for the monitoring of reinsurance arrangements;
- (g) set out the risk appetite, including the determination of gross and net retention limits;
- (h) specify the types of reinsurance arrangements most appropriate to the licensed insurer, reinsurer or HMO, how to manage and limit the risks and how the level of risk tolerance is to be determined;
- (i) specify how credit risk is to be managed, including by—
 - (i) setting limits on risks ceded to individual reinsurers; and

- (ii) ensuring an adequate spread of risk between reinsurers;
 - (j) specify how liquidity risk arising from a timing mismatch between the payment of claims and the receipt of reinsurance recoveries is to be managed; and
 - (k) provide for the determination of whether reinsurance brokers and other intermediaries should be employed and, if so, their role and how they are to be selected, monitored and managed.
- (3) The reinsurance strategy shall take into account—
- (a) the structure of the reinsurance arrangements, including any alternative risk transfer arrangements;
 - (b) the licensed insurers or HMOs requirement to offer and make mandatory reinsurance placements;
 - (c) the extent to which relevant functions are outsourced; and
 - (d) the extent of any credit risk mitigation in place.

7. Reinsurance procedures

(1) Every licensed insurer, reinsurer and HMO shall develop and maintain written reinsurance procedures that provide for the implementation of the reinsurance strategy.

(2) For purposes of subregulation (1), the reinsurance procedures shall include—

- (a) underwriting procedures which shall specify the classes of insurance to be underwritten, policy terms and conditions and aggregate exposure by type of business;
- (b) the procedures for the selection of reinsurers, taking into account appropriate levels of aggregate exposure to a single reinsurer or different reinsurers in the same group and the credit risks associated with reinsurers;

- (c) the limits on the amount and class of insurance that shall be automatically covered by a reinsurance treaty;
- (d) the criteria for purchasing facultative reinsurance;
- (e) the criteria and procedures for fronting arrangements; and
- (f) the procedures that provide for—
 - (i) timely payments of reinsurance premiums to reinsurers, including foreign reinsurers; and
 - (ii) timely collections of reinsurance recoveries.

(3) The reinsurance procedures shall require that any deviation from the reinsurance strategy shall have the prior documented approval of the board of the licensed insurer, reinsurer or HMO.

8. Internal controls

The internal controls of a licensed insurer, reinsurer or HMO shall be designed to ensure that—

- (a) underwriting is carried out in accordance with the insurer's underwriting strategy and policies;
- (b) the reinsurance provided for in the reinsurance plan is operational;
- (c) the terms of reinsurance contracts entered into are in accordance with the reinsurance strategy and reinsurance plan;
- (d) claims under reinsurance contracts, are reported to the reinsurer in a timely fashion and in accordance with the reinsurance contract;
- (e) reinsurance claims payments are promptly collected; and
- (f) any failure to comply with any internal controls including those in paragraphs (a) to (e) are reported to senior management and the board.

9. Reinsurance plan

(1) Every licensed insurer, reinsurer and HMO shall develop and implement a reinsurance plan for each financial year.

(2) The reinsurance plan shall be consistent with the reinsurance strategy.

(3) Without limiting the general effect of subregulation (1), a reinsurance plan shall—

- (a) identify the risk retention levels appropriate for licensed insurers, reinsurers or HMOs tolerance to risk, by class of business and for its business taken as a whole, including setting—
 - (i) limits on net retention levels for the year;
 - (ii) the proportion of business to be ceded in the financial year, with the objective that net retentions are commensurate with its financial resources; and
- (b) specify—
 - (i) the reinsurance to be purchased by the insurer, reinsurer or HMO in the financial year;
 - (ii) whether collateral is to be required from any reinsurer and, if so, the amount and type of collateral required.

(4) The reinsurance plan shall take into account, and provide for, mandatory reinsurance placements.

(5) A licensed insurer, reinsurer or HMO shall submit its reinsurance plan to the Authority for approval not less than two months before the start of the financial year to which the plan relates.

(6) A licensed insurer, reinsurer or HMO shall submit to the Authority any proposed changes to its reinsurance plan within fourteen days of making the change for approval.

10. Limit on risks that may be retained by licensed insurer, reinsurer or HMO

(1) Every licensed insurer, reinsurer or HMO shall reinsure any single risk that comprises more than ten per cent of shareholders' funds.

(2) The terms and conditions of any reinsurance contract entered into by a licensed insurer, reinsurer or HMO, as cedant, shall be compatible with those of the insured risk, under the insurance contract so as to avoid uncovered risk.

11. Fronting and similar arrangements

(1) A licensed insurer, reinsurer or HMO shall not enter into a fronting arrangement with an another insurer or reinsurer without the prior written approval of the Authority.

(2) Subject to subregulation (1), a licensed insurer, reinsurer or HMO shall not offer an insurance contract underwritten or reinsured by another insurer, under its own name, in circumstances where the insurer retains less than five per cent of the risk insured under the contract, unless—

- (a) the insurer has given the Authority prior notice of not less than five days of its intention to front the risk; and
- (b) the insurer has, prior to the approval of the arrangement, evaluated the counterparty risk to which it is exposed and has determined that the arrangement is consistent with the risk management strategy of the insurer.

12. Alternative risk transfer arrangements

(1) A licensed insurer, reinsurer or HMO shall not, without the prior written approval of the Authority, enter into—

- (a) a contract that constitutes alternative risk transfer; or
- (b) any arrangement that constitutes a direct transfer of the risk under any insurance contract entered into by the insurer to the capital markets.

(2) An application for approval under subregulation (1) shall be in writing.

13. Co-insurance and reinsurance pools

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

- (a) participate in a co-insurance pool; or
- (b) participate in a reinsurance pool, as cedant.

(2) An application for approval under subregulation (1) shall be in writing.

(3) In determining whether to approve an application to participate in a co-insurance or reinsurance pool, the Authority shall consider whether—

- (a) the co-insurance or reinsurance pool is clearly identified;
- (b) adequate retrocession arrangements are in place;
- (c) the business within the reinsurance pool is accounted for separately; and
- (d) the reinsurance pool is adequately capitalised for any inwards reinsurance business.

14. Penalty for breach of mandatory reinsurance placements

An insurer or reinsurer who fails to comply with section 74(1) of the Act relating to mandatory reinsurance placements is liable to a fine not exceeding five hundred currency points.

15. Annual and quarterly reinsurance returns.

(1) Every licensed insurer, reinsurer or HMO licensed under the Act shall, at the end of each calendar year and quarter, submit to the Authority details of the reinsurance or retrocession returns and details of the reinsurers or retrocessionaires with whom they maintain business relations in respect of risks falling within the scope of the Act.

(2) The details required every end of a calendar year shall be submitted within ninety days from the end of the calendar year.

(3) The details required every end of a quarter in a financial year shall be submitted within twenty-one days from the end of the quarter.

(4) The submission referred to in subregulation (1) shall be made using the forms prescribed by the Authority and hosted on the official website of the Authority.

MATIA KASAIJA (M.P)

Minister of Finance, Planning and Economic Development.

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THE INSURANCE (MOBILE INSURANCE) REGULATIONS, 2020

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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.

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

.....
CHIEF EXECUTIVE OFFICER

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

STATUTORY INSTRUMENTS SUPPLEMENT

to The Uganda Gazette No. 48, Volume CXIII, dated 14th August, 2020

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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. 101.

**THE INSURANCE (LICENSING AND GOVERNANCE)
REGULATIONS, 2020**

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STATUTORY INSTRUMENTS

2020 No. 101.

The Insurance (Licensing and Governance) 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 (Licensing and Governance) Regulations, 2020.

2. Application of Regulations

Unless expressly provided otherwise, these Regulations apply to licensed insurers, reinsurers and HMOs.

