



## PRESS RELEASE

Reference: Declaration of Undesirable Practices  
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### **Press release 15 of 2017: CMS declares certain practices relating to medical scheme trustee elections undesirable**

The Registrar of medical schemes, with the concurrence of the Council and the Minister of Health, has in terms of section 7 of the Financial Institutions (Protection of Funds) Act read with section (61(2) of the Medical Schemes Act, No. 131 of 1998, declared certain electoral practices and processes involved in the election of members of Board of Trustees of medical schemes undesirable. The declaration is published in the Government Gazette number [42199 under notice 943 of 2017](#).

This declaration by the Council for Medical Schemes (CMS) follows the observations made during inspections conducted for the acting Chief Executive & Registrar (the Registrar) relating to the election of members of the boards of trustees of various medical schemes. Certain practices that lead to prejudice and unfairness, as well as serve to defeat the object and purpose of provisions of the Medical Schemes Act, were identified during the inspections.

According to the acting Chief Executive & Registrar of the CMS Dr Siphon Kabane, this declaration comes as a result of numerous complaints received from members of medical schemes and the subsequent findings during inspections, relating to prejudicial and unfair practices at electoral general meetings.

Some of the undesirable practices identified are as listed below (for a more detailed description please see the CMS Circular 29 of 2015: Draft Undesirable Business Practice Declaration in terms of section 61(2) of the Medical Schemes Act, No. 131 of 1998.

- A member of a medical scheme, who simultaneously holds a position as an officer of the same medical scheme and participates as a member in the electoral process on one hand, while on the other hand serves and participates as an officer in regard to the election processes; or
- A person that is a service provider to a medical scheme (including holding company, subsidiary, joint venture or associate of such service provider), and or officers or agents of such service provider;
  - (a) influences or campaign for an employee(s) of the service provider to serve as a proxy or proxies to be appointed to vote to elect trustee(s) at a general meeting of members;
  - (b) influences or campaign for a proxy or proxies of their choice to be appointed to vote in general meetings in order to elect trustee(s), or takes decisions that affect the rights of members and interests of medical schemes at a general meeting of members; or
  - (c) influences or campaign for candidate(s) of their choice to be elected as trustee(s) at a general meeting of members.
- A person who, by virtue of services provided to a medical scheme and its beneficiaries, has access to or has possession of information and details of members of a medical scheme; uses such information and details and/ or alternatively provide such details and information to another person, for purposes of campaigning or influencing the outcome of the election of members of a board of trustees.

“The declaration of undesirable business practice is expected to improve fair voting and election process for members of medical schemes. The circular does not limit the rights of members to campaign for votes and participate in the normal election processes of medical schemes, but relates to persons, regardless of whether they are members of the scheme or not, are contracted by medical schemes for services,” emphasized Dr Kabane.

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