



PRESS RELEASE

Reference: COMMED placed under provisional curatorship
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Press release 8 of 2017: COMMED placed under provisional curatorship

The Gauteng Division of the High Court in Pretoria has on 2nd June 2017 placed the Community Medical Aid Scheme (COMMED) under provisional curatorship following a successful application by the acting Registrar of the Council for Medical Schemes (CMS), in terms of Section 56(1) of the Medical Schemes Act, No. 131 of 1998 (the Act).

Judge Bill Prinsloo ordered that Advocate Deon van Wyk be appointed as provisional curator for COMMED. Among the points made by the court in its ruling in favour of the CMS for the appointment of a curator were:

- a) The history over a number of years leading up to the curatorship application where the Acting Registrar and the scheme were at loggerheads, including the Acting Registrar's previous attempts to address the matter by way of inspections of the scheme;
- b) Irregular advance payments made to Allcare, the scheme's administrator to assist the latter concerning cash flow difficulties, in contravention to the provisions of the Act;
- c) Scandalous and vexatious allegations made in court papers which were derogatory of the Acting Registrar and the duties he was performing;
- d) The payment of bonuses to the scheme's Principal Officer outside her employment contract.

The court also found on an overwhelming balance of probabilities that the CEO of the administrator was allowed to attend board meetings and thereby succeeded in persuading the scheme to grant contracts to the administrator. The court disapproved of this conduct.

The implications of the provisional curatorship

The curator will assume control of the business of the scheme in order to restore the scheme to proper corporate governance and to address irregularities identified by the Office of the Registrar. The Registrar has no reason to believe that the scheme is not able to meet its obligations with regard to payment of members' and service provider claims for medical cover. There is therefore no need for ANY concern on the part of members and service providers, regarding the day to day operations of the scheme.

Advice to brokers

Brokers are strictly cautioned not to act in any manner that negatively affects the integrity of the scheme's risk pool. Any advice provided to members must be in line with the principles of good advice, and in the best interest of members.

The CMS will continue to exercise statutory oversight regarding the affairs of the medical schemes, and to ensure that the interests of members of medical schemes are protected at all times.

To access a copy of the court order, please [click here](#)

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