3. Interpretation

In these Regulations, unless the context otherwise requires—

“Act” means the Insurance Act, 2017;

“actuary” means a person appointed as an actuary by a licensed insurer or HMO in accordance with section 113 of the Act;

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

“beneficiary” in relation to an 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 licensed insurer under the insurance contract;

“board” means the board of directors of a licensed insurer, reinsurer or HMO;

“bundled insurance product” has the meaning specified in regulation 6;

“Companies Act” means the Companies Act, 2012;

“connected person” has the meaning specified in regulation 4;

“control function” means—

- (a) in relation to a licensed insurer, a function specified in section 61(1) of the Act;
- (b) in relation to a health membership organisation, a function specified in section 61(2) of the Act;

“customer” means—

- (a) in the case of a licensed insurer, a policyholder of the licensed insurer or a beneficiary under an insurance contract entered into by the licensed insurer, as licensed insurer;
- (b) in the case of a health membership organisation, a member of the health membership organisation;

“distribute” means the soliciting of applications for, negotiating or concluding of insurance contracts by a licensed insurer or HMO;

“executive director” means a director of a licensed insurer, reinsurer or HMO who—

- (a) is an employee of the licensed insurer, reinsurer or HMO;
- (b) not being an employee of the licensed insurer, reinsurer or HMO, has day to day managerial or operational responsibilities;

“group insurance contract” has the meaning specified in regulation 7;

“health membership organisation” or “HMO” has the meaning assigned to it in the Act;

“holding company” has the meaning assigned to it in the Companies Act, 2012;

“key person in a control function” means an individual appointed to undertake, or have responsibility for, and oversight of, a control function;

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

“life insurance contract” means an insurance contract that falls within any class of life insurance business;

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

“non-executive director” means a director who is not an executive director;

“outsourcing arrangement” means an arrangement between a licensed insurer, reinsurer or HMO and a service provider under which the service provider, or another person acting for the service provider, undertakes an activity on a continuing basis that would normally be undertaken by the licensed insurer, reinsurer or HMO;

“policyholder” in relation to an insurance contract, means a person who entered into the insurance contract with the licensed insurer or HMO, if the rights of that person under the contract have been assigned or transferred, the person who has those rights;

“principal officer” in relation to a licensed insurer, reinsurer or HMO, means an individual who, under the immediate authority of the directors, either jointly with others or alone, is responsible for the conduct of the whole of the business of the licensed insurer, reinsurer or HMO;

“promotional material” includes any explanatory, advertising or publicity material, in any form;

“reinsurer” means a person holding a reinsurers licence;

“senior management” in relation to a licensed insurer, reinsurer or HMO, means—

- (a) the senior managers of the licensed insurer, reinsurer or HMO who have collective responsibility for day-to-day management; or
- (b) where the context requires, those senior managers having responsibility for particular functions relating to the day-to-day management;

“service provider” in relation to an outsourcing arrangement, means a person who undertakes an activity for a licensed insurer, reinsurer or HMO under an outsourcing arrangement with the licensed insurer, reinsurer or HMO;

“significant owner” means a person who exercises control over a licensed insurer, reinsurer or HMO.

“subsidiary” has the meaning assigned to it in the Companies Act.

4. Meaning of “connected person”

(1) A person, hereinafter referred to as the “first person” is connected to another person, hereinafter referred to as the “second person” in the following circumstances—

- (a) where the first person and second person are associated companies;
- (b) where the second person is a company, a partnership or limited liability partnership—
 - (i) the first person is a significant owner of the second person; or
 - (ii) the first person is a director, senior manager or key person in a control function of the second person;
- (c) where first person and second person are partners of the same partnership;
- (d) where the first person is a close family member of—
 - (i) the second person, where that person is an individual;
 - (ii) an individual who is a significant owner of the second person; or
 - (iii) an individual who is a director, senior manager or key person in control function of the second person.

(2) For the purposes of subregulation (1), a “close family member”, in relation to an individual, means the individual’s—

- (a) spouse or former spouse;
- (b) children;
- (c) parents, including step parents;
- (d) legal guardian or former legal guardian;

- (e) brothers and sisters;
- (f) grandchildren;
- (g) grandparents;
- (h) first cousin;
- (i) uncles and aunts.

5. Meaning of “independent director”

“Independent director” in relation to a licensed insurer, reinsurer or HMO means a non-executive director who—

- (a) does not represent or is not nominated by a major shareholder;
- (b) has not been employed by the licensed insurer, reinsurer or HMO in the past three financial years;
- (c) is not an immediate close family member of a person who is, or was in the past three financial years, employed in an executive capacity;
- (d) is not a professional advisor;
- (e) is not a significant supplier to, or customer of the group;
- (f) has no significant contractual relationship with the group;
- (g) is not a connected person in relation to the licensed insurer, reinsurer or HMO;
- (h) does not receive any remuneration, commission or compensation from the licensed insurer, reinsurer or HMO other than remuneration as a director; and
- (i) is free from any business or other relationship, which could materially interfere with his or her ability to act independently;

6. Meaning of “bundled insurance product”

(1) Subject to subregulations (1) and (2), a bundled insurance product is an insurance product that comprises two or more insurance products sold as a single insurance product regardless of the category or class of the insurance business.

(2) A non-life insurance product that forms part of a bundled product shall be underwritten by a licensed insurer authorised to carry on non-life insurance business.

(3) A life insurance product that forms part of a bundled product shall be underwritten by a licensed insurer that is authorised to carry on life insurance business.

7. Meaning of “group insurance contract”

A group insurance contract is an insurance contract where—

- (a) the master policyholder purchases the insurance contract on his or her behalf and on behalf of other persons who, although not policyholders, are or will become, beneficiaries under the contract;
- (b) the beneficiaries are members of an identifiable group that exists independently of the insurance contract;
- (c) the risks insured under the contract are related to the common interests or activities of the beneficiaries.

PART II— CLASSIFICATION OF INSURANCE BUSINESS

8. Classification of insurance business.

(1) In accordance with the Act, insurance business comprises two categories of insurance business, that is to say, life insurance business and non-life insurance business.

(2) Life insurance shall comprise the classes and sub-classes of insurance business specified in Part I of Schedule 1 to these Regulations.

(3) Non life insurance shall comprise the classes and sub-classes of insurance business specified in Part II of Schedule 1 to these Regulations.

PART III — LICENSING OF INSURERS, REINSURERS AND HMOS

9. Application for licence

(1) For the purposes of section 41(1) of the Act, an applicant for a licence to carry on insurance business shall indicate the class of insurance business the applicant intends to engage in.

(2) An application for an insurers licence, reinsurers licence or HMO licence shall be in Form 1 in Schedule 2.

(3) The application under subregulation (1) shall be accompanied by the following —

- (a) the prescribed fee;
- (b) a certified copy of the applicant's certificate of incorporation or other document by which the applicant is constituted;
- (c) an organogram, in the case of an applicant associated with other companies or entities, showing—
 - (i) all its associated companies and entities and the position of each associated company and the relationship between the associated companies or entities;
 - (ii) the shareholding held by each of the associated companies or entities; and
 - (iii) a general description of the activities of each of the associated companies or entities;
- (d) the details of significant owners;

- (e) the details of proposed directors, senior managers, key persons in control functions, auditors, actuaries;
- (f) a draft business plan;
- (g) the most recent audited financial statements of the applicant including the audited financial statements of the applicant's holding company and the consolidated group financial statements, if any;
- (h) details of the proposed reinsurance arrangements or, in the case of a reinsurer, proposed retrocession arrangements; and
- (i) proof of adequate funds to meet the minimum capital and security deposit requirements.

(4) The Authority may—

- (a) require an applicant to provide it with such information and documents, in addition to those specified in subregulation (2), as it reasonably requires to determine the application; and
- (b) specify—
 - (i) the form in which the information or documents are to be provided; and
 - (ii) the period within which the information or documents are to be provided; and
- (c) require any information or documents provided to be verified in such manner as it may specify.

10. Consideration of application

(1) For the purposes of section 43(1) of the Act, the Authority receives a complete application where it receives—

- (a) a fully and properly completed written application; and

- (b) all the documents and information—
 - (i) specified by the Act and these Regulations; and
 - (ii) that the Authority may require to be provided to it in accordance with section 42(g) of the Act.

(2) In considering an application, the Authority shall, in addition to the matters specified in section 42 of the Act, satisfy itself that—

- (a) the applicant will, on the issuance of a licence, be able to comply with any conditions the Authority may attach to grant of the licence;
- (b) the applicant's ownership, corporate and management structure, governance framework, procedures and controls or proposed procedures and controls, financial resources and its proposed reinsurance or retrocession arrangements, are appropriate having regard to the proposed insurance business of the applicant;
- (c) the applicant's significant owners, directors and proposed senior managers and key persons in control functions are fit persons who satisfy the criteria specified in Schedule 2 of the Act.

11. Form of licence

For the purposes of section 44(1)(a) of the Act, an insurer's, reinsurers or HMO licence shall be in Form 2 in Schedule 2 to these Regulations.

12. Commencement of business

(1) An applicant granted a licence shall commence business within one hundred and eighty days of obtaining the licence.

(2) Where an applicant granted a licence does not commence business within the period specified in subregulation (1), the Authority may vary, suspend or revoke the licence in accordance with section 45 of the Act.

