

Insurance Authority Board Resolution

No. 9 of 2011

Concerning the Instructions for Licensing Health Insurance Third Party Administrators and Regulation and Control of their Business

Pursuant to the provisions of Clause (9) of Article (7) of the Federal Law No. (6) of 2007 concerning the Establishment of the Insurance Authority and the Regulation of Insurance Business; and

Based on the recommendations of the Director General of the Insurance Authority (IA) and the approval of the IA Board of directors,

It has been decided to issue the following instructions:

Article 1

These Instructions shall be named as “Instructions for Licensing Health Insurance Third Party Administrators and Regulation and Control of their Business.

Article 2

The following words and expressions shall have the meanings ascribed thereto, unless the context otherwise requires:

State/UAE:	The United Arab Emirates.
Law:	The Federal Law No. (6) of 2007 Concerning the Establishment of the Insurance Authority and the Regulation of Insurance Business.
Competent Authority:	The local competent authority in the concerned Emirate.
Authority (IA):	The Insurance Authority established under the provisions of Law.
Board:	The IA Board of Directors.
Chairman:	The Chairman of the IA Board of Directors.
Director General:	The IA Director General.
Register:	The Register of Health Insurance Third Party Administrators at the IA.

Insurance Company:	An insurance company licensed by the IA to practice health insurance business in the State.
Health Insurance Third Party Administrator (TPA):	A company licensed by the IA to perform health insurance third party administration in accordance with the provisions of these Instructions.
Medical Service Providers:	Individuals and entities licensed by the competent health authority to provide medical treatment services such as hospitals, physicians, clinics, rehabilitation centers, medical laboratories, pharmacies and other professions associated with medical treatment services.
Beneficiary:	A person insured by the Insurance Company.
Excess:	The amount borne by the insured from the value of payable compensation.
Fraud:	Deliberate deception by an individual or an entity for the purpose of unlawful exploitation of health care through intentionally fraudulent acts leading to receiving benefits, obtaining excluded advantages or exceeding the limits permitted to such individual or entity.
Abuse:	Carrying out actions that may lead to obtaining unentitled benefits or advantages, but with no intention of fraud, deception, deliberate lie or falsification of facts for the purpose of obtaining the benefits.
Agent:	A natural person of UAE nationality or a juridical person incorporated in the UAE and fully-owned by natural UAE citizens.

Article 3

1. Health insurance third party administration may only be practiced by a company specialized in this kind of business and registered in the register.
2. When practicing the business within any Emirate, a Health Insurance Third Party Administrator shall adhere to the regulations and instructions issued by the medical authorities of that Emirate.

Article 4

The business of Health Insurance Third Party Administrators shall be limited to:

1. Claim settlement arising from health insurance.
2. Payment of health insurance claims on behalf of the Insurance Company.
3. Management of health insurance programs approved by the Insurance Company.
4. Entering into agreements with medical service providers on behalf of the Insurance Company.
5. Developing health insurance programs provided that they may not market or sell them.
6. Establishing a network for service providers.
7. Providing consultancy services in underwriting (reports on the analysis of claim expenses and recommendations for effective underwriting.)

Article 5

Companies wishing to undertake health insurance third party administration shall satisfy the following conditions:

1. Be a public or a private shareholding company or a limited liability company incorporated under the provisions of the Commercial Companies Law, or a branch of a company incorporated outside the UAE and has been practicing the business for a period of not less than two years.
2. Obtain a license from the IA in accordance with the provisions of these Instructions in addition to a license from the competent authority in the concerned Emirate.
3. Have a paid-up capital of at least five million UAE Dirhams.
4. The objectives and purposes of the company's business shall be limited to health insurance third party administration as stipulated in these Instructions.
5. Obtain a professional indemnity insurance policy covering professional liability risks, provided that the sum insured thereof may not be less than AED (3,000,000) (Three Million Dirhams) and the excess amount may not be more than AED 100,000 (One Hundred Thousand Dirhams).

6. Comply with internationally acceptable professional standards in the practice of health insurance third party administration.

Article 6

1. The Health Insurance Third Party Administrator may neither sell nor market health insurance policies.
2. The Health Insurance Third Party Administrator may not possess or share in the capital or management of any medical facility or health insurance company.
3. The TPA shall separate its accounts from the accounts of funds generated from its activities in the health insurance claims.
4. The Health Insurance Third Party Administrator may not enter into any agreement to provide services inside the State for an insurance company not licensed to operate in the UAE.

