



## **PROCEDURES – ANNUAL RE-LICENSING OF HEALTH INSURANCE COMPANIES, PLANS & APPROVED SCHEMES**

Updated 16<sup>th</sup> May 2018  
Version 3.0

## Contents

<b>1.0</b>	<b>PURPOSE .....</b>	<b>3</b>
<b>2.0</b>	<b>APPLICATION .....</b>	<b>3</b>
<b>3.0</b>	<b>DEFINITIONS .....</b>	<b>3</b>
<b>4.0</b>	<b>AUTHORITY.....</b>	<b>4</b>
<b>5.0</b>	<b>PROCEDURES .....</b>	<b>5</b>
<b>6.0</b>	<b>PUBLIC NOTICE.....</b>	<b>9</b>

**Title: Procedures - for Re-licensing Health Insurance Companies, Plans, & Approved Schemes.**

**Effective: 1<sup>st</sup> April 2010**

**Revised: 16<sup>th</sup> May 2018**

---

## **1.0 PURPOSE**

---

1.1 The purpose of this document is to outline the process and procedures that the Bermuda Health Council (hereinafter, the Council) has follows to: 1) license private health insurers, and 2) approve the operation of an employer provided health scheme (hereinafter, approved schemes) and the government's Health Insurance Department (HID) annually.

1.2 This document establishes a formal mechanism for the licensing of health insurer, plans and approved schemes. The instructions outlined herein reflect and incorporate changes to the process and procedures for health insurance licensing implemented during November of the current year, with respect to the new licensing year to begin on 1<sup>st</sup> January of the following year.

---

## **2.0 APPLICATION**

---

The process applies to all insurance businesses offering health insurance contracts for sale, all health insurance brokers and agents, all employers operating approved schemes of health insurance, and HID. The processes and procedures outlined should commence on the first working day of January each year.

---

## **3.0 DEFINITIONS**

---

*Approved Scheme* – A scheme approved by the Minister of Health as prescribed by the Health Insurance Act 1970, part 1, section 26. This includes the health insurance scheme for government employees as prescribed under the Government Employees (Health Insurance) Act 1986 [Title 9 Item 16].

*Health Insurance* – Insurance in respect of hospital treatment providing any standard hospital benefit. It does not include insurance related solely to personal accident or workers' compensation liability under the Workers' Compensation Act 1965 [Title 18 Item 3], and "contract of health insurance" shall be construed accordingly. (Health Insurance Act 1970, Section 1)

*Health Insurer* - An organization, corporate or otherwise, that offers health insurance contracts for sale to the public, its own employees, and/or to the employees of other entities, as prescribed in the Health Insurance Act 1970, Part III sections 19 through 26. The definition includes licensed health insurance companies, approved employer health schemes, and the health insurance department.

*Standard Hospital Benefits* – A benefit in respect of prescribed in-patient and out-patient treatment, as defined in the Hospital Insurance (Standard Hospital Benefit) Regulations 1971.

---

## 4.0 AUTHORITY

---

4.1. This process is in accordance with Section 5 (e) of the Bermuda Health Council Act 2004 which states that the function of the Bermuda Health Council is inter alia, “to license health insurers.”

4.2. It is also in accordance with Part V, Section 40, Item 1 of the Health Insurance Act 1970 which states that:

“Minister [of Health] may make regulations...The Minister may, acting on the recommendations of the Council, make regulations for the purpose of carrying this Act into effect and, without prejudice to the generality of the foregoing, regulations may (f) provide for the regulation and control of licensed insurers; (g) require licensed insurers and employers to submit such reports and records relating to insured persons as the Minister may determine;”

The Minister of Health has devolved these powers and authorities granted under the act to the Bermuda Health Council.

4.3. The licensing of health insurers is also provided for in Section 28 of the Health Insurance Act 1970 which states:

“ (1) Subject to the Bermuda Immigration and Protection Act 1956 [*title 5 item 16*], any insurer desirous of undertaking insurance business may apply to the Minister of Finance for a license.

(2) An application under subsection (1) shall be in such form as may be specified by the Minister of Finance and in considering any such application the Minister of Finance shall have regard to the financial standing of the applicant and for this purpose may require the production of such documents or financial statements as he may consider relevant.

(3) Where the Minister of Finance is satisfied that the applicant is a fit and proper person and that he has the requisite expert personnel, premises and experience properly to undertake insurance business, he may, on payment of the prescribed fee; grant a license to that person to undertake insurance business.”

4.4. These powers and authorities have been devolved by the Ministry of Finance to the Bermuda Monetary Authority (BMA), which administers the Insurance Act 1978. Effectively this means that health insurance companies must be licensed first as insurance companies by the BMA before they can be licensed to operate as health insurers. The Council works cooperatively with the BMA to license health insurance companies annually.

4.5. The operation of an approved scheme by an employer to “discharge the obligations imposed on him” by the Health Insurance Act 1970 is provided for in section 26 of the Health Insurance Act 1970, and in the Health Insurance Regulations (Approved Schemes) 1971.

