



Government Gazette

REPUBLIC OF SOUTH AFRICA

Vol. 438 Cape Town 14 December 2001 No. 22951

THE PRESIDENCY

No. 1378 14 December 2001

It is hereby notified that the Acting President has assented to the following Act, which is hereby published for general information:—

No. 55 of 2001: Medical Schemes Amendment Act, 2001



AIDS HELPLINE: 0800-123-22 Prevention is the cure

GENERAL EXPLANATORY NOTE:

- [] Words in bold type in square brackets indicate omissions from existing enactments.
- Words underlined with a solid line indicate insertions in existing enactments.

(English text signed by the Acting President.)
(Assented to 11 December 2001.)

ACT

To amend the Medical Schemes Act, 1998, so as to extend certain rights of members to their dependants; to broaden the definition of complaint; to explicitly prohibit discrimination on the basis of age; to further regulate the practice of reinsurance; to regulate the circumstances under which waiting periods may be applied; to improve the powers of the Council and the Registrar to act in the interests of beneficiaries; to regulate the marketing of entities doing the business of a medical scheme; to provide for more frequent submission of returns to the Registrar; to determine the circumstances under which inspections may be made; to further define the persons who may be appointed as auditors of medical schemes; to further define the persons who may serve as trustees of a medical scheme and to further clarify their duties; to define the persons who may serve as principal officers of a medical scheme; to limit the purposes for which medical schemes may compensate brokers and provide for the regulation of their professional conduct; to regulate the transfer of business of medical schemes to any person; to remove the requirement for staff of the Council to be members of the Government Employees Pension Fund; to amend the transitional provisions with regard to certain schemes; and to provide for incidental matters.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

Amendment of section 1 of Act 131 of 1998

1. Section 1 of the Medical Schemes Act, 1998 (hereinafter referred to as the principal Act), is hereby amended by the—

- (a) insertion after the definition of “Appeal Board” of the following definition: 5
 “ ‘beneficiary’ means a member or a person admitted as a dependant of a member;”;
- (b) insertion after the definition of “board of trustees” of the following definition: 10
 “ ‘broker’ means a person whose business, or part thereof, entails providing a service or advice in respect of the introduction of prospective members to a medical scheme;”;
- (c) substitution for the definition of “complaint” of the following definition: 15
 “ ‘complaint’ means a complaint against any person required to be registered or accredited in terms of this Act, or any person whose professional activities are regulated by this Act, and alleging that such person has—

- (a) acted, or failed to act, in contravention of this Act; or
- (b) acted improperly in relation to any matter which falls within the jurisdiction of the Council;”;
- (d) insertion after the definition of “complaint” of the following definition: 5
 “‘condition-specific waiting period’ means a period during which a beneficiary is not entitled to claim benefits in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made;”;
- (e) substitution in the definition of “dependant” for paragraph (b) of the following paragraph: 10
 “(b) any other person who, under the rules of a medical scheme, is recognised as a dependant of [such] a member [**and is eligible for benefits under the rules of the medical scheme**];”;
- (f) insertion after the definition of “financial year” of the following definition: 15
 “‘general waiting period’ means a period in which a beneficiary is not entitled to claim any benefits;”;
- (g) insertion after the definition of “Registrar” of the following definitions: 20
 “‘reinsurance contract’ means any contractual arrangement whereby some element of risk contained in the rules of the medical scheme is transferred to a reinsurer in return for some consideration;
‘reinsurer’ means an insurer—
 (a) registered as a long-term insurer in terms of section 9 of the Long-term Insurance Act, 1998 (Act No. 52 of 1998), unless that insurer is prohibited from engaging in the practice of reinsurance in terms of section 10 of that Act; or 25
 (b) registered as a short-term insurer in terms of section 9 of the Short-term Insurance Act, 1998 (Act No. 53 of 1998), unless that insurer is prohibited from engaging in the practice of reinsurance in terms of section 10 of that Act;”.