Article 7

In addition to the other condition set forth in these Instructions, to licensing a Health Insurance Third Party Administrator, the following conditions must be satisfied:

1. The director of the company must be:
 - a. Holder of a university degree with a minimum of three-year experience in health insurance third party administration or in any other field relevant to administration; or
 - b. Holder a high school diploma with a minimum of six-year experience in administration or any other field relevant to administration.
2. The company must have a specialized key officer with a minimum of three-year practical experience in health insurance.
3. The company shall employ at least one physician (exclusively or jointly with other companies) licensed by the competent authorities, to verify the treatment cases within the cost effectiveness limits during the treatment of Beneficiaries. Such physicians shall be professionally independent and their opinion should only be subject to medical requirements in their work. They shall not be entitled to provide or interfere in the medical treatment of Beneficiaries; and may not collect any fees from the Beneficiaries of health insurance.

Article 8

A license application shall be submitted using the form prepared for this purpose complete with the required data and enclosing the following documents:

1. Memorandum of incorporation and Articles of Association;
2. Value of paid-up capital;
3. Names, selected addresses for service, shares or holdings, designations and academic and practical qualifications of founders or partners.
4. Action plan for the first three fiscal years including a description of services and facilities to be provided as well as future plans for business development.
5. Copies of agreements to be signed by the Health Insurance Third Party Administrator with insurance companies and medical services providers.
6. A proof of payment of the prescribed fees in accordance with the regulations and instructions issued in this regard.
7. Any other data, information or supporting documents as required by the Director General.

Article 9

Pursuant to the provisions of Clause (5) of Article (8) herein:

1. The agreement to be executed between the Health Insurance Third Party Administrator and the Insurance Company must set forth the rights and obligations of the parties thereto including:
 - a. A description of the nature of services mutually agreed upon to be provided by the Health Insurance Third Party Administrator.
 - b. A statement of the rights and obligations of each party in the contracts concluded on behalf of the Insurance Company with the Medical Service Providers.
 - c. The term of the agreement and cases requiring the termination thereof.
 - d. Method of calculating the fees of the Health Insurance Third Party Administrator.

- e. The right of the Insurance Company to have access to the books and records related to the business between the two parties and how to obtain copies thereof.
 - f. Period of settlement and payment of claims.
 - g. An authorization from the Insurance Company to the Health Insurance Third Party Administrator to enter into agreements with the Medical Service Providers on behalf of the Insurance Company.
 - h. The controls and procedures governing the management of contractual funds.
 - i. Determining the information related to statistical reports to be periodically prepared by the Health Insurance Third Party Administrator for the Insurance Company.
 - j. Determining files, books and records that should be kept by the Health Insurance Third Party Administrator on regularly basis.
2. The agreement concluded between the Health Insurance Third Party Administrator and the Medical Service Providers must set forth the rights and obligations of each party, the work mechanism between them, and charges and rates to be used in the payment of claims, as well as periods of claim settlement and payment. The agreement must enclose a document from the Insurance Company stating that the Health Insurance Third Party Administrator has concluded the agreement with the Medical Service Providers on behalf of the Insurance Company.
3. An agreement containing the provisions set out in Clauses (1) and (2) of this Article shall be concluded by and between the Health Insurance Third Party Administrator, the Insurance Company and the Medical Service Providers.

Article 10

If the data or documents submitted are incomplete, the applicant shall be notified to complete the same within a period of no more than thirty days as of the date of serving the notice thereto. Otherwise, the application shall be deemed rescind, and the applicant may only submit another application after the elapse of three months from the date of rescinding the application.

Article 11

The decision on the license application shall be held as follows:

1. If the application is complete with all data and supporting documents, the Director General shall issue an initial approval to proceed with the procedures of incorporation and registration of the licensee applicant with the competent authorities in the State. In case of disapproval, the decision of the Director General shall be issued with the reasons thereof.
2. Subject to the provisions of Clause (1) of this Article, the applicant who has obtained the initial approval shall submit the following documents and data:
 - a. A certified document from a bank operating in the State to prove the full payment of the minimum capital as set in Clause (3) of Article (5) of these Instructions.
 - b. A proof of completing all procedures of the applicant's incorporation and registration with the competent authorities in the State, as applicable.
 - c. A list of candidates for the position of director of the Health Insurance Third Party Administrator or the officers in charge, as applicable, and the key employees thereof along with a detailed statement of their respective qualification, experience, and a proof of their fulfillment of the conditions, in addition to the names of authorized signatories.
 - d. Any other data, information or documents required by the Director General.
3. If the application is complete with all data and supporting documents set forth in Clause (2) of this Article, the Director General shall issue his decision to grant the license, and the Health Insurance Third Party Administrator shall be registered in the Special Register created for this purpose in the IA.

