

**REQUIREMENTS & GUIDELINES TO BE COMPLIED WITH  
FOR REGISTRATION OF A MEDICAL SCHEME IN TERMS OF  
THE MEDICAL SCHEMES ACT, 1998 (ACT NO 131 OF 1998)  
PUBLISHED IN GOVERNMENT GAZETTE 19545 ON 2 DECEMBER 1998**

- 1 Submission of a written application for registration as contemplated in Section 22, signed by the person managing the business of the proposed scheme together with the prescribed fee.
- 2 Submission of a written business plan duly motivated which should include:
  - 2.1 A time schedule for achieving the objectives of the venture with regard to enrolling the required number of members.
  - 2.2 A detailed analysis of arrangements with managed care practices, intermediaries, and other contracting services to be provided, whether directly or indirectly, on behalf of the scheme and its members.

The application must be accompanied by a certificate issued by an expert, like an actuary, on the appropriateness of the contributions in relation to the benefits offered by the proposed scheme.

- 3 Submission of two copies of the rules of the proposed scheme which are certified as correct and signed by the applicants, in terms of section 39 of the Act. Full particulars with regard to the capacity in which they apply for registration of the scheme as promoters, must be disclosed in respect of such applicants,
- 4 Compliance with the provisions of the Medical Schemes Act and regulations framed thereunder.
- 5 Compliance with the resolutions and rules adopted by Council for Medical Schemes from time to time.
- 6 Compliance with the prescribed membership base (6000 members) within three months of registration.
- 7 Submission of a guarantee by a recognised and reputable bank in compliance with the recommended guideline of R2,5 million which is to be held by the office of the Registrar. The amount of the guarantee may be increased according to circumstantial factors such as the risk profile of the scheme, the proposed membership profile or any other matter which has been identified in considering the application for registration. A medical scheme is not in a position to guarantee itself for this purpose and its investments or other equity is unacceptable for use as security for this purpose.
- 8 Submissions of proof of an initial guarantee deposit to the value of at least R2,5 million deposited in the bank account of the scheme on the day of registration in compliance with the recommended guideline determined by this office. As is the situation with the financial guarantee, this amount may be increased similarly on the basis of circumstantial factors. The guarantee deposit is not to be repaid to the depositor without the consent of the Registrar and in any event, not until such time as the scheme maintains the prescribed solvency margin in relation to annual

contribution income. The scheme is entitled to pay interest in respect of such guarantee deposit, which shall not exceed the Escom 168 interest rates.

- 9 Submission of the full names, physical and postal addresses and *curriculum vitae* of the Principal Officer and trustees of the proposed scheme.
- 10 Written confirmation is sought that the Principal Officer and the members of the Board of Trustees of the scheme are fit and proper to act as such, that is to say:
  - 10.1 He/she is prevented from holding office whilst being an unrehabilitated insolvent;
  - 10.2 he/she must not have been disqualified under any law from carrying on a profession;
  - 10.3 he/she must not have been convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering a forged document, perjury or an offence under the Prevention of Corruption Act, 1958, or not having committed any offence involving dishonesty and sentenced therefor to imprisonment without the option of a fine or to a fine exceeding R100;
  - 10.4 he/she must be a South African citizen permanently resident in the Republic.
- 11 Details of the physical and postal addresses, telephone and facsimile numbers and e-mail address of the registered office of the scheme.
- 12 The full name under which the proposed scheme is to be registered and the date on which the proposed scheme is to come into operation. Written confirmation is required that the proposed name is acceptable to the Registrars of Companies and Closed Corporations to the extent that it does not conflict with or infringe upon a name already registered or proposed for registration by the aforementioned Registrars.
- 13 Details of the auditors of the scheme.
- 14 Details of the administrator of the scheme, if applicable, including a copy of the articles of association pertaining to its business, the latest audited financial statements in respect of the organisation and a copy of the proposed administration agreement between the scheme and the administrator.
- 15 Full details of the infrastructure, computer facilities and expertise in terms of which the business of the scheme is to be conducted or administered.
- 16 Full details and copies of all reinsurance agreements relating to the scheme, if applicable.
- 17 Statistical analyses showing the membership admitted, a draft income statement, cash flow statement and balance sheet reflecting the financial position of the scheme are to be submitted to this office quarterly or within such other period as

may be directed for one year to enable this office to monitor the growth and the financial stability of the scheme.

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