



PRESS RELEASE

Reference : Sizwe Medical Fund gets new curator
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Johannes M. Seloane is the new curator of Sizwe Medical Fund.

The North Gauteng High Court in Pretoria made the appointment yesterday after Dr Marshall N. Gobinca resigned as curator of the medical scheme and the Council for Medical Schemes (CMS) successfully applied that a new curator immediately take his place. Dr Gobinca's term would have ended on 22 January 2014, one year after his appointment by the same court.

The new curator will run Sizwe for the remainder of the curatorship term. He must conclude the investigations into alleged irregularities in the governance of the scheme and furnish the CMS with a recommendation on how to address them. He must also ensure that a new Board is elected to ensure that he hands over the reins to fit and proper trustees who will look after the best interests of the beneficiaries of the scheme. The medical scheme pays him R175,000 per month for his efforts.

"The appointment of a new curator should not be viewed as a setback for Sizwe or its beneficiaries," said Dr Monwabisi Gantsho, Chief Executive of the CMS and Registrar of Medical Schemes. "Rather, it should be regarded as the continuation of restoring proper governance structures within the scheme. The curatorship to date has achieved its intended outcomes and Sizwe remains financially sound and able to honour claims."

The CMS is the regulator of the medical schemes industry, responsible for enforcing compliance with the Medical Schemes Act 131 of 1998 to ensure that the interests of beneficiaries are prioritised at all times.

Sizwe is an open medical scheme with nearly 150 000 beneficiaries and a solvency (reserves expressed as a percentage of contributions) of 25.4% – above the 25.0% required by law – making it one of the biggest and healthiest schemes in the country.

Some history

Sizwe was placed under provisional curatorship in September 2012 after it emerged that its Board had failed to address allegations of fraud relating to the election of two trustees in December 2010. In January 2013 the North Gauteng High Court ruled that the Board of Sizwe continues to be improperly constituted and confirmed that a curator must keep running the scheme.

The Board of Sizwe had persistently refused to comply with the regulatory requirement of a validly composed Board of Trustees fit and proper to run the medical scheme. All decisions taken by the Board since December 2010, including its opposition to the curatorship application of the CMS, have been deemed invalid.

Assurance to beneficiaries

The claims-paying ability of the scheme remains unaffected. The need for a curatorship stems only from concerns over its governance and is not a reflection of the financial stability of the scheme.

Advice to brokers

Brokers are advised to act with restraint. Any advice they give must accord with the principles of best advice, have the best interests of their clients at heart, and be based on a proper assessment of the situation.

As financial advisors, brokers are also reminded of the Financial Services Board (FSB) legislation which clearly stipulates that consumers, including members of medical schemes, are entitled to best – which means independent – advice at all times.

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