



PRESS RELEASE

Reference : Sizwe Medical Fund's curator stays on
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Press release 2 of 2013: Sizwe Medical Fund's curator stays on

The North Gauteng High Court in Pretoria on Tuesday (22 January 2013) ruled that the Board of Sizwe Medical Fund continues to be improperly constituted and confirmed that a curator must keep running the scheme.

Sizwe was placed under provisional curatorship in September 2012 after it emerged that its Board of Trustees had failed to address allegations of fraud relating to the election of two trustees in December 2010.

The Board has 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 Council for Medical Schemes (CMS), have been deemed invalid.

The curator remains Dr Marshall Ngubekhaya Gobinca. He must investigate the alleged irregularities in the governance of the scheme and, within a year, furnish the CMS with a recommendation on how to address them. He must also ensure that a new Board is elected.

"We are pleased once more that the courts of the land are assisting the regulator to pursue good governance in the medical schemes industry," said Dr Monwabisi Gantsho, Chief Executive of the CMS and Registrar of Medical Schemes. "Health is a public good and it is important for the private healthcare sector to demonstrate commitment by protecting the financial and health interests of members. Sizwe Medical Fund is financially viable and the curator, Dr Gobinca, is appointed to ensure that the scheme remains financially sound by the time the Board of Trustees takes over the management of the fund."

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 more than 150 000 beneficiaries and a solvency (reserves expressed as a percentage of contributions) of 27.0%—which is well above the 25.0% required by law—making it one of the biggest and healthiest schemes in the country.

Assurance to beneficiaries

The claims-paying ability of the scheme remains unaffected by the curatorship. The need for a curatorship stems only from concerns over its governance.

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-independent-advice at all times.

The court order

The court order can be obtained from the North Gauteng High Court in Pretoria (case number 50546/12) or downloaded from the website of the CMS

(<http://www.medicalschemes.com/files/Judgements%20on%20Appeals/RegistratvsSizwe2013.pdf>).

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