---

## 5.0 PROCEDURES

---

### CONTENTS

5.1	Initiation of relicensing procedures
5.2	Notice to insurers and schemes of licence expiration
5.3	Format of notice to insurers and schemes
<b>APPLICATION SUBMISSION PROCESS</b>	
5.4	Submissions requirements for licence renewal
5.5	Reminders to Applicants
5.6	Memo to BMA regarding licence renewals
5.7	Application vetting
5.8	BMA approval of licence applicants
5.9	Annual Gross Premium and Notice
5.10	Invoice and Licensing and Notice
5.11	Receipt of Fees
5.12	Potential insurance company mergers and acquisitions
5.13	Failure to Comply
5.14	Timeline
<b>GENERAL</b>	
5.15	Licensing fee payment
5.16	Approval Letters and Certificates
5.17	Document submission format
5.18	Notice to Tax Commissioner
5.19	Compliance with submissions guidelines and formatting
5.20	Merger and Acquisitions

5.1 During September of every calendar year the Bermuda Health Council shall distribute, via email and letter to all licensed health insurance companies, HID, and the operators of approved schemes. The subject of the email should notify insurers that it is regarding the applications for re-licensing of Health Insurers and Approved Schemes for the upcoming calendar year commencing 1<sup>st</sup> January 20XX”.

5.2 Both the email and an attached PDF letter shall inform health insurers and scheme providers that health insurance licences and approvals expire on 31<sup>st</sup> December, and that the deadline for submission of applications (and supporting documentation) for re-licensing/re-approval is 1<sup>st</sup> November of that year. The attached PDF shall inform Insurers and Scheme providers of the specific requirements for renewal of their licence

5.3 The email and attached PDF letter should be completed (and PDF signed) by the officer responsible for Health Licensing of Insurers and Approved Schemes. The signed letter should be scanned to create a PDF version, and attached to the email circular. The email circular should be addressed to all licensed health insurance companies, providers of approved schemes, HID, and all health insurance agents and brokers operating in Bermuda. The original signed copy of the letter should be handed to the Council administrative staff for entry into the day book as an official Council external communication to stakeholders.

## Application Submission Process

5.4 The attached PDF letter should further explain to health insurers and brokers/agents that the following are to be submitted for renewal of their license:

- a) H.I.9 Form -Application for a Licence to Undertake Insurance Business
- b) H.I.8 Form Application for a License for an Approved Scheme and Government Insurance Plans\*
- c) BMA Annual Statutory Return
- d) Contract for each types of health insurance
- e) Health Insurance Financial Statements
- f) MRF Auditor's Letter
- g) MRF Headcount
- h) Surety/Stop-Loss Contract\*

\*For approved schemes and Government Insurance Plans only

Applicants are to be informed that documents are to be returned to the Council via email to the general email inbox. Additionally, they should be advised of their requirement to submit a written Annual Gross Premium Report by 7<sup>th</sup> December 20XX.

5.5 After the initial request for submissions is sent to Insurers, three documented notices shall be given to applicants to remind them of their submission requirements, deadline and penalties for non-compliance at intervals during the application period.

5.6 In November, the office with responsibilities for licensing health insurers and approved schemes shall send a memo to the Bermuda Monetary Authority (BMA) to vet applicants. The memo shall inform the BMA that the Council is currently reviewing applications for the annual re-licensing of health insurers. The letter shall request that the BMA advise the Council as to whether they object to a licence being reissued to any of the applicants (the full legal entity corporate names of all prospective applicants to be listed in the letter) and that the Authority inform the Council if any of the companies are in non-compliance with the provisions of the Insurance Act 1978.

5.7 Upon receipt of the applications and supporting documents, the officer responsible for licensing Health Insurers and Approved Schemes shall vet applications noting the following:

- a) Completeness utilising the Re-Licensing Submissions Check ensuring that Applicants have submitted the required financial information, claims, and health insurance policy documentation;
- b) All health insurance policies for sale by the company (i.e. Group Major Medical Health Insurance, Individual Health Insurance) include full Standard Hospital Benefits as per the Health Insurance (Standard Hospital Benefit) Regulations 1971;
- c) MRF headcounts are accurate and compliant with Section 3A of the Health Insurance Act 1970 and Section 9 and Section 10 of the Health Insurance (Standard Hospital Benefit) Regulations 1971.

Applicants who have applications that are incomplete or need further queries will be advised via email so that matters may be addressed as necessary.

5.8 Upon receipt of the BMA approval letter the officer responsible for licensing health insurers and approved schemes shall review the letter to ensure that applicants are in good standing with the BMA. Should any of the companies inquired about not be present on the list of BMA approvals for re-licensing, the management in the BMA Department of Licensing and Authorisations should be contacted, to enquire into the status of the company omitted.

