



Do Medical Insurance Policies Apply to People Diagnosed with COVID-19?

By Peter M. Kahindi,

The entire world is battling the global pandemic that has come to be known as the COVID-19 which is caused by the novel Corona Virus that is suspected to have originated in the Wuhan Province of the Peoples' Republic of China. Most Ugandans have been left wondering whether or not the medical insurance policies that they have taken out with their respective insurance policy providers (or call them insurers) cover COVID-19.

Given the unprecedented nature of this disease it is hardly surprising that some insurance companies in Uganda came out very clearly and informed their clients that COVID-19 was not covered by the medical insurance policies that they held. As outsiders, we can only speculate that the reason why this was the case is because the insurers were not certain on how the risk that the disease brings could be assessed and it would therefore be reckless or even risky to take it on. That no one has grasped the manner in which the said virus can be contained with certainty as well as the rate at which it spreads did not really help matters. Naturally, the insurers chose to mitigate any loss/risk exposure on account of the above and chose to leave COVID-19 outside the scopes of their medical policies.

However, some of the insurers like Prudential Insurance tried to meet the insured somewhat half way by undertaking to provide cash allowances to holders of their medical insurance policies if the said insured were diagnosed with COVID-19.

The cash allowance was/is meant to cover expenses that would be incurred by the insured outside what the government undertook to cover (the actual cost of the

treatment until recovery at the medical facilities designated to undertake that treatment by the Ministry of Health). Whereas this was a very welcome measure, we identified two main issues with it: (1) This cash allowance was not disclosed with precision so it left a lot of uncertainty regarding whether all expenses were covered or if there was a cap. And if there was a cap - which would most certainly be the case - what would it be and against what basis would the same be based? (2) This proposal was based on the presumption that this allowance would only apply provided that the COVID-19 patient/insured was being treated in a medical facility gazetted by the government for such purposes and we therefore wondered what would happen in the event that the infection rate escalated so much as to necessitate the requirement for most medical facilities to admit and treat it? Would the insurer still be willing to make the allowance cash payments?

Yesterday (7th April) we were relieved to learn of a Directive by the Insurance Regulatory Authority (IRA) which made it compulsory that all holders of medical insurance policies with registered insurers in the country should benefit from the same policies should the insured policy holders be diagnosed with COVID-19. IRA specifically guided that the cover will include "testing, treatment and care."

It would appear that the IRA's position was informed by the fact that COVID-19 is not unlike any ailment or disease that would ordinarily be covered by a basic medical insurance policy. To put it more simply, if,

as a holder of an medical insurance policy, I contracted a cold that has the effect of raising my temperature and a cough that would make it extremely difficult for me to breathe and I approached a hospital where my insurer is recognized, I would be treated under that cover without any difficult questions asked. The difference between the cold that I have described above and COVID-19 seems to be the rate and magnitude of infections of the latter (not to mention the appalling mortality rate). It would therefore seem that insurance companies were not ready to take on pay-outs of the magnitude that COVID-19 presents.

The directive by the IRA also does not confine the application of its directive to only COVID-19 patients who are undergoing treatment at facilities designated by the government which would answer our worry above regarding the event of most if not all government and private facilities being forced to attend to and treat COVID-19 patients. We would therefore opine that based on the IRA's directive, insurance companies will be liable to cover the treatment of their medical insurance policy holders in the event that those policy holders require treatment for COVID-19 even if that treatment is issued in a private medical facility, as long as the facility recognizes that insurer.

The third but perhaps equally important aspect presented by the IRA's directive is that on the basis of the insurance companies' directive to cover such policies, Re-insurers would also be liable to cover the insurance companies' pay-outs in the event of COVID-19. Re-insurance companies are entities that are registered to insure insurance companies. In other words, a COVID-19 patient will be expected to lodge a claim with their respective insurance company, obtain a pay-out to settle their bill, and in turn the insurance company will lodge that

same claim (with necessary adjustments) with the re-insurance company. It is worthy noting that the claims at all levels are paid out after thorough investigations to avoid or at least mitigate cases of insurance fraud.

We hope that the IRA reached at the decision to come up with the aforesaid Directives after wide consultation with the relevant players given the delicateness of this pandemic.

Conclusively, the efforts by the IRA in clearing the air regarding the uncertainties that COVID-19 has presented in the medical insurance industry are most commendable and dare we say, bold. We look forward to their smooth implementation by the relevant bodies. We also reiterate IRA's call on all policy holders to seek further and better particulars from their respective insurers.

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