13. Governance framework of licensed insurer, reinsurer and HMO

(1) The governance framework of a licensed insurer, reinsurer or HMO established and maintained under section 58 of the Act shall provide for—

- (a) the apportionment of responsibilities between directors, senior management and key persons in control functions; and
- (b) oversight of senior management.

(2) The procedures and controls established and maintained by a licensed insurer, reinsurer or HMO under section 58(2) of the Act shall—

- (a) provide for—
 - (i) the prudent management of its licensed business in accordance with sound insurance principles; and
 - (ii) the effective oversight of its senior management and key persons in control functions; and
- (b) protect the interests of its customers.

(3) Where a licensed insurer, reinsurer or HMO carries on business through one or more subsidiaries incorporated outside Uganda, the licensed insurer, reinsurer or HMO shall ensure that the subsidiary has an appropriate and effective corporate governance framework.

(4) A licensed insurer, reinsurer or HMO shall maintain an up-to-date written record of its governance framework including—

- (a) the details of reporting lines including reporting lines for key persons in control functions who shall report to the board; and

- (b) the responsibilities of different members of senior management.

14. Composition of board of licensed insurer, reinsurer and HMO

(1) Subject to the Companies Act, 2012, a licensed insurer, reinsurer or HMO shall have an adequate number of directors—

- (a) who are fit persons and satisfy the criteria specified in Schedule 2 to the Act;
- (b) capable of exercising independent judgment; and
- (c) who collectively, as a board, have a sufficient spread of knowledge, skills, experience and understanding of its business, and the risks to which it is exposed to ensure that the board is able to fulfil its responsibilities.

(2) Without limiting the general effect of subregulation (1), a licensed insurer, reinsurer or HMO, shall, at all times, have—

- (a) a minimum of five directors, at least half of whom shall be resident in Uganda; and
- (b) sufficient non-executive directors to ensure that more than half the members are non-executive directors.

(3) A licensed insurer, reinsurer or HMO shall ensure that—

- (a) the majority of its directors are independent directors; and
- (b) the majority of its directors have experience in one or more of the following fields—
 - (i) insurance;
 - (ii) actuarial studies;
 - (iii) law;
 - (iv) banking or finance;

- (v) economics; or
- (vi) such other field as the Authority may, in writing, approve.

(4) Only an independent director qualifies to be appointed as chairperson of the board of a licensed insurer, reinsurer or HMO.

(5) Where a licensed insurer, reinsurer or HMO contravenes this regulation, the Authority may issue a written directive to the licensed insurer, reinsurer or HMO to comply or take such action as shall be required by the Authority.

(6) Where a licensed insurer, reinsurer or HMO fails to comply with a written directive issued by the Authority under subregulation (5), the licensed insurer, reinsurer or HMO shall be subject to the penalty set out in section 121(2) of the Act.

15. Board of licensed insurer, reinsurer or HMO

(1) Subject to the Companies Act, 2012, the board of a licensed insurer, reinsurer or HMO is accountable for the performance and affairs of the licensed insurer, reinsurer or HMO, and in the performance of its duties is expected to act in good faith, with due diligence and care and in the interests of the licensed insurer, reinsurer or HMO.

(2) It is the responsibility of the board of a licensed insurer, reinsurer or HMO to—

- (a) provide strategic direction;
- (b) retain full and effective control;
- (c) comply with laws and regulations;
- (d) define levels of materiality;
- (e) identify and monitor key risks and key performance areas;
- (f) identify and monitor non-financial aspects;

- (g) explain the effect of all proposed resolutions to be passed at shareholder's meetings;
- (h) encourage shareholders to attend general meetings;
- (i) have a board charter setting out its responsibilities which shall be published in the annual report and should, at least, make the board responsible for strategic plans, monitoring operational performance, monitoring performance of management, determining policies and procedures, risk management, internal controls, communications policy, director selection, induction of directors and evaluation of directors.
- (j) determine a balance between governance constraints and entrepreneurial performance;
- (k) review major plans of action;
- (l) review and guide annual budget and business plans;
- (m) oversee major capital expenditures, acquisitions and divestiture;
- (n) ensure the integrity of the company's accounting and financial reporting systems.

16. Board committees.

(1) Subject to subregulation (2) and the Companies Act, 2012, the board may establish committees to assist the board in the performance of its duties.

(2) All licensed insurers, reinsurers and HMOs shall have-

- (a) an audit committee;
- (b) a risk management committee;
- (c) a remuneration committee; and
- (d) an investment committee.

(3) An audit committee shall be composed of a chairperson and at least three other persons of reputable integrity not being members of the board.

(4) Board committees, with the exception of operational committees, shall be chaired by independent directors.

(5) The annual report shall state—

- (a) the members of board committees;
- (b) the number of meetings held;
- (c) the attendance by directors.

(6) Chairpersons of board committees shall attend the annual general meetings.

17. Responsibilities of senior management

(1) The responsibilities of senior management of a licensed insurer, reinsurer or HMO are—

- (a) to carry out the day-to-day operations of the licensed insurer, reinsurer or HMO in accordance with—
 - (i) its business objectives, corporate culture and risk appetite;
 - (ii) the strategies and policies established by the board; and
 - (iii) the long term and financial soundness of the licensed insurer, reinsurer or HMO;
- (b) to provide the board with recommendations for its review and approval on the strategy, business plans and policies of the licensed insurer, reinsurer or HMO;
- (c) to provide the board with timely and accurate information, including financial information, that is adequate to enable the board to fulfil its responsibilities; and

- (d) to maintain accurate and clear records of the internal organisation of the licensed insurer, reinsurer or HMO.

(2) Senior management shall ensure that it promotes a culture of sound risk management, compliance and the fair treatment of customers and potential customers.

18. Principal officer

(1) Every licensed insurer, reinsurer or HMO shall have at least one principal officer who shall be the chief executive officer and a full time employee.

(2) A person shall not be appointed a principal officer unless—

- (a) the person satisfies the criteria specified in Schedule 2 of the Act;
- (b) the person has the qualification and experience specified in subregulation (3); and
- (c) the Authority has given its written approval for the appointment of that person under section 103(1) of the Act.

(3) A principal officer shall—

- (a) possess a recognised university degree and a professional qualification in the field of insurance; and
- (b) have at least eight years' working experience in the field of insurance.

19. Chief finance officer

(1) Every licensed insurer, reinsurer or HMO shall have at least one chief finance officer who is a full-time employee.

(2) A person shall not be appointed a chief finance officer unless—

- (a) the person satisfies the criteria specified in Schedule 2 of the Act;
- (b) the person—
 - (i) possesses a recognised relevant university degree;
 - (ii) is a member of the Institute of Certified Public Accountants of Uganda;
 - (iii) has least four years’ working experience as an accountant; and
- (c) the Authority has given its written approval for the appointment of that person under section 103(1) of the Act.

PART V— CONTROL FUNCTIONS AND RELATED MATTERS

20. Control functions

(1) The board of a licensed insurer, reinsurer or HMO shall ensure that a person in a control function—

- (a) is not involved in the performance of services or activities which he or she is responsible for monitoring;
- (b) is not placed in a position where he or she is expected to undertake duties that conflict with the duties of the control function;
- (c) is not subjected to any undue influence or pressure with respect to carrying out his or her duties;
- (d) has access to employees, service providers, customers and documents and information relating to the licensed business, in order perform his or her duties effectively;
- (e) has sufficient human and non-human resources to perform the control function effectively.

(2) The powers and responsibilities of each control function of a licensed insurer, reinsurer or HMO, and the key person in the control function shall be set out in writing.

(3) The board of a licensed insurer, reinsurer or HMO shall ensure that the performance of each control function is assessed at such intervals as the board considers appropriate.

(4) Where a control function is to be undertaken in full or in part at a group level, the licensed insurer, reinsurer or HMO shall, on seeking approval for the appointment, provide the Authority with details of all fees, costs and charges to be paid by the licensed insurer, reinsurer or HMO in respect of the performance of the control function.

21. Combined control functions

(1) Subject to subregulations (2) and (3), a licensed insurer, reinsurer or HMO may combine one or more control functions.

(2) An actuarial function and the internal audit function shall not be combined with each other or with any other control function.

(3) Control functions shall not be combined unless the board is satisfied that the combination of the functions shall not affect the independence, objectivity or effectiveness of the functions.

22. Key person in control function

(1) Every licensed insurer, reinsurer and HMO shall ensure that a key person in a control function appointed under section 61(3)(b) of the Act—

- (a) satisfies the criteria specified in Schedule 2 of the Act;
- (b) has the necessary qualifications and experience to perform the control function;
- (c) is approved by the Authority in accordance with section 103(1) of the Act.

