CIRCULAR

Reference:	RBC_04
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Date:	8 December 2016

Circular 85 of 2016: Review of the solvency framework – Invitation to participate in working groups

In November 2017 the Council for Medical Schemes (CMS) held two workshops to engage stakeholders on the review of the solvency framework. The CMS would like to thank all stakeholders who attended and participated in these workshops. The presentation on the workshops is available on this **link.**

The CMS would like to invite stakeholders to participate in the working groups as discussed during the workshops. The working groups are as follows:

Working Group	Summary of Responsibilities
Business Risk:	Refinement of the calculation of business risk component of the proposed RBC framework. • This group will look at the appropriateness of the method and assumptions used in the calculation. • Set appropriate parameters that will be used in the calculation.
Asset Risk:	Refinement of the calculation of the asset risk component of the proposed RBC framework. Tasks include: • Examination of the appropriateness of the method and assumptions used in the calculation. • Consideration of investment guidelines by asset classes (Annexure B). • Inclusion of other with other asset classes to encourage diversification.
Operational Risk:	Refinement of the calculation on the operational risk component of the proposed RBC framework. Tasks include: • Setting limits on minimum and maximum capital requirement on operational risk. • Allocation of appropriate maximum and minimum limits of operational risk between complaints & compliance sections. • Setting appropriate weights to be used in the calculation for various categories of the components of operational risk.

Working Group	Summary of Responsibilities
Implementation:	This working group will set out guidelines and considerations when the transition tasks place. • Impact on market concentration the transition to a risk based framework may have. • Managing the reserves of schemes not meeting the Risk Based Capital requirements. • Managing the reserves of schemes that will have excess reserves so as to prevent some schemes from applying aggressive strategies to gain market share to the disadvantage of other schemes. Schemes with excess reserves will not be required to lower the reserves.

Individuals are welcome to participate in more than one working group.

Stakeholders who would like to participate in these working groups should send their responses to solvency@medicalschemes.com indicating which working group/s they would like to participate in. Stakeholders are to include the following details in their responses; contact details (e-mail, phone numbers); area of expertise and employment details. Stakeholders have until **Friday 27 January 2017** to respond.

Your participation will be highly appreciated.

Mr Daniel Lehutjo
Acting Chief Executive & Registrar
Council for Medical Schemes