Article 12

The Health Insurance Third Party Administrator shall:

1. Provide the IA with the agreement concluded with the Insurance Company, and a list of agreements concluded with the Medical Service Providers within a period not exceeding thirty days as of the date of such agreement(s), as well any amendment within a maximum period of fifteen days as of the date of such amendment.
2. Notify the Director General of any change to any data or information based on which the TPA was licensed immediately as such change occurs, provided that such change is consistent with the provisions of these Instructions and resolutions issued thereunder.

Article 13

1. The period of registration shall be one calendar year. The license shall be renewable under an application submitted 30 days prior to the expiry date of the license enclosing the following documents:
 - a. A list of the TPA's Director, officers in charge, as applicable, key professional staff and authorized signatories.
 - b. A list of businesses conducted by the TPA during the year.
 - c. A list of Insurance Companies and Medical Service Providers contracted by the TPA when applying for the license renewal and the expiry date of each agreement.
 - d. A proof of payment of the prescribed fees in accordance with regulations and instructions issued in this regard.
2. The Health Insurance Third Party Administrator shall provide the Director General with the duly audited closing financial statements for the fiscal year within two months of the end of the fiscal year.

Article 14

The Health Insurance Third Party Administrator may provide its services to more than one Insurance Company and may contract with more than one Medical Service Provider, provided that separate records and bank accounts shall be kept for each contract concluded with insurance companies.

Article 15

The Health Insurance Third Party Administrator shall comply with the following:

1. Have its registration number affixed on all forms, correspondence and documents related to the business thereof with the Insurance Company and the Medical Service Providers.
2. Provide the Insurance Company with the forms of agreements to be concluded with the Medical Service Providers for the approval before signing such agreements.
3. Pay the amounts of claims to the entitled Beneficiaries once received from the Insurance Company within the agreed period under the agreement.

4. Keep books of accounts for each insurance company to record the amounts collected from the same for claim payments.
5. Not to underwrite any insurance business and not transact any such business with reinsurers.
6. Not to charge or collect any additional amounts from the insured or the Beneficiary to whom it provides services other than those agreed upon with the Insurance Company under the agreement concluded therewith.
7. Inform the IA of the Insurance Company that delays payment of claims if the period of delay is longer than (15) days as of the period set out in the relevant agreement.
8. Provide the contracted Insurance Company with any reports required by the same to show the results of the business between them at any time.
9. Not to retain any balance amounts as a result of settlement of claims for amounts lesser than the sums insured covered by the policies. Such amounts shall be returned to the Insurance Company.
10. Not to collect any commission or interest on any funds available in the bank for the account of insurance companies, unless agreed otherwise. In case the Health Insurance Third Party Administrator obtains any proceeds, commission or interest other than those stipulated in the agreement, such proceeds shall be due to the Insurance Company.

Article 16

The Health Insurance Third Party Administrator must comply with the professional rules and ethics represented in the following:

1. Conduct its business with professionalism, good faith and fairness.
2. Comply with the agreements concluded with the Insurance Company and the Medical Service Providers.
3. Compel its employees and representatives to identify the TPA, the Insurance Company and the Medical Service Providers when dealing with a third party and explain the nature of services it is permitted to provide.
4. Inform the Insurance Company of the Medical Service Providers contracted on behalf thereof.
5. Maintain all necessary documents pertaining to claim management for a period of five years after the termination of the agreement concluded with the Insurance Company.

6. Refrain from doing any act that would directly or indirectly influence the decision of the insured on dealing with a certain insurance company and not others or on ending the business relation with another.
7. Inform the Insurance Company in case of entering into or terminating contracts with any Medical Service Provider or in the case of amending an existing agreement concluded with a Medical Service Provider prior to affecting such amendment.
8. Maintain the confidentiality of all data and information obtained by virtue of its business; and take all proper actions to maintain the confidentiality of information and documents in its possession.
9. Refrain from advertising or promoting for the business and services provided by it on behalf of the Insurance Company without obtaining a written consent from the latter, provided that the information contained therein is correct, accurate and clear and reflects the nature of business it performs.
10. Observe accuracy, objectivity and impartiality in claim settlement and deal with the contracted insurance companies and medical service providers without bias.
11. Maintaining the level of services offered to the insured or the Beneficiary throughout the policy period of validity in accordance with the provisions of the agreement concluded with the Insurance Company.

Article 17

The Health Insurance Third Party Administrator may conduct an investigation, if required, (such as reviewing the patient's file at the service provision center) by the claim settlement specialists or approved physicians of the TPA or the Insurance Company using all possible and legally permissible means.