(2) Where any control functions are combined in accordance with these Regulations, the licensed insurer, reinsurer or HMO shall appoint an individual to undertake the responsibilities of, or have overall responsibility for and oversight of, the combined control function and the individual appointed is regarded as the key person in each of the combined control functions.

23. Key person in risk management function

(1) The duties of a key person in the risk management function are—

- (a) to assist the licensed insurer, reinsurer or HMO to identify, assess, monitor, manage and report on its key risks in a timely manner; and
- (b) to promote and sustain a sound risk management culture within the licensed insurer, reinsurer or HMO.

(2) A key person in the risk management function shall—

- (a) possess a relevant degree and professional diploma in the field of risk management or actuarial science; and
- (b) have at least three years' relevant working experience.

24. Underwriting and pricing strategy, policies, procedures and controls

(1) Every licensed insurer, reinsurer and HMO shall develop and implement —

- (a) an underwriting and pricing strategy and policies; and
- (b) procedures and controls that are sufficient to ensure that the underwriting and pricing strategy and policies are effectively implemented.

(2) Underwriting and pricing strategies referred to in subregulation (1) may provide for—

- (a) the evaluation of risks underwritten or to be underwritten;

- (b) the establishment of adequate premium levels, subject to any minimum premium rates prescribed by the Authority under section 64(2) of the Act;
- (c) the control of expenses related to premiums and claims;
- (d) the mitigation and diversification of risks by—
 - (i) defining limits on the amount of risk retained; and
 - (ii) in the case of a licensed insurer, providing for the transfer of appropriate levels of risk away from the licensed insurer through adequate and appropriate reinsurance arrangements.

(3) The underwriting and pricing strategy and policies shall be reviewed periodically.

(4) Every licensed insurer, reinsurer or HMO shall develop measures to monitor the procedures and controls established in accordance with subregulation (1)(b).

25. Internal controls

(1) Every licensed insurer, reinsurer and HMO shall develop and maintain adequate and effective internal controls appropriate for the nature, scale, complexity and diversity of its business and the risks to which it is exposed.

(2) A licensed insurer, reinsurer or HMO shall develop internal controls in such a manner as to ensure that—

- (a) the business of the licensed insurer, reinsurer or HMO is planned and conducted properly and in accordance with the strategies and policies of the licensed insurer, reinsurer or HMO;
- (b) the business of the licensed insurer, reinsurer or HMO is operated in compliance with the Act and other laws of Uganda;

- (c) the assets of the licensed insurer, reinsurer or HMO are appropriately safeguarded through measures designed to minimise the risk of loss from irregularities, error, fraud and physical damage, and to identify such occurrences promptly should they occur;
- (d) the liabilities of the licensed insurer, reinsurer or HMO are subject to appropriate controls;
- (e) there are appropriate arrangements in place for the delegation of authority and responsibility and for the segregation of duties;
- (f) the accounting and other records of the licensed insurer, reinsurer or HMO are complete, accurate and timely and can be used to compile financial statements as required by law;
- (g) the licensed insurer, reinsurer or HMO is able to assess and monitor the adequacy of the capital resources, in relation to its business;
- (h) the licensed insurer, reinsurer or HMO is able to identify and regularly assess all relevant risks in the conduct of its business so that the identified risks can be measured, monitored and controlled appropriately and any losses can be monitored and controlled on a regular and timely basis;
- (i) the licensed insurer, reinsurer or HMO is able to guard against involvement in financial crime and comply with anti-money laundering and terrorist financing legislation;
- (j) adequate business resumption, disaster recovery and other contingency arrangements are in place and tested at appropriate intervals; and
- (k) adequate controls are in place in relation to information technology systems, including controls.

(3) The internal control policies shall require that any deficiencies identified in the internal control system be reported in a timely manner.

(4) The internal controls shall operate at all levels of a licensed insurer, reinsurer or HMO and shall apply to any outsourced functions.

(5) Where a licensed insurer, reinsurer or HMO also operates through branches or subsidiaries, its internal controls shall apply to those operations.

(6) The internal controls of a licensed insurer, reinsurer or HMO shall provide for persons responsible for ensuring that adequate and effective internal controls are established and maintained.

26. Compliance function

(1) The duties of a key person in a compliance function of a licensed insurer, reinsurer or HMO are—

- (a) to assist the licensed insurer, reinsurer or HMO to comply with the Act and other laws of Uganda; and
- (b) to promote and sustain a compliance culture.

(2) A key person in a compliance function shall—

- (a) maintain a register of compliance breaches containing information on the date, nature and extent of each compliance breach;
- (b) ensure that employees are aware of the need for and the objectives of compliance and of their responsibilities under the compliance procedures manual;
- (c) establish and maintain procedures to monitor and handle complaints.

(3) A key person in a compliance function shall—

- (a) possess a bachelor's degree in insurance, actuarial science, law, banking or finance or relevant discipline; and
- (b) at least three years working experience relating to compliance in any relevant area.

27. Compliance procedures and controls

(1) Every licensed insurer, reinsurer or HMO shall develop and maintain compliance procedures and controls that—

- (a) are appropriate for the nature, scale, complexity and diversity of its business;
- (b) ensure compliance—
 - (i) with its policies, the Act and other laws of Uganda;
 - (ii) by the board, senior management and employees with its policies; and
 - (iii) with its internal controls;
- (c) are adequate to identify compliance breaches; and
- (d) are effectively implemented.

(2) Every licensed insurer, reinsurer and HMO shall, at least once every year, review the effectiveness of compliance procedures and controls in managing compliance risk.

28. Actuarial function

(1) A key person in an actuarial function of a licensed insurer, reinsurer or HMO shall be responsible for providing advice on—

- (a) capital adequacy;
- (b) technical provisions;
- (c) premiums and pricing;
- (d) reinsurance; and
- (e) compliance with the matters specified in paragraphs (a) to (d).

(2) For purposes of subregulation (1), a key person in an actuarial function shall provide advice on—

- (a) actuarial and financial risks;
- (b) investment policies and valuation of assets;
- (c) solvency position;
- (d) risk assessment and management policies and controls relevant to actuarial matters or to financial condition;
- (e) distribution to policyholders and beneficiaries of payments and other benefits on participating policies;
- (f) underwriting of policies;
- (g) design of reinsurance programmes;
- (h) product development and design;
- (i) the sufficiency and quality of data used in the calculation of technical provisions;
- (j) risk modelling, where applicable;
- (k) experience reviews and profit testing; and
- (l) distribution of dividends and other benefits to be paid to shareholders.

(3) A key person in an actuarial function shall—

- (a) possess a degree in actuarial science or a related field and—
 - (i) successfully completed at least five exams leading to a full actuarial qualification; or
 - (ii) possess a qualification equivalent to certified actuarial analyst awarded by an actuarial society or body recognised by the International Actuarial Association; or
 - (iii) a post graduate diploma in actuarial science;

- (b) have working experience in the insurance sector; and
- (c) be a member of the Actuarial Association of Uganda.

29. Internal audit function

(1) A key person in the internal audit function shall provide a licensed insurer, reinsurer or HMO with independent assurance of the quality of financial information and statements and effectiveness of the governance framework.

(2) For purposes of subregulation (1), a key person in the internal audit function shall—

- (a) assess whether the existing risk management strategy, policies, procedures and controls are sufficient, effective and appropriate for the business;
- (b) assess whether the risk management strategy, policies, procedures and controls, including internal controls, are being implemented and complied with;
- (c) assess whether the procedures and controls for monitoring and assessing the on-going capital and solvency requirements are effective and are being implemented;
- (d) assess the reliability, integrity and completeness of the accounting, financial reporting, management information and information technology systems;
- (e) review, periodically, the risk management function and the compliance function; and
- (f) monitor the information systems.

(3) Subregulation (1) applies to all the activities of a licensed insurer, reinsurer or HMO, including outsourced activities and activities carried out by branches or subsidiaries of the licensed insurer, reinsurer or HMO.

(4) The internal audit function shall be subject to independent review by the audit committee and the external auditor.

(5) A licensed insurer, reinsurer or HMO shall ensure that the internal audit function-

- (a) is independent from management and shall not be involved in the operation of the business of the licensed insurer, reinsurer or HMO; and
- (b) report directly to the board, through the key person in the control function.

(6) A key person in the internal audit function shall be given the authority—

- (a) to undertake, on the internal audit function's initiative, a review of any department, unit or function;
- (b) to require management to respond to any internal audit report, including on remediation or mitigation plans; and
- (c) to carry out any task requested as long as it is not inconsistent with the functions of the internal audit function.

