



Reference: Demarcation Exemption System  
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Date: 2018/06/07

## Circular 25 of 2018: Demarcation Exemption System

1. The Council for Medical Schemes (CMS) has, in consultation with the Financial Sector Conduct Authority (previously the Financial Services Board (FSB)), National Treasury and the National Department of Health, concluded the Guideline Framework: Framework for the Exemption of Providers of indemnity products that are conducting the business of a medical scheme (Exemption Framework), for exemption from certain provisions of the Medical Schemes Act, 131 of 1991 (the Act).
2. The Exemption Framework was concluded and published on the CMS website on the 15<sup>th</sup> of March 2017, by means of Circular 19 of 2017. The Exemption is in terms of section 8(h) of the Act and is applicable for a period of two years, with effect from 1 April 2017 to 31 March 2019, subject to certain conditions. The Exemption Framework is a transitional arrangement while the Department of Health leads the development of a Low Cost Benefit Option (LCBO) type of product for medical schemes. In terms of the Exemption Framework, entities providing products that fall within the ambit of the business of a medical scheme, were given an opportunity to apply to be exempted from provisions of the Act.
3. In October 2017 Council met to consider, amongst other matters, all the demarcation exemption applications submitted in terms of clause 7.2 (Stage 2) of the Exemption Framework. Entities that submitted exemption applications were individually notified of the decision of Council regarding exemption applications, as well as applicable **exemption conditions** on qualifying products that fall within the ambit of doing the business of a medical scheme.
4. Insurers and their respective financial service providers who were granted Stage 2 Exemption are, accordingly, required to submit information relating to exemption conditions on the Demarcation Exemption System. To access the system on the CMS website, use the following link <https://www.medicalschemes.com/ASR/auth/login.aspx>
5. Insurers and financial services providers are hereby referred to the [Demarcation Exemption System Help File](#) and [Data Specification Guideline](#), for detailed guidance on the completion and submission of exemption condition information.

6. Exemption condition information can be submitted starting from the **8<sup>th</sup> of June 2018**. The deadline for submission of information is by the close of business on **Friday, 29 June 2018**.
7. Persons authorised to submit demarcation information:
  - 7.1. Only authorised Data Officers as approved and submitted to the CMS are allowed to make submissions on behalf of insurers and financial service providers.
8. A list of all entities whose insurance products are exempted from doing the business of a medical scheme can be found on the CMS website <http://www.medicalschemes.com/Insurers.aspx>
9. The CMS would like to bring this Circular to attention of all stakeholders affected by the Demarcation Regulations.

Your co-operation in this regard would be highly appreciated.



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