



REGISTRAR OF FINANCIAL INSTITUTIONS

GUIDELINES FOR LICENSING OF MEDICAL AID FUNDS (Financial Services Act, 2010 and Insurance Act, 2010)

PENSION AND INSURANCE SUPERVISION DEPARTMENT

PART I - PRELIMINARY

1.0 INTRODUCTION

A Medical Aid Fund is defined in the Financial Services Act, 2010 as a scheme that provides insurance or similar cover for financial or other assistance to persons in connection with prescribed medical services. It is a financial institution under the supervision and regulation of the Registrar of Financial Institutions. In line with the provisions of the Financial Services Act, 2010 and Insurance Act 2010, the Registrar has issued the following guidelines to facilitate applications for a licence to operate a medical aid scheme. The guidelines provide the criteria to be satisfied for one to be issued with a licence.

2.0 DEFINITIONS

In these guidelines, unless the context otherwise requires -

“**applicant**” means the trustee(s), the participating employer or otherwise the sponsor of the medical aid scheme of which the application for a licence has been submitted;

“**administrator**” means a person who, as a business, provides data management and specialist technical services to medical aid funds, by arrangement with the trustees or operator of the funds concerned;

“**actuary**” means any Fellow of an institute, faculty, society or chapter of actuaries approved by the Registrar.

“**externally administered medical aid fund**” means any licensed medical aid fund that outsources its administration;

“**participating employer**” means any entity or company or group of companies with common ownership whose employees have been designated to participate in the proposed medical aid fund;

“**principal officer**” means a principal officer as defined in the Insurance Act, 2010;

“**Registrar**” means the Registrar of Financial Institutions appointed under the Financial Services Act, 2010;

“**related party**” bears the same meaning as ascribed thereto in the Financial Services Act, 2010;

“**restricted scheme**” means a medical aid scheme the rules of which restrict membership of the scheme to officers and employees of a specified employer and its related body corporates;

“scheme” includes restricted and unrestricted medical aid schemes

“self-administered scheme” means a licensed medical aid scheme conducting its own administration; and

“unrestricted scheme” means a licensed medical aid scheme whose rules do not restrict membership of the scheme to officers and employees of a specified employer and its related body corporates.

3.0 FORM OF APPLICATION

Applications for a licence to operate a medical aid scheme shall be made by completing relevant application form. Completion of the application form must take into account the requirements outlined in this guideline, the Financial Services Act, 2010 and the Insurance Act, 2010. Complete application forms must be submitted to the Registrar and the applicant(s) must make sure that the application contains complete information on all requirements. Information must be typewritten in English and must be accompanied by supporting documents as required. If a response to any requirement is ‘no’, ‘none’, ‘not applicable’ or ‘not known’ it must be so stated and an explanation provided, where necessary. Submitting inaccurate or incomplete information will delay processing of the application.

The application must be duly signed by the applicant(s) and must provide details of a contact person formally designated by the applicant(s) to act on its behalf on matters connected to the application. All communication between the Registrar and the applicant(s) will be directed to the contact person provided.

4.0 APPLICATION PROCEDURES

4.1 All applicants for a licence to operate a medical aid scheme shall pay a non-refundable licence application assessment fee of MK100,000.00 in the form of a bank certified cheque payable to “Registrar of Financial Institutions”

4.2 All medical aid schemes set up in Malawi must apply to and be duly licensed by the Registrar of Financial Institutions in accordance with provisions of Financial Services Act, 2010 and the Insurance Act, 2010.

4.3 Application for a licence to operate a medical aid schemes shall be made in the manner prescribed by the Registrar.

- 4.4 The scheme shall be licensed upon the satisfactory fulfillment of the requirements prescribed in this guideline.
- 4.5 Failure to meet all requirements will result in the application being deemed incomplete and will not be processed or may be rejected.
- 4.6 The proposed trustees/directors and the principal officer of the scheme may be invited to attend interviews at the Registrar's office.
- 4.7 The Registrar may, in his discretion, require further information before processing the application.

5.0 ENQUIRIES

Enquiries concerning the preparation, submission, and status of an application should be addressed to:

The Director

Pension and Insurance Supervision Department

Reserve Bank of Malawi

10 Hannover Avenue

PO Box 565

Blantyre.

