

Some service providers want the company to windup. At the same time, the regulator delays to renew Microcare's licence-fueling allegations of foul play

BY MOSES TALEMWA

Uganda Insurance Commission's refusal to renew Microcare Insurance's licence has been interpreted as an effort by the competitors to frustrate a company that recently won a juicy deal to provide health insurance services to the UPDF.

According to some sources close to the aggrieved party, the Commission has allegedly connived with some of Microcare's competitors who sit on the regulatory body to wind up the company.

The conspiracy theory is born out of the fact that, although legally constituted, two members of the Commission are themselves competitors in the health insurance business and one of them bid for the UPDF deal.

Accusing fingers are being pointed at two commissioners: Deepak Panday, who is the Chief Executive Officer of a leading insurance firm, Jubilee Insurance and Irene Kego Oloya, the Chief Executive Officer of Padre-Pio Insurance Brokerage company.

Panday represents Uganda Insurers' Association (UIA) while Kego is a representative of the Uganda Association of Insurance Brokers (UAIB) on the Commission. They have both denied allegations that they are using their positions to frustrate a competitor.

The Insurance Act provides for two representatives from the UIA and another from UAIB to sit on the board of UIC. The same law encourages anyone, not satisfied with the conduct of a member of the Commission, to complain to the Minister of Finance, whom depending on the available evidence, may cause the removal of a commissioner.

Our insurance sources have confirmed that six companies, including Jubilee Insurance, UAP Insurance and AIG bid for the UPDF deal to insure about 250,000 people who include soldiers and their families. Microcare was also close to a deal to provide similar services to

Competitors plot to windup Microcare



Microcare's lawyer, Allan Nsimire, addressing the press in Kampala recently. Looking on is Managing Director Francis Somerwell

Barclays Bank, Hima Cement, Standard Chartered Bank and Uganda Taxi Operators and Drivers Association.

However, without an operating licence for 2009, Microcare's multi-billion shilling deals cannot go ahead—giving credence to allegations of foul play being precipitated by business rivalry.

Some insurers are now concerned about what they described as "a conspicuous silence" by the Ministry of Finance on a matter that threatens the future of a leading health insurance provider.

The minister of State for Finance, Fred Jachan Omach, who is mandated to oversee the sector, said he had received a report on matter but was still studying it before he could take appropriate action.

While the minister studies the issue, Microcare is struggling to renew its licence with the UIC. The Commission claims that Microcare does not have a sufficient capital base to continue in the health insurance business.

CAPITAL

Microcare argues that although it applied for renewal of its licence in January this year, up to now it has not been granted. Yet while the licence is being delayed, the UIC has "suspiciously" sponsored adverts in the media about the company's legal status. One of the adverts came

out even after court issued an injunction ordering UIC not to block Microcare from transacting business.

Under the Insurance Act, Microcare is required to maintain minimum capital of Shs 3 billion. Microcare says it is in compliance and has undergone three audits that have confirmed that it is worth over Shs 8 billion in cash and fixed assets. However, it is understood that Microcare's assets are mostly held in Treasury Bills and shares.

The Commission, *The Observer* has learnt, has given Microcare, only two months to convert some of these assets into cash. This, analysts say, is almost impossible, which is why Microcare fears that the Commission had connived with competitors to go after its business, rather than ensuring that it complies with the law.

Microcare's Sales Manager, Joseph Kibuuka, finds it odd that players in the insurance business can regulate their competitors. "Can Stanbic Bank sit on a supervisory panel to regulate Standard Chartered Bank?" he asked.

While the accused, Oloya and Panday deny that they are after Microcare's business, it is true that Panday lost the bid for the UPDF deal to Microcare. It is also true that Oloya's Padre-Pio company is brokerage firm for Paragon Hospital, a service provider that has disagreements with Microcare over medical fees.

Oloya said she is due to relinquish her position on the Commission following the end of her term, to Latimer Mukasa of Rock Insurance Services.

Despite the denials by the two commissioners, players in the insurance industry privately say they are uncomfortable with the presence of competitors on the regulatory body.

But the chairman of Uganda Insurers' Association, Solomon Rubondo dismissed the accusations of conflict of interest. "To my knowledge there have been no complaints against the two members, so the matter can't be pursued," he said. He could not however, explain why Microcare had failed to get its licence renewed all this time.

Ben Okello-Luwum chairs the 9-member Commission with Erina Baingana as deputy. The commission is housed by another player it is supposed to regulate, the National Insurance Corporation!

CONTESTED BILLS

Our sources say that, that sensing that a legal battle with Microcare would not be easy, those against it have had to influence service providers to individually petition court to windup Microcare.

As a result, Case Medical Centre, Paragon Hospital and Bugolobi Nursing Home have petitioned court to wind up the

company, they have also appealed to the Minister of Finance and the Commission not to renew Microcare's licence.

"Why should they seek to windup a solvent company because of a dispute over bills instead of recovering their money," a source familiar with the case wondered.

Microcare on the other hand accuses these service providers of fraud and overcharging contrary to agreed prices.

The Observer has seen a bill in which a patient who was admitted with "acute meningitis" but died five hours later, was billed Shs 50,000 and another Shs 23,000 for "drugs on discharge!"

In another case, a patient was charged Shs 50,000 for the treatment he received for "attempted suicide."

Perhaps the most shocking is a client who gave birth by cesarean section twice in one month and bills sent to Microcare for payment.

The concerned hospital declined to comment on the cases arguing that the matter was before court. Hearing of the cases is however, yet to commence.

THE GENESIS

Microcare launched the business of health insurance in 2004. According to its own records, the company now has 80,000 members, for whom it has paid up to Shs 1 billion in treatment fees to various hospitals, over the last year.

Microcare says it is motivated by the need to provide quality healthcare to low income earners in the country.

Its major breakthrough came when it won a major contract, in which it could provide health coverage for the Army.

Realising that there was money to be made, some hospitals have since started their own schemes in which they deal directly with employers to provide some kind of health insurance.

The Insurance Act is however, silent on the growing practice of hospitals registering as health maintenance organisations and provide health insurance. The problem is that these schemes are not regulated because hospitals are not insurance companies.

There are fears that health insurance, believed to be one of the best ways to provide affordable healthcare could end in a mess unless the regulatory framework is strengthened.

For now the new UAIB chairman, Latimer Mukasa maintains that the fraternity is against calls to wind up Microcare's operations over a dispute with the health care providers. "It would send a very bad signal to the industry, so we hope that Microcare will be allowed to resolve its troubles especially since it is solvent, he said.

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