(7) A key person in the internal audit function shall—

- (a) possess a bachelor's degree in the relevant field;
- (b) be a member of the Institute of Certified Public Accountants of Uganda; and
- (c) have at least three years' relevant working experience.

30. Internal audit reports to be submitted to Authority

Every licensed insurer, reinsurer and HMO shall—

- (a) within twenty-one days after the last day of each calendar quarter, provide the Authority with a list of reports that have been prepared by the person in the internal audit

function during that calendar quarter, with a summary of the areas covered by each report; or

- (b) on the written request of the Authority, submit to the Authority copies of the internal audit reports specified in the Authority's request, within the time period specified in the request.

31. Whistleblowing policy

Every licensed insurer, reinsurer and HMO shall establish, maintain and implement an effective whistleblowing policy.

32. Responsibility for outsourced activities

(1) Where a licensed insurer, reinsurer or HMO outsources an activity, the licensed insurer, reinsurer or HMO —

- (a) shall oversee the performance of the activity by the service provider; and
- (b) remains responsible for the performance of the activity by the service provider.

(2) A licensed insurer, reinsurer or HMO shall not outsource—

- (a) any duties of the compliance function;
- (b) any activity if the outsourcing of that activity would—
 - (i) impair the Authority's ability to supervise the licensed insurer, reinsurer or HMO; or
 - (ii) affect the rights of a customer or potential customer against the licensed insurer, reinsurer or HMO.

(3) A licensed insurer, reinsurer or HMO shall not, without the prior written approval of the Authority, outsource any of the duties of the risk management function, the internal audit function or the actuarial function.

33. Requirements for outsourcing of activities

A licensed insurer, reinsurer or HMO shall not enter into an outsourcing arrangement in relation to any activity unless the licensed insurer, reinsurer or HMO —

- (a) has undertaken an assessment of the outsourcing arrangement regarding—
 - (i) the reasonableness of the charges, fees and costs to be paid under the outsourcing contract taking into account the activities to be undertaken by the service provider;
 - (ii) the capacity and ability of the service provider to undertake the outsourced activity;
 - (iii) the risks associated with outsourcing the proposed activity to a service provider
- (b) is satisfied that the outsourcing will be subject to appropriate controls;
- (c) obtains the approval of the Authority to outsource the activity.

34. Outsourcing policy

(1) Every licensed insurer, reinsurer and HMO shall have an outsourcing policy which shall be kept up-to-date.

(2) For the purposes of subregulation (1), an outsourcing policy shall—

- (a) specify activities appropriate for outsourcing;
- (b) set out procedures and controls to manage outsourcing risk;
- (c) set out the internal review and approvals required for outsourcing; and
- (d) specify the criteria for making outsourcing decisions.

(3) A licensed insurer, reinsurer or HMO shall ensure that its outsourcing arrangements are operated in accordance with the outsourcing policy.

35. Outsourcing to be governed by written agreement

(1) The outsourcing of any activity shall be governed by a service level agreement with the service provider which—

- (a) clearly specifies all material aspects of the outsourcing, including—
 - (i) the duration of the agreement;
 - (ii) the activities to be outsourced;
 - (iii) the rights and responsibilities of the parties;
 - (iv) the protection by the service provider of confidential information;
 - (v) provisions for monitoring and assessing the outsourcing;
 - (vi) provisions for the termination of the agreement;
 - (vii) an agreed mechanism for resolving disputes;
 - (viii) access to all documents and information relevant to the outsourced activity; and
- (b) provides that the governing law of the outsourcing agreement is the law of Uganda.

(2) Every licensed insurer, reinsurer and HMO shall develop and maintain a contingency plan for each outsourcing agreement entered into.

36. Costs of supervision of outsourced activities outside Uganda

Where the Authority, under section 115(2)(b) of the Act, inspects the business or the premises of a service provider to whom a licensed

insurer, reinsurer or HMO has outsourced activities and the business or premises of the service provider are situated outside Uganda, the Authority may require the licensed insurer, reinsurer or HMO to pay its reasonable costs of undertaking the inspection.

37. Business continuity plan

(1) Every licensed insurer, reinsurer and HMO shall develop and maintain a business continuity plan which shall make provision for the continued operations of the licensed insurer, reinsurer or HMO in the event of unforeseen interruptions or disruptions.

(2) A business continuity plan shall be—

- (a) appropriate for the nature, scale, complexity and diversity of the business and risk profile of a licensed insurer, reinsurer or HMO; and
- (b) regularly reviewed, tested and updated.

(3) Without limiting the general effect of subregulation (1), a business continuity plan shall provide for mechanisms to enable the licensed insurer, reinsurer or HMO —

- (a) to carry on its insurance business and to comply with the Act;
- (b) to minimise losses to functions, systems or data and recover losses in a timely manner; and
- (c) to resume business in a timely manner, where the severity of the interruption or disruption results in the ceasing of licensed insurance business or any part of it.

(4) For purposes of subregulation (1), the unforeseen interruptions and disruptions include—

- (a) the loss or failure of internal or external resources including human resources, systems and other assets;

- (b) the loss or corruption of data or other information; and
- (c) external events such as criminal acts, weather events and other natural disasters.

38. Remuneration policy

(1) Every licensed insurer, reinsurer and HMO shall develop and implement a remuneration policy.

(2) The remuneration policy of a licensed insurer, reinsurer or HMO shall—

- (a) take full account of—
 - (i) its business objectives and corporate culture, strategy and risk appetite; and
 - (ii) its long term interests and financial soundness;
- (b) cover the remuneration of directors, senior management, key persons in control functions and any other employees.
- (c) not provide incentives that are likely to induce imprudent, unnecessary, inappropriate or excessive risk-taking;
- (d) not provide incentives that are likely to result in the unfair treatment of customers or potential customers.

(3) Where a control function is outsourced, the remuneration payable to the service provider shall be consistent with remuneration policy of the licensed insurer, reinsurer or HMO.

39. Additional strategies, policies, procedures and controls

The Authority may –

- (a) require a licensed insurer, reinsurer and HMO to develop and maintain any other strategies, policies, procedures or controls as are appropriate taking into consideration the nature, scale, complexity and diversity of the licensed

business and the degree of risk associated with the business; and

- (b) ensure that the strategies, policies, procedures or controls established in accordance with paragraph (a) are fully and clearly documented and communicated to relevant persons.

40. Risk management strategy

(1) The risk management strategy and policy of a licensed insurer, reinsurer and HMO required to be established by section 62 of the Act shall—

- (a) set the level of risk that a licensed insurer, reinsurer and HMO is prepared to accept for each type of risk;
- (b) be reviewed periodically;
- (c) be fully and clearly documented and effectively communicated and readily available to the directors, relevant members of senior management, employees and service providers, who have responsibility for implementing the policy; and
- (d) specify risks covered by the policy including –
 - (i) the risks specified in section 62(2)(d) of the Act;
 - (ii) legal risk;
 - (iii) conduct of business risk;
 - (iv) contagion risk;
 - (v) related party risk;
 - (vi) pricing and product design risk;
 - (vii) reinsurance risk;
 - (viii) outsourcing risk;

- (ix) foreign exchange risk; and
- (x) cyber risk.

(2) A licensed insurer, reinsurer or HMO may make provision in its risk management strategy for additional risks which are reasonably foreseeable and not specified in subregulation (1) after taking into consideration the nature, scale, complexity and diversity of its business.

41. Group strategies, policies, procedures and controls

A licensed insurer, reinsurer and HMO which is part of a group of companies shall, in addition, to the strategies, policies, procedures and controls required to be established by the Act or these Regulations, submit the strategies, policies, procedures and controls of the group companies.

PART VI— CONDUCT OF INSURANCE BUSINESS

42. Application of this Part

This Part applies only to licensed insurers and HMOs.

43. Objectives of this Part

The objective of this Part is to ensure that licensed insurers and HMOs —

- (a) conduct business with integrity and with due skill, care and diligence;
- (b) observe good conduct of business standards and practices and be transparent in business arrangements;
- (c) have due regard for the interests and needs of customers;
- (d) treat customers and potential customers fairly;
- (e) manage conflict of interest fairly;
- (f) pay due regard to the information needs of customers and potential customers;

- (g) take reasonable steps to ensure that information communicated to customers and potential customers is clear, fair, accurate and not misleading; and
- (h) ensure that customer information is adequately protected and used appropriately.

44. Business conduct policies, procedures and controls

(1) Every licensed insurer and HMO shall develop and implement business conduct policies, procedures and controls for the purpose of complying with these Regulations.