Tel: 01 820 444/299

Fax: 01 832 222

Email: pisu@rbm.mw

PART II – REQUIREMENTS

1.0 GENERAL REQUIREMENTS FOR A LICENCE TO OPERATE A MEDICAL AID SCHEME

The applicant must submit the following:

- 1.2 Duly completed application form in duplicate, and any other documents in support of the application form;
- 1.3 Name, physical address, contact telephone numbers and email address of the person to whom enquiries may be referred;
- 1.4 Details of the postal and physical addresses of the applicant's registered office or proposed registered office;
- 1.5 Details of the proposed medical aid scheme to be registered including, number of members, benefits structure of the medical aid fund and any other details as outlined in this guideline and the application form;
- 1.6 Details of the principal officer and trustees or directors of the proposed medical aid scheme as regards to the following:
 - 1.6.1 professional and educational qualifications;
 - 1.6.2 employment history, including positions held and level of managerial experience and contact details;
 - 1.6.3 Whether or not the person has compounded debt, had a judgment debt, or been involved in any fraud;
 - 1.6.4 Whether or not the person has been indicted by any commission of inquiry;
 - 1.6.5 Whether or not the person has been refused or expelled from membership of a professional body or association; and
 - 1.6.6 Whether or not the person has been disqualified under any law in Malawi or elsewhere from acting in that capacity.
- 1.7 Details of the administrator to be appointed, including postal and physical address, contact details, management agreement, fees and charges agreed, if the scheme will be externally administered; and
- 1.8 Details of any other approved service providers including actuary and external auditor.

2.0 DOCUMENTS TO BE SUBMITTED WITH THE APPLICATION

The applicant(s) is requested to submit the following in addition to the application form:

- 2.1 Where the proposed operator is a company;
 - 2.1.1 A copy of the certificate of incorporation;
 - 2.1.2 A copy of the memorandum and articles of association;
- 2.2 Where the proposed operator is a trust, copy of the trust deed/constitution;
- 2.3 A copy of the proposed scheme rules that comply with the Insurance Act, 2010;
- 2.4 A statement of the investment policy for the medical aid scheme;
- 2.5 Copy of a letter of appointment of the principal officer;
- 2.6 The trustees/directors and the principal officer appointed must provide the following details;
 - a. professional and educational qualifications;
 - b. employment history, including positions held and level of managerial experience and contact details;
 - c. Evidence that the proposed trustees/directors and the principal officer have consented to their appointment in writing.
- 2.7 A detailed business plan and such other information the Registrar may require.
- 2.8 Undertaking by each of the trustees/directors that they shall observe high standards of integrity, professionalism and fairness in their operations as well as keep and maintain proper books and records at all times, in line with the Financial Services Act.
- 2.9 Attestation of willingness and capacity on the part of the applicant and the trustees/directors to comply with the provisions of the Insurance Act 2010 and Registrar's licensing and supervisory requirements and standards on a continuous basis.

Applicants should note that the Registrar will endeavour to verify any information provided.

PART III – SPECIFIC REQUIREMENTS FOR A SELF ADMINISTERED MEDICAL AID SCHEME

- 1.0 In addition to the general requirements above the following are the minimum requirements that must be met by any medical aid scheme seeking a licence to carry out its own administration:
 - 1.1 The applicant must submit to the Registrar evidence that it has:

- 1.1.1 the professional and technical capacity to administer a medical aid scheme;
- 1.1.2 satisfied all requirements prescribed by the Financial Services Act 2010, Insurance Act, 2010, Registrar's Directives, other relevant laws or any such additional requirements or conditions as may be prescribed from time to time by the Registrar;
- 1.1.3 an appropriate Information and Communication Technology (ICT) infrastructure.

1.2 Trustees wishing to administer a restricted medical aid scheme shall:

- 1.2.1 submit a duly completed application form;
- 1.2.2 submit an audit certified statement of affairs of its medical aid fund assets;
- 1.2.3 submit a latest actuarial valuation report by a certified actuary;

PART IV - SUBMISSION

Duly completed application form must be submitted in hard copies in sealed envelopes or soft copies with supporting documents to the following address:

The Registrar of Financial Institutions

Reserve Bank of Malawi

Independence Drive

PO Box 30063

Lilongwe 3

These guidelines and relevant application forms can be downloaded from the Reserve Bank of Malawi's website: www.rbm.mw

REGISTRAR OF FINANCIAL INSTITUTIONS

FEBRUARY 2014