



## CIRCULAR

Reference: Demarcation Exemption Renewal 2019  
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### CIRCULAR 25 of 2019: NOTICE TO SUBMIT DEMARCATION EXEMPTION RENEWAL APPLICATIONS

1. On 23 December 2016, the Minister of Finance with the concurrence of the Minister of Health, published amendments to the Demarcation Regulations which came into effect on the 1<sup>st</sup> of April 2017. The Minister of Finance determined that “health policies” and “accident and health policies” exclude primary healthcare products and hospital indemnity products. As a result, after 1 April 2017, any provider of primary healthcare products and hospital indemnity products that conduct the business of a medical scheme as defined, falls within the ambit of the Medical Schemes Act, 131 of 1998.
2. The Council for Medical Schemes (CMS) has in consultation with the then Financial Services Board – now the Financial Sector Conduct Authority, National Treasury and the Department of Health concluded an Exemption Framework, which serves as a guideline to providers of indemnity products that conduct the business of a medical scheme, who wish to apply for exemption in terms of section 8(h) of the Medical Schemes Act.
3. The Exemption Framework is a transitional arrangement whilst the Department of Health leads the development of a Low Cost benefit Option (LCBO) guideline for medical schemes. The Exemption Framework provides for the granting of a two year exemption period, subject to certain conditions, with effect from 1 April 2017 to 31 March 2019.
4. The Exemption Framework was published on the 15<sup>th</sup> of March 2017 and provided that providers of indemnity products had to submit exemption applications by 31 March 2017.

5. The LCBO guideline is still in the process of being developed and will not be finalised by 31 March 2019, the date when the current exemption period lapses. Therefore, insurers and their respective financial service providers, who are providing indemnity products, which were granted exemption during 2017, have to submit renewal applications for consideration by the Council, to extend the current exemption period by another two years.
6. The process for the submission of renewal applications:
  - 6.1. Renewal applications should be submitted on the CMS website, using the following [link](#):
  - 6.2. Insurers and their financial service providers are hereby referred to the [Demarcation Exemption System Help File](#) and [Data Specification Guideline](#), for detailed guidance on the completion and submission of renewal application information.
  - 6.3. Renewal application information can be submitted starting from the 25<sup>th</sup> of March 2019. The deadline for submission of the renewal application and all relevant information is by close of business, Friday, 29 March 2019.
  - 6.4. Only authorised Data Officers as approved and submitted to the CMS are allowed to make submissions on behalf of insurers and their financial service providers.

This Circular is effective upon the date of release.



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