Amendment of section 7 of Act 131 of 1998

2. Section 7 of the principal Act is hereby amended by the substitution for paragraph (a) of the following paragraph:

“(a) protect the interests of the [**members**] beneficiaries at all times;”.

Amendment of section 8 of Act 131 of 1998

3. Section 8 of the principal Act is hereby amended by the substitution for paragraph (h) of the following paragraph:

“(h) exempt, in exceptional cases and subject to such terms and conditions and for such period as the Council may determine, a medical scheme or other person upon written application from complying with any provision of this Act;”.

Amendment of section 19 of Act 131 of 1998

4. Section 19 of the principal Act is hereby amended by the deletion of subsection (3).

Amendment of section 20 of Act 131 of 1998

5. Section 20 of the principal Act is hereby amended by the addition of the following subsections: 45

(3) Where a medical scheme intends entering into any reinsurance contract, or effecting any amendment of such reinsurance contract, the board of trustees shall furnish to the Registrar—

(a) a copy of any such reinsurance contract or amendment of such reinsurance contract; and 50

(b) an evaluation of the need for the proposed reinsurance contract undertaken by a person with the necessary expertise to conduct such an evaluation, and who has no direct or indirect financial interest in the relevant reinsurance contract.

(4) The Registrar may in writing raise, within 30 days of having received any such reinsurance contract or amendment and evaluation, any matter in respect of the terms of such contract or amendment, taking into account whether—

- (a) due consideration has been given by the medical scheme concerned to the need for reinsurance, based upon an assessment of the financial risks to which that medical scheme is exposed;
- (b) the reinsurance contract is in the best interests of the members of the medical scheme concerned; and
- (c) there is conflict of interests between the parties to the reinsurance contract.

(5) The board of trustees is obliged to address, to the satisfaction of the Registrar, any matter raised prior to the implementation of the reinsurance contract or amendment to any such contract;

(6) The board of trustees shall certify that a reinsurance contract or amendment submitted in terms of section 20(3) constitutes the entire agreement between the medical scheme and reinsurer with respect to the business being reinsured thereunder, and that there are no arrangements between the medical scheme and the reinsurer other than those expressed in the contract or amendment.

(7) Failure to comply with sections 20(3), 20(5) and 20(6) shall result in such reinsurance contract or amendment being null and void.

Insertion of section 21A in Act 131 of 1998

6. The following section is hereby inserted in the principal Act after section 21:

“Marketing

21A. (1) It is an offence to market, advertise or in any other way promote the business of any person in a manner likely to create the impression that such person conducts, will conduct, or is entitled to conduct, the business of a medical scheme unless that person is registered as a medical scheme in terms of section 24(1) of this Act.

(2) The admission of a person as a member or dependant of a medical scheme may not be made directly or indirectly conditional upon that person purchasing or participating in any product, benefit or service provided by a person other than the medical scheme in terms of its rules.

(3) It is an offence to market, advertise or in any other way promote a medical scheme in a manner likely to create the impression that membership of such medical scheme is conditional upon an applicant purchasing or participating in any product, benefit or service provided by a person other than the medical scheme in terms of its rules.”

Amendment of section 24 of Act 131 of 1998

7. Section 24 of the principal Act is hereby amended by the substitution in—

(a) subsection (2) for paragraph (a) of the following paragraph:

“(a) **[a member]** members of the board of trustees **[or]** and the principal officer of the proposed medical scheme **[is a]** are fit and proper **[person]** persons to hold the **[office]** offices concerned;”;

(b) subsection (2) for paragraph (e) of the following paragraph:

“(e) the medical scheme does not or will not unfairly discriminate directly or indirectly against any person on one or more arbitrary grounds including race, age, gender, marital status, ethnic or social origin, sexual orientation, pregnancy, disability and state of health; and”.