(2) Without prejudice to subregulation (1), business conduct policies, procedures and controls shall –

- (a) take account of the circumstances of different customers and potential customers;
- (b) make provision for the development, marketing and sale of insurance products;
- (c) provide for the giving of clear information to customers and potential customers at the point of sale and before and after an insurance contract is entered into;
- (d) provide measures to minimise the sale of insurance products that are inappropriate for customers;
- (e) provide measures aimed at ensuring that insurance advice given to customers and potential customers is of high quality;
- (f) make provision for procedures to deal with customer claims, complaints and disputes in a fair and timely manner;
- (g) provide for the protection and appropriate use of customer information; and
- (h) provide for the management of the reasonable expectations of customers.

45. Requirements relating to the development of insurance products

Every licensed insurer and HMO shall, when designing and developing insurance products—

- (a) take account of any product development criteria issued by the Authority; and
- (b) have regard to the interests of different types of customers and potential customers.

46. Approval by Authority of text or format of policy of insurance product

(1) No licensed insurer or HMO shall issue a text or format of a policy or a proposal form unless the text or format of the policy or the proposal form has been approved by the Authority in accordance with section 65 of the Act.

(2) Where a licensed insurer or HMO contravenes this regulation, the Authority shall issue a written directive to the licensed insurer or HMO to comply or take such action as may be required by the Authority.

(3) Where a licensed insurer or HMO fails to comply with a written directive issued by the Authority under subregulation (2), the licensed insurer or HMO shall be subject to the penalty set out in section 121(2) of the Act

47. Application for approval of text or format of policy of insurance product

(1) An application for the approval of a text or format of a policy or a proposal form shall be in Form 3 in Schedule 2.

(2) Where an application is in respect to a bundled insurance product, the application in subregulation (1) shall be made by the licensed insurer or HMO that will take the larger percentage of the risk.

(3) The application shall be accompanied by the documents specified in Form 3 in Schedule 2 or such other information and documentation as the Authority may require.

(4) Upon receipt of an application, the Authority shall review the application to ensure that all the relevant documents are available to enable the processing of the application.

(5) The Authority may, before making a final determination on the application, require the licensed insurer or HMO to provide additional information and documentation including reports from actuaries and other specialists.

(6) After considering the application, the Authority may approve the text or format of the policy or the proposal form with or without conditions.

(7) The decision to approve the text or format of the policy or the proposal form shall be made within forty-five days after receipt of the complete application.

(8) Where the Authority approves the text or format of the policy or the proposal form, the Authority shall issue an approval certificate in Form 4 in Schedule 2.

(9) Where the Authority refuses to approve the text or format of the policy or the proposal form, the decision shall include the reasons for the refusal.

(10) Where the Authority does not approve or reject the text or format of a policy or proposal form, or an amendment in the text or format within forty five days, the licensed insurer or HMO shall treat the text or format of the policy or the proposal form or amendment as approved.

48. Variation, suspension, and revocation of approval of text or format of policy of insurance product

(1) The Authority may vary, suspend or revoke an approval where—

- (a) the approval no longer satisfies the design criteria specified in these Regulations;
- (b) the text or format of a policy or proposal form no longer meets the requirements specified in these Regulations;
- (c) the licensed insurer or HMO is marketing or selling the insurance product contrary to any requirements of the Act;
or
- (d) the policy is unfair to policyholders or prospective policyholders or any class of policyholders or prospective policyholders.

(2) The Authority shall, before varying, suspending or revoking an approval, give the licensed insurer or HMO a right to be heard.

(3) Where the Authority varies, suspends or revokes approval, the Authority shall give reasons in writing for the variation, suspension or revocation.

(4) Where the Authority varies, suspends or revokes approval, the licensed insurer or HMO concerned shall cease to market or sell the policy with effect from the date on which it receives the notice of suspension or revocation.

(5) 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.

49. Cancellation of insurance contracts during cooling-off period

(1) Subject to subregulation (2), every insurance contract shall provide the policyholder with a right to cancel the contract without

giving any reason and without the payment of any fee or penalty within 30 days—

- (a) after the date the contract is entered into; or
- (b) after the date on which the policyholder receives the policy.

(2) Subregulation (1) does not apply—

- (a) where the policyholder or a beneficiary has made a claim under the contract;
- (b) to an index insurance contract.

(3) An insurance contract shall specify the procedures for effecting cancellation within the thirty-day period specified in subregulation (1) and where the policyholder complies with those procedures—

- (a) the contract is terminated; and
- (b) the amount required to be paid by the policyholder shall be no more than the cost of the insurance cover provided, on a strictly proportionate basis, for the period.

(4) Where a customer exercises his or her right to cancel an insurance contract under this regulation, the licensed insurer or HMO shall repay the balance of the premium paid by the customer.

50. Requirements relating to marketing of insurance products

A licensed insurer or HMO shall—

- (a) take into account the interests of different types of customers and potential customers when marketing an insurance product;
- (b) take reasonable steps to ensure that its products are promoted to customers and potential customers in a way that—
 - (i) is clear and fair and that is not inaccurate or misleading; and

- (ii) takes account of the knowledge and experience of an ordinary customer for the insurance product being marketed;
- (c) take reasonable steps to ensure that—
 - (i) a customer or potential customer knows whether or not advice is being provided;
 - (ii) any advice that the licensed insurer or HMO provides to a customer or potential customer is appropriate, taking into account the circumstances disclosed to it by that person; and
 - (iii) a person only purchases an insurance product if the person is eligible to obtain benefits under the product;
- (d) provide relevant information to its sales staff and any insurance intermediaries through which it distributes the products, so as to ensure that they understand the target market and the characteristics of the product; and
- (e) monitor the performance of the product, and its distribution, after marketing has commenced, including in relation to—
 - (i) its suitability for the consumers for whom it was developed and to whom it is marketed;
 - (ii) whether the product is continuing to deliver the expected benefits;
 - (iii) whether the proposed distribution channels are appropriate for the product; and
 - (iii) compliance with paragraphs (b), (c) and (d).

51. Key features statement

(1) Every licensed insurer and HMO shall prepare a statement containing key features of every insurance product that it markets or sells.

(2) The statement referred to in subregulation (1) shall—

- (a) be written in simple language; and
- (b) contain a summary of the cover provided by, and the key features of, the insurance product including-
 - (i) the name of the licensed insurer or HMO and the address of its principal office in Uganda;
 - (ii) the type of insurance product;
 - (iii) a description of the risks insured by the contract and any significant or unusual exclusions or limitations;
 - (iv) the duration of the policy, stating whether it is a non-life or a life policy;
 - (v) the policy benefits;
 - (vi) the details of the policyholder's cancellation rights;
 - (vii) the consequences for early termination by the policyholder;
 - (viii) the contact details for notifying a claim under the policy and a brief summary of the claims procedure;
 - (ix) the obligations on a prospective customer to disclose material facts;
 - (x) where appropriate, a statement that the policyholder may need to review and update the cover periodically to ensure that it remains adequate;

- (xi) the right to complain and the method of lodging a complaint;
- (xii) a statement that the key features statement does not contain the full terms of the insurance product, which are to be found in the policy document; and
- (xiii) in the case of an insurance product with an investment component, specify the customer's commitments and all charges and benefits associated with the product.

(3) The statement shall be signed by the prospective policy holder at the point of sale and before inception of the policy.

(4) A statement may contain information concerning the premium payable under the insurance product.

(5) A statement shall not contain any information other than the information specified in this regulation.

(6) A licensed insurer or HMO shall provide the customer or prospective customer with the statement in sufficient time for the customer or prospective customer to make an informed decision about whether to enter into, or renew, the insurance contract.

(7) Where a statement does not contain details of the premium payable, the licensed insurer or HMO shall provide the details of the premium payable including the date when the premium is required to be paid and the consequences of non-payment of the premium.

52. Promotional material

(1) Any promotional material used by a licensed insurer or HMO to sell or market an insurance product shall—

- (a) state the underwriter of the product;
- (b) state prominently the basis for any claimed benefits and limitations;

- (c) state the coverage provided by the product; and
- (d) not contain false, misleading, inaccurate, unclear, unfair or misleading statements.

(2) The promotional material referred to in subregulation (1) shall be easily understandable by those persons to whom the product or the promotional material is targeted.

53. Policy to be given to policyholder

A prospective policy holder shall on payment of the premium be issued with an insurance policy by the licensed insurer or HMO.

54. Policy servicing requirements

- (1) Every licensed insurer and HMO shall—
 - (a) service insurance products sold appropriately throughout until the point at which all its obligations under the insurance product have been satisfied;
 - (b) during the period in which an insurance product is in force, disclose to the policyholder information on—
 - (i) any contractual changes to an insurance product; and
 - (ii) any relevant changes to the licensed insurer or HMO.

