

**Capital Market Authority
Decision No. 34/2020**

Regulation for Carrying out Health Insurance Third Party Administration Business

Pursuant to the Insurance Companies Law enacted by Royal Decree 12/79;
Royal Decree No. 90/2004 transferring insurance jurisdiction from the Ministry of
Commerce and Industry to the Capital Market Authority; and
The Executive Regulation of the Insurance Companies Law issued by Ministerial Decision
No. 5/80; and
Decision No. 31/2007 on the Requirements for licensing Insurance Business; and
The Unified Health Insurance Policy issued by Decision No. 34/2019; and
Health Insurance Rules issued by Decision No. 78/2019
The Approval of the Ministry of Finance; and
The Approval of the Board of Directors of the Capital Market Authority;

In the interest of the public

It has been decided

First Article

The attached rules shall apply concerning the regulation of carrying out Health Insurance
Third Party Administration business.

Second Article

This decision shall be published in the Official Gazette and shall come into force on the
day following its publication date.

Issued on: 27 Du Qada 1441 H

Corresponding to: 19 July 2020

**Abdullah Salim Abdullah Al Salmi
Executive President of the Capital Market Authority**

Regulation for Carrying out Health Insurance Third Party Administration Business

Chapter I Definitions and General Provisions

Article (1)

In the application of the provisions of these rules, each of the following words and phrases shall have the meaning shown next to it, unless the context dictates otherwise:

1. CMA:

Capital Market Authority

2. Executive President:

Executive President of the Capital Market Authority

3. License:

A decision issued by the CMA granting permit to practise health insurance third party administration activities (operations)

4. Licensee:

A juristic person to whom the license is issued

5. Insurance company:

The company licensed to carry out health insurance business.

6. Health Service Provider:

Health facility licensed by the Ministry of Health to provide health services in Oman and accredited by the CMA

Article (2):

An insurance company or health service provider shall not deal with any person carrying out health insurance third party administration business unless they acquire the required license to do so.

Article (3):

Licensee may render the services for more than one insurance company, and may contract with multiple health service providers.

Article (4):

CMA may temporarily suspend the issuing of new licenses for a period which it deems appropriate when necessary.

**Chapter II
Licensing**

Article (5):

Health insurance third party administration business shall only be carried out after obtaining a license in accordance with the provisions of this regulation.

Article (6):

Granting the license shall require the following:

1. The establishment shall register a company as per the applicable legislations.
2. The capital of the company shall not be less than RO 200,000 (Two Hundred Thousand Riyals), notwithstanding the minimum capital required in accordance with the provisions of the Commercial Companies Law.
3. The sole object of the company shall be carrying out health insurance third party administration business.

4. The company shall have a full time manager meeting the terms and conditions specified by the CMA, specifically:
 - a. Shall have a university degree or an equivalent in medicine or health care or insurance from a university or institution recognized in the Sultanate.
 - b. Shall have not less than five (5) years of experience after the qualification.
 - c. Shall provide a certificate of non-conviction.

The company shall have a full-time doctor meeting the terms and conditions specified by the CMA, specifically:

- a. Shall be licensed by a competent authority for carrying out the medical profession.
- b. Shall have not less than three (3) years of experience in health insurance third party administration, after obtaining the necessary qualification.
- c. Shall provide a certificate of non-conviction.

Article (7):

Application for initial approval to carry out health insurance third party administration business shall be submitted on the on the designated form. Such submission shall not entail any obligation on the CMA. The application shall be accompanied by the following information and documents:

1. Main particulars of the applicant.
2. True copy of the constitutive contract, articles of association, commercial registration and membership certificate of Oman Chamber of Commerce and Industry.
3. Statement of the names and their nationalities of partners, or shareholders of the company, and for joint stock companies, the particulars of shareholders who hold more than 5% of the capital.
4. Employment, training and qualification plan for employees of the applicant.
5. Fess payment receipt.
6. Any documents of other data, the CMA may specify.