Amendment of section 28 of Act 131 of 1998

8. Section 28 of the principal Act is hereby amended by the substitution for paragraph (c) of the following paragraph:

- “(c) claim or accept benefits in respect of himself or herself or any dependant from any medical scheme other than the medical scheme of which he or she is a member **[or a dependant]**.” 5

Amendment of section 29 of Act 131 of 1998

9. Section 29 of the principal Act is hereby amended by the substitution in—

- (a) subsection (1) for paragraph (o) of the following paragraph:
 “(o) The scope and level of minimum benefits that are to be available to **[members and dependants] beneficiaries** as may be prescribed.”; 10
- (b) subsection (1) for paragraph (s) of the following paragraph:
 “(s) The continuation, subject to **[the prescribed] such conditions as may be prescribed**, of the membership of a member, who retires from the service of his or her employer or whose employment is terminated by his or her employer on account of age, ill-health or other disability and his or her dependants.”; 15
- (c) subsection (1) for paragraph (t) of the following paragraph:
 “(t) For continued membership of a member’s dependants, subject to **[the prescribed] such conditions as may be prescribed**, after the death of that member, until such dependant becomes a member of, or is admitted as a dependant of a member of another medical scheme.”; 20
- (d) subsection (3) for paragraph (c) of the following paragraph:
 (c) for the imposition of waiting periods **[or new restrictions on account of the state of health of any member who has been a member or a dependant of a member of another medical scheme for a continuous period of at least two years and whose membership has been terminated because of change of employment and who applies for membership within three months after the termination of membership from the other medical scheme]** other than as provided for in section 29(A).” 25
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Insertion of section 29A in Act 131 of 1998

10. The following section is hereby inserted in the principal Act after section 29:

“Waiting periods” 35

29A. (1) A medical scheme may impose upon a person in respect of whom an application is made for membership or admission as a dependant, and who was not a beneficiary of a medical scheme for a period of at least 90 days preceding the date of application—

- (a) a general waiting period of up to three months; and 40
 (b) a condition-specific waiting period of up to 12 months.

(2) A medical scheme may impose upon any person in respect of whom an application is made for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme for a continuous period of up to 24 months, terminating less than 90 days immediately prior to the date of application— 45

- (a) a condition-specific waiting period of up to 12 months, except in respect of any treatment or diagnostic procedures covered within the prescribed minimum benefits; 50
 (b) in respect of any person contemplated in this subsection, where the previous medical scheme had imposed a general or condition-specific waiting period, and such waiting period had not expired at the time of termination, a general or condition-specific waiting period for the unexpired duration of such waiting period imposed by the former medical scheme. 55

(3) A medical scheme may impose upon any person in respect of whom an application is made for membership or admission as a dependent, and who was previously a beneficiary of a medical scheme for a continuous period of more than 24 months, terminating less than 90 days immediately prior to the date of application, a general waiting period of up to three months, except in respect of any treatment or diagnostic procedures covered within the prescribed minimum benefits. 5

(4) A medical scheme may not impose a general or a condition-specific waiting period on a beneficiary who changes from one benefit option to another within the same medical scheme unless that beneficiary is subject to a waiting period on the current benefit option, in which case any remaining period may be applied. 10

(5) A medical scheme may not impose a general or a condition-specific waiting period on a child-dependant born during the period of membership. 15

(6) A medical scheme may not impose a general or condition-specific waiting period on a person in respect of whom application is made for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme, terminating less than 90 days immediately prior to the date of application, where the transfer of membership is required as a result of— 20

(a) change of employment; or

(b) an employer changing or terminating the medical scheme of its employees, in which case such transfer shall occur at the beginning of the financial year, or reasonable notice must have been furnished to the medical scheme to which an application is made for such transfer to occur at the beginning of the financial year. 25

(7) A medical scheme may require an applicant to provide the medical scheme with a medical report in respect of any proposed beneficiary only in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the 12 month period ending on the date on which an application for membership was made. 30

(8) In respect of members who change medical schemes in terms of subsection (6), where the former medical scheme had imposed a general or condition-specific waiting period and such waiting period had not expired at the time of termination, the medical scheme to which the person has applied may impose a general or condition-specific waiting period for the unexpired duration of such waiting period imposed by the former medical scheme.” 35

Amendment of section 30 of Act 131 of 1998

11. Section 30 of the principal Act is hereby amended by the substitution in subsection (1) for paragraph (a) of the following paragraph: 40

(a) donations to any hospital, clinic, nursing home, maternity home, infirmary or home for aged persons in the interest of all or some of its [**members**] beneficiaries;”.