(2) Where a licensed insurer discloses contractual changes to an insurance product, the licensed insurer shall also notify the policyholder of his or her rights and obligations in relation to the change.

55. Insurance claims handling

- (1) Every licensed insurer and HMO shall—
 - (a) handle claims promptly, fairly and in a transparent manner;
 - (b) provide reasonable guidance to help a customer make a claim;

- (c) provide a customer with information concerning the status of the claim on an ongoing basis;
- (d) not reject a claim unreasonably including by terminating or avoiding a policy; and where a claim is rejected, provide information relating to the rejection or partial rejection of the claim;
- (e) settle claims promptly once settlement terms are agreed; and
- (f) maintain a claims register in which the details of every insurance claim made are recorded.

(2) Without limiting subregulation (1), a licensed insurer and HMO shall develop and publish service level standards covering the claims handling process.

56. Complaints policy and procedures

Every licensed insurer and HMO shall —

- (a) develop and maintain a complaints policy and procedures which provide for the effective consideration and proper handling of any complaints made to it and for appropriate remedial action to be taken, where appropriate; and
- (b) maintain a complaints register in which shall be recorded any complaints received together with details of how the complaint has been, or is being, dealt with.

57. Notification of appointment of insurance agents

(1) Where a licensed insurer or HMO appoints an insurance agent, the licensed insurer or HMO shall, in writing, notify the Authority of the appointment.

(2) The notification referred to in subregulation (1) shall be accompanied by a copy of the instrument appointing the agent.

(3) A licensed insurer and HMO to whom subregulation (1) applies shall keep a register of all its insurance agents.

58. Training obligations

(1) Every licensed insurer and HMO shall provide appropriate training to any insurance agent appointed to act in relation to the distribution of its insurance products.

(2) The training provided in accordance with subregulation (1) shall include appropriate and relevant training relating—

- (a) to the duties and responsibilities of the agent in relation to the distribution of insurance products;
- (b) to the specific insurance products that the agent will be authorised to distribute;
- (c) to consumer protection and the fair treatment of customers and potential customers;

(3) The training referred to in subregulation (1) shall be provided to an agent as soon as practicable after the appointment of the agent, and on a regular basis.

PART VII— GENERAL

59. Group insurance policy

(1) A group insurance policy shall state the insurable interest of the master policyholder.

(2) The terms of a group insurance policy shall require the master policyholder to maintain a register of beneficiaries under the product which shall—

- (a) adequately identify each beneficiary;
- (b) state the date upon which the person became a beneficiary;

- (c) state the date on which the beneficiary was provided with a copy of the statement containing key features of the policy;
- (d) provide details of any other persons who are entitled to benefits under the contract by virtue of the person becoming a beneficiary; and
- (e) summarise the cover provided to the beneficiary by the policy;
- (f) provide each person who becomes a beneficiary under a group insurance policy with—
 - (i) a schedule setting out the details of the cover provided to the beneficiary, where applicable;
 - (ii) the name and contact details of an employee or representative of the policyholder whom the beneficiary may contact for further information in relation to the policy;
 - (iii) details as to how the beneficiary may access a copy of the policy document.

(3) Every licensed insurer and HMO shall take reasonable steps to ensure that the master policyholder complies with the obligations specified in sub regulation (2).

60. Bundled insurance products

(1) Where a licensed insurer or HMO proposes to offer a bundled insurance product, the licensed insurer or HMO shall enter into a written agreement which shall—

- (a) state the lead licensed insurer or HMO and the responsibilities of the lead licensed insurer or HMO;
- (b) the basis on which premiums and responsibility for claims will be allocated;

- (c) any commission, charges or other consideration to be paid to the lead licensed insurer or HMO.
- (2) The responsibilities of the lead licensed insurer or HMO shall include—
 - (a) the receipt of all premiums payable under the product and the payment of the agreed allocation of the premium to the other licensed insurer or HMO;
 - (b) the receipt, management, settlement and payment of claims made under the product.

61. Electronic communications

(1) A licensed insurer or HMO may communicate with, and provide documents to, an insured person by electronic means but only if the insured person has given his or her consent to the use of electronic communication.

(2) For the purposes of subregulation (1), consent may be given by an insured person through a SMS message or any other type of electronic communication or by signifying consent through the use of an application or program.

62. Revocation of SI.66 of 2002

The Insurance Regulations, 2002, S.I. 66 of 2002 is revoked.

SCHEDULE 1

Categories and Classes of Insurance Business

PART I — LIFE INSURANCE BUSINESS

Class No.	Class Name	Description	Subclasses (if any)
1.	Annuity business	Contracts to pay annuities on human life that guarantee a fixed or variable payment to the annuitant at some future time (but excluding any contract falling within Class 3).	(a) Annuity certain (b) Temporary annuity (c) Guaranteed annuity (d) Capital protected annuity
2.	Ordinary Life Insurance	Contracts of insurance on human life, including contracts that pay a benefit to a beneficiary at the end of the policy term or if the insured dies (but excluding any contract falling within Class 3).	(a) Term life assurance (b) Whole life assurance (c) Endowments (d) Income protection
3	Group Life & Superannuation policies	Contracts to pay Lump Sums to employees/ former- employees, creditors or other individuals that relate to the issuing of or the undertaking of liability under superannuation, Group term or Group Credit policies.	(a) Group Life (b) Group Term (c) Group Credit (d) Guaranteed investment Funds
4.	Investment-linked life insurance	Contracts to pay annuities or contracts of insurance on human life under which the benefits are wholly or partly to be determined by references to the value of, or the income from, property of any description (whether or not specified in the contracts) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified).	(a) Pure endowments (b) Unit-linked and linked investment contracts (c) Non-linked investments

5.	Permanent Health Insurance	Contracts of insurance providing specified benefits against risks of persons becoming incapacitated as a result of sustaining injury through an accident or of sickness or infirmity, including critical illness and long-term care insurance.	
6.	Other Life Insurance	Contracts of insurance, not included in classes 1 to 5 that the Authority determines constitute life insurance business.	

PART II — NON-LIFE INSURANCE BUSINESS

Class No.	Class Name	Brief Description of Class	Sub–Classes (if any)
7.	Fire insurance	<p>Contracts of insurance against loss or damage to property, and consequential losses, due to fire, explosion, storm and other natural perils and other perils customarily included in fire insurance policies.</p> <p>Excluding insurance of a type described above which is incidental to some other class of insurance business.</p>	<p>(a) Fire insurance domestic (including house owners and householders)</p> <p>(b) Fire insurance industrial and commercial</p>
8.	Theft insurance	Contracts of insurance against loss or damage to property due to theft or any other cause not covered under any other class, including consequential losses.	<p>(a) Burglary, all risks and other theft insurance</p> <p>(b) Fidelity guarantee</p>

9.	Personal Accident, Health and Medical Insurance	<p>Contracts of insurance that provide fixed pecuniary benefits or benefits in the nature of an indemnity (or a combination of both) against risks of the person insured—</p> <ul style="list-style-type: none"> (a) sustaining accidental injury, (b) dying as a result of an accident, (c) becoming incapacitated as a result of disease, (d) attributable to sickness or infirmity, <p>Contracts of insurance that provide cover against medical expenses.</p> <p>This class excludes any contract of insurance that falls within a class of life insurance business.</p>	<ul style="list-style-type: none"> (a) Personal accident insurance (b) Health/medical expenses insurance (where separate policies are issued)
10.	Employer's Liability Insurance	<p>Contracts of insurance against the liability of an employer to the employer's employees in relation to any injury or disease arising out of, or in the course of, their employment.</p>	
11.	Liability Insurance	<p>Contracts of insurance against risks of the persons insured incurring liability to third parties (excluding any risk to which any other class of non-life insurance relates).</p>	<ul style="list-style-type: none"> (a) Public liability (b) Professional indemnity (c) Product liability (d) Liability insurance, others

12.	Marine Insurance	<p>Contracts of insurance against—</p> <p>(a) loss of or damage to marine craft or the equipment or fittings of marine craft;</p> <p>(b) loss or damage arising out of or in connection with the freight, use, construction or repair of marine craft, including third party risks, carrier's liability and medical expenses for the injury of occupants of a marine craft, including crew.</p>	<p>(a) Marine hull</p> <p>(b) Marine cargo</p>
13.	Aviation Insurance	<p>Contracts of insurance against—</p> <p>(a) loss of or damage to aircraft or aircraft equipment or fittings;</p> <p>(b) loss or damage arising out of or in connection with the use of aircraft, or the construction or repair of aircraft, including third party risks, carrier's liability, airport owner's liability and medical expenses for the injury or loss of life of occupants of an aircraft, including aircrew.</p>	
14.	Motor Insurance	<p>Contracts of insurance against—</p> <p>(a) loss of or damage to motor vehicles;</p> <p>(b) loss or damage arising out of or in connection with the use of, motor vehicles, including third party risks, carrier's liability and medical expenses for the injury of occupants of a motor vehicle.</p>	