5.9 Upon receipt of an Annual Gross Premium (AGM) report, the manager responsible for licensing health insurers and approved schemes will reference fee scale outlined in the Health Insurance Amendment Act 2017 Section 5 to apply the appropriate fee. Additionally the reports shall be forwarded to the Health Economics directorate for reconciliation with transaction level data and the annual reports of applicants. Applicants falling close to two bands of the AGM amounts may request a delay of report in writing. Applicants who have not reported AGM shall receive notice of their non-compliance and health licensing expiration.

5.10 An invoice shall be generated by the Council along with a letter stating approval to undertake health insurance pending payment. The contents should detail respective AGMs reported and fee amounts owed. Applicants who have not paid their fee by 31<sup>st</sup> of December are to be provided with an electronic warning notifying of them of the expiration of their license effective the next calendar day, and a hard copy will follow by mail.

5.11 Once fees are received, licenses and invoice receipts shall be issued electronically, and hard copies will follow in the mail.

5.12 Upon completion of the applications submission process, and the review of the documentation submitted, the officer with responsibilities for licensing health insurers and approved schemes shall prepare a second letter to operators of approved schemes that have met all licensing requirements. The letter shall state that approval to undertake health insurance has been granted by the Health Council. The letter should be reviewed and signed by the Programme Manager and entered into the daybook by the administrative staff. The letter shall be mailed to successful applicants. Enclosed with the letter shall be an approval certificate issued by the Council.

5.13 Failure to comply with submissions content, formatting and timelines or non-compliance with licensed health insurer’s requirements as per the Health Insurance Act 1970, Health Insurance (Standard Hospital Benefit) Regulations 1971 and Health Insurance (Approved Schemes) Regulations 1971 will result in suspension or denial of a licence to provide health insurance. In such cases an application denial letter will be prepared by the Senior Project Officer, signed by the Programme Manager and mailed to the unsuccessful applicant.

5.14 The timeline for health insurance relicensing procedures is as follows:

Timeline	
September	Correspondence reminding of license expiration and procedures for renewal
November 1 <sup>st</sup>	Applications due with all documents <b>except</b> annual gross premium document. (BMA Stat, MRF Headcount, MRF Audit Letter etc., )
November	Application Vetting Period (BMA memo, compliance with legislations, three reminders)

December 7 <sup>th</sup>	Projected Annual Gross Premium (AGP) Report Due. Exception request for AGM that falls close to two bands will need to be made in writing. Dollar amount that is considered close is to be discussed.
December	Invoices Generated. Annual Gross Premium sent to Health Economics for reconciliation with TLD and Annual Report.
December 28th	Licensing Fee Due
January 1st	Issue electronic Licenses and invoice receipts (hardcopy to follow)

## General

5.15 Payment can be made by direct deposit to the Health Council's Butterfield account. This is the preferred method, and instructions should be advised applicants to reference their invoice number. Cheques received in respect of licence and approval applications should be scanned for record keeping. The copy of the cheque should be saved according to *Bermuda Health Council Filing Policy*. The original cheques should be delivered to the Health Council Accountant with a correspondence explaining their context. The full legal names of the entities paying the fees and the amounts paid by cheque should be included in the memo to the Accountant General's department. The memo should be signed by Programme Manager. All cheques should be kept in a secured, locked location until they are given to the Accountant.

5.16 All licensing and approval certificates should be numbered, signed and stamped/sealed prior to issue and filed, along with a copy of each letter to successful applicants, according to Bermuda Health Council Filing Policy.

5.17 All documentation should be submitted electronically, via mail or messenger to The Council's office.

5.18 Not long after 1<sup>st</sup> January of each year the manager responsible for licensing health insurance and approved schemes shall compose a letter to the Office of the Tax Commissioner informing them of the licensed health insurance companies, licensed government-run health insurance plans, and approved schemes for the new calendar year.

5.19 Failure to comply with submissions quality, formatting and timelines will result in suspension or denial of a licence to provide health insurance or an approved health insurance scheme. In such cases an application denial letter will be issued by the Programme Manager to the unsuccessful applicant.

5.20 In the instance where there is an announcement of: 1) the intention to merge one Bermuda health insurance company with another, or 2) the acquisition of a Bermuda health insurer (directly, or via the acquisition of its parent) by another company not domiciled in Bermuda; the officer responsible for licensing of Health Insurance and Approved Schemes shall contact the management in the BMA Department of Licensing and Authorisations as soon as is possible to ascertain the licensing implications.



---

**6.0 PUBLIC NOTICE**

---

6.1 The officer responsible for licensing Health Insurers and Approved Schemes shall prepare the public notice indicating the full legal corporate names of the health insurance companies, government plans, and employer health insurance schemes that have been licensed or approved as health insurers for the new calendar year by the Council. The notice shall be given to the officer responsible for the Council website ([www.bhec.bm](http://www.bhec.bm)) postings, not later than the 31<sup>st</sup> of January each year.