Amendment of section 35 of Act 131 of 1998

12. Section 35 of the principal Act is hereby amended by the substitution in— 45

(a) subsection (6) for the words following paragraph (d) of the following words: “without the prior approval of the Council or subject to such directives as the Council may issue.”;

(b) subsection (12) for paragraph (b) of the following paragraph: 50

“(b) if he or she is satisfied that it is necessary to do so in the interest of the [**members**] beneficiaries of the medical scheme, at the same time, or at any time thereafter, and notwithstanding any steps already taken by him or her under paragraph (a), act in terms of any other provision of this Act.”. 55

Amendment of section 36 of Act 131 of 1998

13. Section 36 of the principal Act is hereby amended by the—

(a) substitution for subsection (2) of the following subsection:

“(2) The appointment of an auditor[**other than the re-appointment that does not involve a break in the continuity of the appointment,**] shall not take effect unless it has been approved by the Registrar, subject to such conditions as he or she may deem fit.”;

(b) insertion in subsection (3) of the following paragraphs, the existing paragraphs (b) and (c) becoming paragraphs (d) and (e), respectively:

“(b) a person who is otherwise engaged as an employee, officer or contractor of the medical scheme;

(c) a person who is an employee, director, officer or contractor of the medical scheme’s administrator, or of the holding company, subsidiary, joint venture or associate of its administrator;”;

(c) substitution for subsection (6) of the following subsection:

“(6) An auditor who in terms of this section furnishes a report in good faith shall not contravene a provision of a law or breach a provision of a code of professional conduct, to which he or she is subject **[to]**.”.

Amendment of section 37 of Act 131 of 1998

14. Section 37 of the principal Act is hereby amended by the addition of the following subsection: 20

“(6) Notwithstanding anything to the contrary in this section, and without derogating from other powers conferred on the Registrar in terms of this Act, the Registrar may, on a quarterly basis, require the board of trustees to prepare and furnish to him or her financial statements, in any specified medium or form.”.

Amendment of section 41 of Act 131 of 1998

15. Section 41 of the principal Act is hereby amended by the substitution—

(a) in subsection (1) for the words preceding paragraph (a) of the following words:

“(1) A medical scheme shall deliver to a **[member] beneficiary** on demand by such **[member] beneficiary**, and on payment of such fee as may be determined by the rules of the medical scheme, a copy of any of the following documents:”

(b) for subsection (2) of the following subsection:

“(2) A **[member] beneficiary** shall be entitled to inspect, without charge, at the registered office of a medical scheme of which he or she is a member, the documents referred to in subsection (1) and to make extracts therefrom.”.

Amendment of section 43 of Act 131 of 1998

16. The following section is hereby substituted for section 43 of the principal Act: 40

“Enquiries by Registrar

43. The Registrar may address enquiries to a medical scheme in relation to any matter connected with the business or transactions of the medical scheme, and the medical scheme shall reply in writing thereto within a period of 30 days as from the date on which the Registrar addressed the enquiry to it, or within such **[further period as the Registrar may, at the request of the medical scheme, allow]** other period as the Registrar may specify.”.

Amendment of section 44 of Act 131 of 1998

17. Section 44 of the principal Act is hereby amended by the insertion of the following subsection, the existing subsections (4) to (10) becoming subsections (5) to (11), respectively:

- “(4) The Registrar may order an inspection in terms of this section— 5
- (a) if he or she is of the opinion that such an inspection will provide evidence of any irregularity or of non-compliance with this Act by any person; or
- (b) for purposes of routine monitoring of compliance with this Act by a medical scheme or any other person.”.