15.	Agricultural Insurance (including horticultural and fisheries insurance)	<p>Contracts of insurance against—</p> <p>(a) loss of or damage to agricultural produce, live-stock, agricultural stocks and consumables and buildings, temporary structures, plant, machinery and vehicles used in connection with agriculture;</p> <p>(b) loss or damage arising out of or in connection with the use or operation of buildings, temporary structures, plant, machinery and vehicles used in connection with agriculture, including loss of or damage to surrounding property of the insured, liability to third parties for damage to property, injury or loss of life;</p> <p>(c) loss or damage arising out of contract work in relation to buildings, temporary structures, plant, machinery and vehicles used in connection with agriculture, including damage to property on site and third party risks.</p> <p>For the purposes of this class—</p> <p>(i) agriculture includes horticulture and fisheries; and</p> <p>(ii) livestock includes poultry, fish, bees and working animals.</p>	
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16.	Financial Loss Insurance	<p>Contracts of insurance against the risk of financial and other losses to the person insured—</p> <ul style="list-style-type: none"> (a) arising from the failure of debtors to pay their debts when due, whether by reason of their insolvency or otherwise (credit insurance); (b) arising from the person insured having to perform contracts of guarantee entered by them, including performance bonds, fidelity bonds, administration bonds and other similar contracts of guarantee (suretyship); (c) attributable to the person insured incurring legal expenses, including the cost of litigation (legal expenses insurance); (d) attributable to the person insured incurring other unforeseen expenses (not falling within any other class of non-life insurance), including fidelity and kidnap and ransom insurance (miscellaneous financial loss insurance). 	
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17.	Engineering Insurance	<p>Contracts of insurance against—</p> <p>(a) loss or damage to plant and machinery;</p> <p>(b) loss or damage arising out of the use or operation of plant and machinery, including loss of or damage to surrounding property of the insured, liability to third parties for damage to property, injury or loss of life;</p> <p>(c) loss or damage arising out of contract work in relation to plant and machinery, including damage to property on site and third party risks.</p>	<p>(a) Contractor's all risks</p> <p>(b) Engineering insurance, others</p>
18.	Goods in Transit	<p>Contracts of insurance against loss of or damage to merchandise, baggage and all other goods in transit, irrespective of the form of transport.</p>	
19.	Other Non-life Insurance	<p>Contracts of insurance, not included in classes 6 to 18 that the Authority determines constitute non-life insurance business.</p>	

SCHEDULE 2

Form 1

Application for Licensed Insurer / Reinsurer/HMO Licence¹

1.	Name of applicant:	
2.	Postal address (Head Office):	
3.	Telephone Nos.....	
4.	E-Mail:	
	Website:	
5.	Physical address: (Head Office).....	
6.	No. of Branch/Agency Offices	
7.	Date of Incorporation	
8.	Proposed date for Commencement of business.....	
9.	Bankers:	Address
	Name	Location, Postal Address, Email, etc.
10.	Note: Please give details of commitment with the bank.	
11.	Total number of all classes of employees	
	Managerial.....	
	Officers	
	Support Staff	
12.	Insurance Agents	
	(Total Number)	
13.	Name and address of reinsures/retrocessionaires and their current ratings.	
	
14.	Share Capital -	

¹ Choose whichever is applicable

15.	(a) Authorised share capital:
	(b) Paid up share capital:
	(c) Net worth/Shareholders funds.
	(d) Composition of paid up capital and insurance funds.....
16.	Deposits made under section 38 of the Act:
17.	Insurance business intended to be transacted: state whether life or non-life or Health Membership Organisations.....
18.	Please fill in the personal questionnaire form which is downloaded from our website on www.ira.go.ug (for each of the Directors, Senior Officer and Principal Officer) and Significant Shareholders to be filled at least once every three years.
19.	(a) Has any member of Staff in the past five years been convicted of any offence involving fraud or dishonesty?
	(b) If yes give full details on a separate paper.
20.	(a) Has any member of staff been adjudged to be bankrupt or compounded with Creditors?.....
	(b) If yes give full details on a separate paper.
21.	(a) Has any member of staff been involved in the management of any insurance institution or financial institution which has been wound up in the last five years?.....
	(b) If yes give full details on a separate paper.
22.	Indicate the nature of interest (if any) of any member of staff in any institution licensed under the Act. (i) Date of last valuation
	(ii) Date of submission of the valuation report
	Annual Accounts
	(i) Date of submission of accounts to IRA.....
	(ii) Date of last annual meeting of shareholders.....
	(iii) Date of submission of minutes of the above meeting to the IRA
	(iv) Date of when accounts were published (indicate the newspapers)
23.	List all brokers who you intend to place business with.....
24.	List and attach information on contracts with affiliates (see Appendix
25.	List and attaché information on contracts with any outsourcing arrangements

26.	<p>I, the undersigned, (name) being the Chief Executive Officer confirm that I have carefully studied all the information hereinabove and hereby certify that the information contained herein and documents submitted are true and accurate to the best of my knowledge and belief.</p> <p>Name</p> <p>Signature</p> <p>Date</p>
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ENCLOSURES TO THE APPLICATION FORM

1. Certified copy of the applicant constitutes documents and certificate of incorporation, or other document by which the applicant is constituted.
2. If the applicant is associated with other companies or entities, an organogram showing the relationship with the associated companies and entities, together with any parallel companies; the position of each associated company and the relationship between the associated companies or entities; the shareholdings held by each of the associated companies or entities and a general description of the activities of each of the associated companies or entities.
3. Written consent to act for the person appointed, or proposed to be appointed, as the applicant’s auditor; and if applicable, the person appointed, or proposed to be appointed, as the applicant’s appointed actuary.
4. A business plan signed by the Chief Executive Officer and the Chair of the board that complies with the Schedule and any Guidance issued by the Authority.
5. The most recent audited financial statements of the applicant, the applicant’s holding company and consolidated group financial statements, if any.
6. Details of the reinsurance arrangements proposed by the applicant or, in the case of a relicensed insurer, proposed retrocession arrangements (To be submitted annually for Non-life Companies); and
7. Evidence that the security deposit required by section 38 of the Act has been placed with a commercial bank.

Form 2

Licence to transact insurance business

The Insurance Regulatory Authority of Uganda pursuant to its Authority under Section 35 of the Insurance Act 2017, hereby grants this licence to

Company Name:

Address:

Category of Licence:

Date of Issue:

This licence is subject to the provisions of the Insurance Act, 2017 the Regulations thereunder and the Conditions hereby given and shall remain valid from the date of issue unless varied, suspended or revoked.

CONDITIONS

- 1.....
- 2.....
- 3.....

.....

Chief Executive Officer

Form 3

Application for approval of text or format of the policy or the proposal form for insurance product

1.	Company Name	
2.	Product Name	
	Licensed insurer policy form number	
3.	Product status	New
		Revamped / Redesigned
		Whether Bundled Product
4.	Need the product addresses	
5.	Product target market	
6.	Product Marketing strategy	
7.	Date of submission of this Application to the Authority	
Additional / Support Documents Submitted		
8.	Indicate additional / Support documents attached to this application (tick were applicable)	
	The policy (wording) Document	
	The Proposal form	
	The Claim form	
	The Key Features Statement	
	The Marketing / Product brochure.	
	The Premium rating structure clearly showing expenses and commissions for both reinsurance and others payable to intermediaries.	
	The Actuarial Report for life insurance products.	
	Service Level Agreement between an intermediary and an licensed insurer where there is significant collaboration in product design, pricing and marketing of an insurance product	
	The Reinsurance agreement/statement.	
	Copy of agreement on proposed arrangement between underwriters (for a bundled product)	
	The Product Business plan (for at least three years.)	

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

9. 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.

Name

Signature

Date

Form 4

Approval Certificate of text or format of the policy or proposal form

The Insurance Regulatory Authority of Uganda pursuant to its powers under section 65 of the Insurance Act 2017, and the Regulations made thereunder hereby approves the the text or format of the policy or the proposal form:

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.....

.....

Chief Executive Officer

.....

MATIA KASAIJA (M.P)

Minister of Finance, Planning and Economic Development.