Article 18

Each Service Provider, Beneficiary and Insurance Company shall provide the physician working in health insurance third party administration with all required information and shall place all necessary documents at his disposal in order to carry out his duties. The physician shall have access to hospitals and medical supervision offices and have access to medical files relating to a Beneficiary treated or subject to treatment therein, whenever necessary, to carry out the control function in coordination with the Medical Service Provider.

Article 19

The Beneficiary shall agree to be subject to examination by the specialist doctor appointed by the accredited TPA, whenever required. The concerned company shall bear the expenses of such examination.

Article 20

The Health Insurance Third Party Administrator shall be liable in the event one of its associates commits a fraud, forgery or abuse while performing his or her duties.

Article 21

1. The Health Insurance Third Party Administrator shall maintain proper records and books containing all matters related to its business and to the agreements concluded with the Insurance Company and the Medical Service Providers on behalf of the Insurance Company. Such records and books may be organized and maintained electronically. In all cases, they shall be kept for at least (5) years as of the date of the agreement expiry.
2. In case of terminating the agreement between the Insurance Company and the Health Insurance Third Party Administrator for any reason, the Latter shall provide the Insurance Company with all records and books mentioned in Clause (1) of this Article in accordance with the provisions of the agreement signed between them.

Article 22

1. If the Director General receives adequate and correct information implying that the Health Insurance Third Party Administrator:
 - a. Has violated the provisions of Law, regulations, instructions or resolutions issued thereunder;
 - b. Has failed to continue satisfying any of the conditions based on which it was licensed, or if it is found that any data or documents submitted thereby was incorrect;
 - c. Has violated the provisions of the agreement concluded between itself and the Insurance Company or the Medical Service Providers;

- d. Has failed to renew the license thereof in accordance with the provisions of these Instructions while still practicing the business;
 - e. Was liquidated under the provisions of the applicable laws, or it is found that financial position is bad which would affect its capability to maintain business continuity; or
 - f. Has ceased to do business without valid or legitimate reason for a period of not less than one year from the date of its license or license renewal, whichever comes later.
2. The Board of Directors shall take one of the following actions:
 - a. Request the company to take specific actions to rectify its conditions within the period determined by the Board of Directors.
 - b. Suspend any new contracts of the company relating to health insurance claim business for a period to be determined by the Board of Directors, provided that such suspension may not be longer than six months.
 - c. Cancel the license of the company.
3. If the period of license suspension expired and the company failed to take the required actions to rectify its conditions in accordance with the provisions of this Article, the Board of Directors may cancel the license thereof.
4. If the Board of Directors decides to cancel license, the company may not apply for a new license before the elapse of 3 years from the issue date of the decision of license cancellation, if the cause of cancellation was a result of a gross error, at the discretion of the Board of Directors. In case of license cancellation, the company must provide the Insurance Company with all records stipulated in these Instructions in order to be maintained in accordance with the provisions of these Instructions.
5. The Director General shall notify the medical entities of all decisions to suspend or cancel the licenses of third party administrators.
6. The Director General shall publish the decisions concerning the suspension or cancellation of license of a Health Insurance Third Party Administrator in two daily newspapers, one published in Arabic language and the other in English language.

Article 23

In the event the Board's decision is issued to cancel the license a Health Insurance Third Party Administrator, such TPA shall perform its obligations by itself or transfer

them to another TPA, subject to the prior consent of the Insurance Company, within a period of no more than three months from the date of license cancellation.

Article 24

The Director General may assign one or more IA employees or appoint an external party to audit any transaction, record or document of the Health Insurance Third Party Administrator. Such TPA shall place any of the above at their disposal and cooperate to fully enable them to carry out their work. The TPA shall bear all the fees determined by the Director General for such external party.

Article 25

The Insurance Company and the Health Insurance Third Party Administrator shall jointly perform the obligations shouldered by the Insurance Company towards third parties arising through the Health Insurance Third Party Administrator under the agreement concluded between the two parties.

Article 26

Fees for registration in the special Register for Health Insurance Third Party Administrators in the IA shall be determined by a Cabinet resolution.

Article 27

Once these Instructions come into force, every person practicing the business of health insurance third party administration shall rectify their status in accordance with the provisions of these Instructions within a period of no more than one year after the effective date of these Instructions. This one-year period may be extended for a similar period based upon a decision of the Board of Directors. Otherwise, the license shall be deemed revoked by law and such person shall be prohibited from continuing the business practice subject to legal liability.

Article 28

The Director General shall issue the necessary decisions to implement the provisions of these Instructions.

Article 29

These Instructions shall be published in the Official Gazette, and shall take effect six months after the date of publication.

Engineer Sultan bin Said Al-Mansoori

Minister of Economy

Chairman of the IA Board of Directors

Issued in Abu Dhabi on:

12 Rajab, 1432 H.

4 June, 2011