Article (8):

In the event of obtaining the initial approval, the applicant for license shall provide the CMA within a maximum period of sixty (60) days from the date of such approval, the following documents to obtain the license, otherwise the approval shall be null and void without entailing any liability on the CMA:

1. Copy of title deed or lease contract of the premises and engineering plan.
2. Professional liability policy issued by an insurance company licensed in Oman provided that its value is not less than RO 100,000 (One Hundred Thousand Omani Riyals).
3. Evidence of payment of the required capital.
4. An unconditional bank guarantee in favor of the CMA, issued by a bank operating in Oman in value and period specified by the CMA; this performance bond is to ensure proper implementation of the license terms and fulfill the obligations stipulated in this regulation.
5. Evidence of appointment of a full-time manager and doctor for the company.
6. A testimony of compliance with procedures that ensure full adherence to the requirements of combating money laundering and terrorist financing.
7. Evidence of qualification of technical, technological, administrative and legal staff of the applicant and a certification of quality of hardware and software environment they work in.
8. A detailed report of the electronic system used by the applicant and the procedures (and controls) to ensure its security and efficiency.
9. Any other documents the CMA may specify.

Article (9):

The license shall be issued for two (2) years by decision of the Executive President within period not exceeding sixty (60) days from the date the applicant fulfills all the terms, conditions and requirements stipulated in this regulation, otherwise the application shall be deemed rejected. The license may be renewed for similar term or terms upon a request submitted to CMA on the form prepared for such purpose, at least sixty (60) days prior to the expiry of the license term.

The renewal application shall be decided within a period not exceeding forty five (45) days from the date of submission, otherwise the application shall be deemed rejected.

Upon renewal, licensee shall fulfill all the obligations further to all the terms. Conditions and requirements of licensing.

Article (10):

The CMA shall serve notice to the applicant or licensee, as the case may be on the shortfalls in the application, in the event that the license application does not fulfill terms, conditions, and the requirements stipulated in this regulation, and grant them grace period not exceeding thirty (30) days from the date of notice to complete the shortfalls; otherwise the application shall be null and void.

Article (11):

The CMA may request the applicant for any clarifications, information or additional data, whenever it deems it necessary to decide on the license application, within a period not exceeding thirty (30) days from the date of the applicant fulfilling all the terms, conditions and requirements stipulated in this regulation.

Article (12):

CMA may cancel the license in any of the following events:

1. If licensee failed to commence the business within a maximum period of six (6) months from the date of obtaining the license without acceptable excuse, or cease the business without permission from the CMA.
2. If licensee assign the license or the rights and obligations resulting from the license to a third party, without the approval of the CMA.
3. If the licensee violates the decisions or instructions of the CMA relating to health insurance third party administration business or the provisions of this regulation.

Article (13):

The CMA may, in lieu of cancelling the license, take any of the following actions against the licensee:

1. Warning to rectify the cause of violation within a maximum period of seven (7) days maximum from the date of warning.
2. Suspending the license for a period not more than one (1) month, renewable for similar period or periods.

Article (14):

The license shall end in any of the following events:

1. Expiry of the specified term without being renewed during the period specified for renewal in Article (9) of this Regulation or if the CMA refused to renew it.
2. A final judgment is issued declaring the licensee bankrupt or its dissolution or liquidation or its term expires.
3. If proven that the licensee obtained the license by way of fraud, deception or, forgery or misrepresentation.
4. If licensee requested that the license be terminated, provided that in this case, the licensee obtains CMA's approval and has ensured that all the obligations have been discharged.

Chapter III Obligations of the Licensee

Article (15):

Licensee shall comply with the professional code of conduct issued by the CMA and shall provide high quality services.

Article (16):

Licensee shall link its electronic system with the health insurance electronic system of the CMA and any other electronic system specified by the CMA, in accordance with the (controls) rules and requirement set by the CMA in this regard.

Article (17):

The licensee shall provide the required protection for the electronic system through which it operates and secure the data and information from any hacking or access by unauthorized person, and shall establish mechanisms to ensure the retrieval of data or information, in the event of loss for whatsoever reason.

The licensee shall take the required procedures and measures to face any emergency situations, events or breakdown or technical failure in the electronic system, to ensure continuation of the work and efficient operation.

Article (18):

Licensee shall include all the documents and papers related to the business activity, with the license number issued and shall notify the CMA of any change in the particulars and information of the license within seven (7) days from the such change.

Article (19):

The licensee shall maintain strict confidentiality of all data, information and documents accessed by virtue of the business, and shall not disclose the same to third parties except upon express consent of the CMA or the concerned person with whom the confidential data, information or document relates or as enforcement of law or judicial order issued by a competent court.

