

BW



To be sent as an email

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30 April 2012

SUBMISSION TO THE NATIONAL TREASURY:
THE DRAFT REGULATIONS PUBLISHED FOR PUBLIC COMMENT IN TERMS OF
THE SHORT-TERM INSURANCE ACT NO. 53 OF 1998, (GOVERNMENT GAZETTE
35114), DATED 2 MARCH 2012

Submitted: 30 April 2012

Stakeholder type: Consumer

1. We have considered the proposed draft Demarcation Regulations published by the Minister of Finance on 2 March 2012 and wish to comment on the effects of outlawing most health insurance products, in particular Gap cover insurance.
2. It is submitted that for a period of 10 years Murray & Roberts have provided Gap cover to approximately 7,000 employees of whom 2,000 are pensioners. Murray & Roberts employees depend on the cover in the event of hospitalisation, and in the event that a medical practitioner charges above the medical scheme tariff. We are aware that charges above the scheme tariff is common during surgical procedures, in particular the amount charged by the anaesthetist.

Murray & Roberts Limited Registration No. 1979/003324/06
Directors: HJ Laas (Chairman & Managing Director) PR Adams' AJ Bester O Fenn' NWR Harvey IW Henstock RCC Noonan FP Saieva
RAG Skudder
Secretary: Y Karodia

3. No Medical scheme option that is affordable to the vast majority of our employees provides for an unlimited tariff for specialist services in-hospital. The selection of medical scheme benefit options by our employees is mostly based on affordability and as a result most employees are limited to 200% of the current medical scheme tariff. The Policy has not created anti-selection towards any medical scheme and such is evident by the variation that exists of benefit options selected by our employees.
4. The policy does not differentiate unfairly between active employees and pensioners.
5. We are concerned with the consequences of removing the benefits provided by the gap cover policy. Many of our staff cannot afford the implication of the tariff limitations imposed by the medical schemes. We are extremely concerned with the impact that these draft regulations will have on our pensioners.
6. It is therefore submitted that without an affordable alternative to the Gap Cover Policy our employees will be unfairly denied access to policies that provide essential cover.
7. It is our understanding that the intention of the draft regulations is to exclude products that undermine the risk pool of medical schemes. No clear evidence exists that Gap cover undermine the risk pool of medical schemes and therefore there seems to be no reason to bring to an end to Gap cover policies.
8. We therefore ask that you consider the value Gap cover has on our society; that you recognise the undesirable financial impact the Draft Demarcation Regulations will have on our staff, our pensioners and consumers in general.
9. We therefore appeal to you to reconsider the provisions of the draft Demarcation Regulations that outlaw Gap cover policies.

Yours sincerely