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DEPARTMENT OF HEALTH

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GENERAL NOTICES • ALGEMENE KENNISGEWINGS

NOTICE 1020 OF 2016**COUNCIL FOR MEDICAL SCHEMES****MEDICAL SCHEMES ACT, 1998****FINANCIAL INSTITUTIONS (PROTECTION OF FUNDS) ACT, 2001****INVITATION TO INTERESTED PERSONS TO MAKE WRITTEN REPRESENTATIONS CONCERNING THE FOLLOWING INTENDED DECLARATION OF CERTAIN BRAND-SHARING PRACTICES BETWEEN MEDICAL SCHEMES AND THEIR ADMINISTRATORS AS IRREGULAR OR UNDESIRABLE PRACTICES, IN TERMS OF SECTION 7 OF THE FINANCIAL INSTITUTIONS (PROTECTION OF FUNDS) ACT, 2001 READ WITH SECTION 61 OF THE MEDICAL SCHEMES ACT, 1998**

- 1 In terms of section 7 of the Financial Institutions (Protection of Funds) Act, 2001, read with section 61 of the Medical Schemes Act, 1998, the Registrar of Medical Schemes hereby:
 - a. Publishes notice of the intention to declare certain brand-sharing practices between medical schemes and their administrators as irregular or undesirable practices, in terms of section 7 of the Financial Institutions (Protection of Funds) Act, 2001 read with section 61 of the Medical Schemes Act, 1998;
 - b. Invites interested persons to make written representations concerning the intended declaration so as to reach the Registrar within 21 days after the date of publication of this notice;
 - c. Advises that the final declaration will not be published until at least 60 days after the date of this notice.
- 2 Written representations must be addressed to: The Registrar of Medical Schemes (Attention: Mr Thamsanqa Diniso), Block A, Eco Glades, 2 Office Park, 420 Witch-Hazel Avenue, Eco Park, Centurion, or email: t.diniso@medicalschemes.com

PURPOSE

- 1 Amongst the main purposes of the Medical Schemes Act, 1998 and of the Council for Medical Schemes and of the Registrar of Medical Schemes is the control of the activities of medical schemes and protecting the interests of the members of medical schemes at all times.
- 2 A number of medical schemes have appointed a company within their corporate group to act as administrators of the scheme. As part of the administration agreement or arrangement, both the medical scheme and the administrators are authorised to use the same brand name and marks belonging to one of the entities in the group of companies. The identity and brand of the medical scheme and administrator and the group are tied and medical scheme administrators use the same brand name without qualification in their notices, correspondence, advertisements and other communications with members of the medical scheme and the general public.

- 3 The result of this practice is that members of medical schemes and members of the public are often unable to differentiate between the services offered by the scheme, the services offered by the administrator and the services offered by associated entities within the group. The Registrar of Medical Schemes is concerned that members sign up for products offered by group entities on the mistaken understanding that they are offered by the medical scheme and members misunderstand the limited nature and activities of a medical scheme and the nature of the business of a medical scheme.
- 4 The practice also identifies the administrator so closely with the medical scheme itself that the two are not differentiated in the minds of medical scheme members or the public and the source of services offered to such members and the public may be unknown.

DRAFT DECLARATION

In terms of section 7 of the Financial Institutions (Protection of Funds) Act, 2001 as read with section 61 of the Medical Schemes Act, 1998, the Registrar of Medical Schemes after consultation with the Council for Medical Schemes, and with the concurrence of the Council for Medical Schemes and the Minister of Health, declares that it is an irregular or undesirable practice for:

- 1 A medical scheme administrator or any other company to use the same brand or mark as used by the medical scheme in notices, correspondence, advertisements or other communications with the members of the medical scheme or the general public without stating explicitly from what corporate or other entity the communication emanates in the same size font as the brand or mark itself.
- 2 For any administrator to use the same brand or mark as the medical scheme for which it acts without using the brand or mark a word or words indicating that it is an administrator.
- 3 For any administrator using the same brand or mark as the medical scheme for which it is the administrator to use their communications with scheme members to promote products or services other than those directly relating to the business of the medical scheme.

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