

DEMARCATION REGULATIONS

Gazetted: 23rd December 2016

Government Gazette No: 40515

Effective Date: 1 April 2017

Dear Business Partner,

The Demarcation Regulations have been an ongoing debate for a number of years now and only recently were they finalised and the Regulations passed. The good news is that Gap Cover products are here to stay, as both the National Treasury and the Council of Medical Schemes have seen the importance of these products and the role that they play in ensuring that Medical Aid members have adequate cover.

BENEFIT CHANGES, EFFECTIVE 1 APRIL 2017:

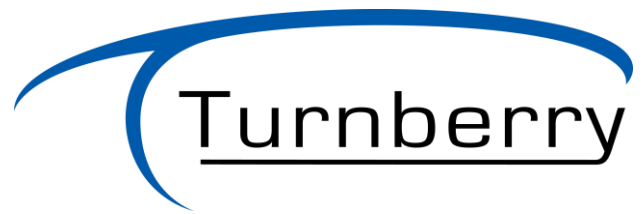
- An overall annual limit of R150 000 per insured per annum must be applied across all Health and Accident policies of the Short Term Insurance Act (STIA), namely:
 - o The benefits (which Turnberry currently offer) that fall under this are; Gap Cover, Co-payment cover, sub-limit cover, use of non DSP cover and Cancer cover.
- This does not apply to benefits written under other lines of the STIA, i.e.
 - o Personal Accident cover, Cancer Diagnosis benefit (once off payment upon first diagnosis), Casualty benefit, Medical Scheme contribution waiver benefit and Travel cover.

AGES OF MEMBERS APPLYING FOR COVER:

- Gap Cover providers cannot discriminate against ages (amongst others) of members applying for cover and all applicants must be afforded equal opportunity to apply for the same cover. However, a policyholder that enters into a contract after a specific age will pay a higher premium than a policyholder that entered into a contract at a younger age, provided that the same higher premium is payable by ALL policyholders entering into a product line after a specific age.

UNDERWRITING

- A maximum 3 month general waiting period may be applied
- A 12 month condition specific waiting period may be applied
- No waiting periods to apply to applicants who had previous cover provided the applicants cover had not expired at the time the policyholder enters into a new policy with materially similar benefits. The insurer can only impose a waiting period for a period equaling the unexpired part of the waiting period in respect of that previous policy.



COMMISSION:

Monthly Premium Band	Maximum Commission Level
Column 1	Column 2
Above R1 200	5%
R601 - R1 200	10%
R300 - R601	15%
Less than R300	20%

- Products written under the Health and Accident policy of the STIA will accumulate to a rand value; if this value exceeds R300 then a staggered approach as per the table above is used to calculate the commission payable i.e. Premium is R350 – commission payable – R300x20% and R50x15%
- This does not include benefits that are **not** considered as Health Insurance i.e. Personal Accident Cover, Casualty Benefit etc.

TURNBERRY GOING FORWARD:

- All current policyholders and any new business written before the 1st of April 2017 will continue with their current benefits until the end of December 2017. From the 1st of January 2018 all policyholders will be subject to the new Regulatory requirements.
- All new business written from 1 April 2017 or thereafter will be subject to the new benefits as per the Demarcation Regulations.
- Our new brochures and application forms will be finalised and ready within the next week and will be available thereafter on our website. We will also be emailing it to you.

Should you have any questions regarding the above please feel free to contact me directly.

Kind Regards

James White

General Manager: Sales and Marketing