Amendment of section 48 of Act 131 of 1998

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18. Section 48 of the principal Act is hereby amended by the substitution for subsection (1) of the following subsection:

- “(1) Any person who **[may be]** is aggrieved by any decision relating to the settlement of a complaint or dispute may appeal against such decision to the Council.”. 15

Amendment of section 51 of Act 131 of 1998

19. Section 51 of the principal Act is hereby amended by the substitution—

- (a) for subsection (1) of the following subsection: 20
- “(1) The Registrar may, with the concurrence of the Council, in regard to any medical scheme apply to the High Court for an order contemplated in paragraph (b), (c), (d) or (e) of subsection (5) if the Registrar is of the opinion that it is in the interest of **[members] beneficiaries** or because material irregularities have come to his or her notice.”.
- (b) in subsection (4) for paragraph (b) of the following paragraph: 25
- “(b) the Registrar may, if he or she is of the opinion that the application is contrary to the interest of the **[members] beneficiaries** of the medical scheme concerned, make application to join the application as a party and file affidavits and other documents in opposition to the application.”.

Amendment of section 52 of Act 131 of 1998

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20. Section 52 of the principal Act is hereby amended by the substitution in subsection (4) for paragraph (b) of the following paragraph:

- “(b) the Registrar may, if he or she is satisfied that the application is contrary to the interests of the **[members] beneficiaries** of the medical scheme concerned, make application to the High Court to join the application as a party and file affidavits and other documents in opposition to the application.”. 35

Amendment of section 53 of Act 131 of 1998

21. Section 53 of the principal Act is hereby amended by the substitution—

- (a) for subsection (2) of the following subsection: 40
- “(2) The Registrar may, with the concurrence of the Council and with the approval of the High Court, make an application under section 346 of the Companies Act, 1973, for the winding-up of a medical scheme if he or she is satisfied that it is in the interest of the **[members] beneficiaries** of that medical scheme to do so.”.
- (b) in subsection (3) for paragraph (b) of the following paragraph: 45
- “(b) in addition to any question whether it is just and equitable that a medical scheme should be wound up, there shall be considered also the question whether it is in the interests of the **[members] beneficiaries** of that medical scheme that it should be wound up;”.

Amendment of section 56 of Act 131 of 1998

22. Section 56 of the principal Act is hereby amended by the substitution for subsection (1) of the following subsection:

“(1) The Registrar may, notwithstanding the provisions of section 52 and 53, if he or she is of the opinion that it is in the interest of **[members] beneficiaries** or that it is desirable to do so, because material irregularities have come to his or her notice, or because a medical scheme is not in sound financial condition or as a result of an inspection of the affairs of a medical scheme, apply, with the concurrence of the Council, to the High Court, for the appointment of a curator to take control of and to manage the business of that medical scheme.”.

Amendment of section 57 of Act 131 of 1998

23. Section 57 of the principal Act is hereby amended by the—

(a) substitution for subsection (3) of the following subsection:

“(3) A person **[who is a director or an employee of an administrator of a medical scheme]** shall not be a member of the board of trustees of **[such]** a medical scheme, if that person is—

(a) an employee, director, officer, consultant or contractor of the administrator of the medical scheme concerned, or of the holding company, subsidiary, joint venture or associate of that administrator; or

(b) a broker.”;

(b) substitution in subsection (4) for paragraph (f) of the following paragraph:

“(f) take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance **[from and up to such amount as the medical scheme’s auditor, with the concurrence of the Registrar, may determine];**”;

(c) substitution in subsection (6) for paragraph (a) of the following paragraph:

“(a) take all reasonable steps to ensure that the interests of **[members] beneficiaries** in terms of the rules of the medical scheme and the provisions of this Act are protected at all times;”;

(d) substitution in subsection (6) for paragraph (d) of the following paragraph:

(d) “act with impartiality in respect of all **[members] beneficiaries;**”;

(e) addition of the following subsections:

“(7) A person shall not be a principal officer of a medical scheme if that person is—

(a) an employee, director, officer, consultant or contractor of the administrator of the medical scheme concerned, or of the holding company, subsidiary, joint venture or associate of that administrator; or

(b) a broker.

