



## CIRCULAR

Reference: Demarcation Exemption Renewal Framework  
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### Circular 30 of 2019: Demarcation Exemption Renewal Framework

The Minister of Finance, with the concurrence of the Minister of Health published the Demarcation Regulations on the 23<sup>rd</sup> of December 2016. The Regulations provide that certain insurance policies that have elements of the business of a medical scheme shall be classified as “health policies” and “accident and health policies” and these policies exclude primary healthcare products and hospital indemnity products. The Regulations came into effect on the 1<sup>st</sup> of April 2017 and as a result, any provider of primary healthcare products and hospital indemnity products are deemed to be conducting the business of a medical scheme.

The Council for Medical Scheme (CMS) had in consultation with the then Financial Services Board, 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 wished to apply for exemption in terms of section 8(h) of the Medical Schemes Act. The Exemption Framework was a transitional arrangement whilst the Department of Health leads the development of a Low Cost Benefit Option (LCBO) Guideline for medical schemes and is valid for a period of two years, from 1 April 2017 to 31 March 2019.

When the Exemption Framework came into operation, it was anticipated that the LCBO guideline would be finalised within a period of two years, thus by 31 March 2019. However, there was a delay in terms of finalising the LCBO guideline.

In light of the aforementioned delay of the finalisation of the LCBO Guideline, the Demarcation Exemption Renewal Framework (Renewal Framework) was concluded in consultation with the Financial Sector Conduct Authority, Prudential Authority, National Treasury and the Department of Health; and will serve as a guideline to providers of indemnity products, whose products were granted exemption from doing the business of a medical scheme to apply for renewal of exemption for another two years.

The Renewal Framework provides granting of exemption for an extended period of two years, subject to certain conditions, effective from 1 April 2019 until 31 March 2021. Providers of indemnity products that conduct the business of a medical scheme, whose indemnity products were granted exemption during 2017, are required to

submit renewal applications by close of business, Friday 29 March 2019 in accordance with the requirements set out in the Renewal Framework and in line with the requirements of Circular 25 of 2019, which was published on the CMS website on the 15<sup>th</sup> of March 2019.

The CMS would like to bring the Demarcation Exemption Renewal Framework to the attention of all its stakeholders.

Kindly click [here](#) to view the Demarcation Exemption Renewal Framework and [Circular 25 of 2019](#).



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