



CIRCULAR

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Reference : Solvency Framework submission
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CIRCULAR 28: EXTENSION OF PERIOD TO MAKE SUBMISSIONS ON THE MEDICAL SCHEMES SOLVENCY FRAMEWORK

Implementation of an appropriate framework for solvency is central to protection of beneficiaries in the medical schemes environment. The existing framework requires medical schemes to allocate a minimum of 25 per cent of gross contributions to reserves.

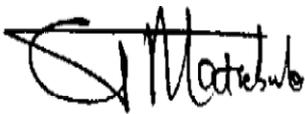
The Council for Medical Schemes (CMS) has been approached by some stakeholders in the medical schemes industry through the Industry Technical Advisory Panel (ITAP) to facilitate a discussion that would culminate with a possible revision of the existing solvency protection framework. The Council has in the past clarified that the solvency protection framework is part of overall health policy, an area under the remit of the Department of Health.

The CMS has nonetheless, indicated a willingness to facilitate a discussion at the level of ITAP on the subject of solvency protection on broad terms. Such a discussion would then determine whether or not there is a need to engage the Department of Health and other stakeholders.

At the ITAP meeting that took place on 8 March 2012, an invitation was extended for submissions on the solvency framework for medical schemes. Subsequently, Circulars 12 and 17 of 2012 were issued which were in part, communicating the invitation.

The response to the Council's invitation to make submissions was poor and at the ITAP meeting that took place on the 5th of July 2012, a decision was taken to extend the period for making submissions. The industry is invited to submit proposals up until the 31st of July 2012.

We trust the industry will embrace the opportunity to give input to an important area of policy and we look forward to receiving your submissions.

A handwritten signature in black ink, appearing to read 'Thulani Matsebula', with a stylized initial 'T'.

THULANI MATSEBULA
HEAD: RESEARCH AND MONITORING