Article (20):

The licensee shall be obligated towards the insurance company by the following:

1. Checking (adjudication of) health insurance claims issued by the health service provider before referring them to the insurance company.
2. Ensure that the service rendered by the health service provider is covered within the health insurance policy before referring the health insurance claim to the insurance company.
3. Finalize the procedures that require prior approval by the insurance company in accordance with the timelines specified in the health insurance policy.
4. Defining the network of health service providers where the insured receives treatment, in accordance with the requirements of the insurance company.

Article (21):

Licensee shall provide the health service provider, upon request, with a detailed electronic statement on the insured, including the names, place of residence, ages, gender, nationalities, telephone number and date of commencement and expiry of the insurance coverage.

Licensee shall inform the health service provider of the deductible or excess stipulated in the health insurance policy as the case may be.

Article (22):

The Licensee shall not do the following:

1. Imposing or charging any amounts from health service providers or insurance companies or the insured other than what is agreed with the insurance company under the agreement.
2. Selling or marketing any insurance product.
3. Owning or operating or managing an insurance company or health service provider or insurance broker or agent except in accordance with the conditions or rules issued by the CMA in this respect.
4. Concluding contracts for provision of services with an insurer who is not licensed to carry out health insurance business in Oman.
5. Paying amounts for treatment of the insured to the health services providers on behalf of the insurance company.
6. Any act that might directly or indirectly affect the insured's decision to select the insurance company or health service provider.
7. Contracting with individuals or institutions for insurance coverage on behalf of the insurance company.
8. Administering medical expenses of individuals or institutions.

**Chapter IV
Supervision and Regulation**

Article (23):

The CMA shall maintain a register to record the issued licenses containing the license number, date of issuance, term and adequate information on the licensee, the place of where the business is practiced and other details and information related to the license.

Article (24):

The licensee shall provide the CMA, the information, data and other documents related to the implementation of the provisions of this regulation as and whenever requested.

Article (25):

The licensee shall provide the CMA, a copy of the contracts concluded with insurance companies and the agreements with health service providers within thirty (30) days from the date of

conclusion. They shall also notify the CMA of any amendments on such contracts and agreements together with copies of the same within fifteen (15) days of the amendment.

Article (26):

The licensee shall notify the CMA of the material information affecting the financial status of the company or the actions of the company or any resolution taken to change the chairman and members of the board of directors within thirty (30) days from the date of being aware of such information or issuance of the resolution.

Article (27):

Licensee shall submit to the CMA quarterly report, on the acts of fraud or misuse of the health benefits that occurred during the reporting period.

Article (28):

Licensee shall;

1. appoint an external auditor from the auditors licensed in Oman and accredited by the CMA. And shall maintain accounting books and records in accordance with safe and secure means and submit to the CMA on request.
2. submit to the CMA, annual budget and final audited accounts within ninety (90) days from the end of the fiscal year.

Article (29):

The licensee shall submit to the CMA, a report certified by the external auditor within ninety (90) days from the end of each fiscal year including the number and names of insurance companies they dealt with during the financial year and the amount of commission from each company.

Chapter V Fees

Article (30):

The CMA shall charge the following fees:

S	Type of service	Amount (RO)
1	Consideration of licensing application	1,500 (One Thousand Five Hundred)
2	Issuance of the license	2,500 (Two Thousand Five Hundred)
3	Renewal of the license	2,500 (Two Thousand Five Hundred)
4	Modification of particulars	20 (Twenty)
5	Accessing the records and registers	20 (Twenty)
6	Copies or extracts	20 (Twenty)

Chapter VI Administrative Penalties

Article (31):

An administrative penalty of RO 1,000 (One Thousand Riyals) shall be imposed for any violation of Articles 16, 17 and 18 of this regulation.

Article (32):

An administrative penalty of RO 2,000 (Two Thousand Riyals) shall be imposed for any violation of Articles 24, 25, 26, 27, 28 and 29 of this regulation.

Article (33):

An administrative penalty of RO 3,000 (Three Thousand Riyals) shall be imposed for any violation of Articles 5, 19 and 22 of this regulation.

Article (34):

An administrative penalty of RO 150 (One Hundred Fifty Riyals) shall be imposed for every week of delay of renewal of the license with a maximum of RO 3,000 (Three Thousand Riyals).