

DRAFT REGULATIONS REGARDING THE DEMARCATION OF HEALTH INSURANCE POLICIES

My name is Jonathan Dunwoody (BComm, HDip Tax, AFP) and I represent HDI Financial Services, a Financial Services Provider operating in the Durban area.

Our practice (FSP) operates in a number of fields that include providing both Medical Aid and Gap Cover advice.

As a practice we service ≈ 500 Medical Aid clients and ≈ 650 Gap Cover clients, hence we are in a strong position to be able to see how clients have requirements that can and in fact are met by Gap Cover solutions.

The starting point is to state categorically that Gap Cover exists because there are fundamental needs that consumers of Medical Aids have that are not being met by their existing respective medical aids.

A person must be on a Medical Aid in order to then be in a position to purchase Gap Cover. So from our experience at no time does Gap Cover "cross the line" in terms of trying to offer what a Medical Aid is offering.

The reality is that Medical Aids over the years have reduced benefits that they historically offered clients, citing increased costs and sustainability issues. In fact even the most expensive plan options generally do not fully cover consumers and this in turn resulted in Gap Cover solutions being created and packaged to meet consumer's needs.

From our experience "Cashflow is King!" is particularly evident in the consumption habits of our clients and the simple reality is that clients have downgraded their Medical Aid plan choices due to financial constraints more than for any other reason.

To abolish Gap Cover would be vastly unfair to these medical aid users and would certainly place these clients under more financial burden than they are already experiencing.

Within our own practice in excess of R250 000 in expenses were not met by our client's Medical Aid plans over a 12-month period, but were met by Gap Cover providers. If Gap Cover solutions had not existed those clients would have had to find this money elsewhere (reduce savings, increase in debt, etc.).

The client is fully aware of what they are purchasing and how it fulfills a specific requirement. For Government to consider banning such a solution (which is fulfilling such a vital role) would be completely against freedom of choice and would cost clients far more in the long run.

Should you wish to engage further, I would be more than willing to participate in any discussions to protect our client's wallets.

Yours sincerely