(8) The members of the Board of trustees shall disclose annually in writing to the Registrar any payment or considerations made to them in that particular year by the medical scheme.”.

Amendment of section 59 of Act 131 of 1998

24. Section 59 of the principal Act is hereby amended by the substitution for subsection (1) of the following subsection:

“(1) A supplier of a service who has rendered any service to a **[member or to a dependant of such a member] beneficiary** in terms of which an account has been rendered, shall, notwithstanding the provisions of any other law, furnish to the member concerned an account or statement reflecting such particulars as may be prescribed.”.

Amendment of section 63 of Act 131 of 1998

25. Section 63 of the principal Act is hereby amended by the substitution—

(a) for subsection (1) of the following subsection:

“(1) No transaction involving the amalgamation of the business of a medical scheme with any **[other medical scheme]** business of any other person (irrespective of whether that other person is or is not a medical scheme) or the transfer of any business from a medical scheme to any other medical scheme or the transfer of any business from any other person to a medical scheme, shall be of any force, unless such amalgamation or transfer is carried out in accordance with the provisions of this section.”;

- (b) in subsection (7) for paragraph (a) of the following paragraph:
 “(a) would not be detrimental to the interests of the majority of the **[members]** beneficiaries of the medical scheme or medical schemes concerned; and”.

Amendment of section 65 of Act 131 of 1998

26. Section 65 of the principal Act is hereby amended by the—
- (a) substitution for subsection (1) of the following subsection: 15
 “(1) A medical scheme may compensate **[any person]** a broker, **[in cash or otherwise,]** in accordance with its rules, for the introduction or admission of a member to that medical scheme.”;
- (b) substitution for subsection (2) of the following subsection: 20
 “(2) The Minister may prescribe the amount of the compensation which, the category of **[persons]** brokers to whom, the conditions upon which, and any other circumstances under which, a medical scheme may compensate any **[person]** broker in terms of subsection (1).”;
- (c) substitution for subsection (3) of the following subsection: 25
 “(3) No person shall be compensated for providing services relating to the introduction or admission of a member to a medical scheme in terms of subsection (1) unless the Council has, **[in a particular case or in general,]** granted accreditation to such a person on payment of such fees and on submission of such information as may be prescribed.”;
- (d) addition of the following subsections: 30
 “(5) A medical scheme may not directly or indirectly compensate a broker other than in terms of this section.
 (6) No person, other than a medical scheme, may directly or indirectly compensate a broker for the introduction or admission of members to a medical scheme.”.

Amendment of section 66 of Act 131 of 1998

27. Section 66 of the principal Act is hereby amended by the—
- (a) deletion in subsection (1) of paragraph (f);
- (b) substitution in subsection (1) for the words following paragraph (f), of the following words: 40
 “shall, subject to the provisions of subsection (2), be guilty of an offence, and liable on conviction to a fine or to imprisonment for a period not exceeding five years or to both a fine and imprisonment.”.

Amendment of section 67 of Act 131 of 1998

28. Section 67 of the principal Act is hereby amended by the— 45
- (a) substitution in subsection (1) for paragraph (b) of the following paragraph:
 “(b) the conditions subject to which any person who has terminated his or her membership of a medical scheme shall be enrolled as a **[member or a dependant of a member]** beneficiary of any other medical scheme;”;
- (b) substitution in subsection (1) for paragraph (l) of the following paragraph: 50
 “(l) **[the waiting periods to be applied in the case of pre-existing sickness conditions,]** open enrolment periods, **[and]** premium penalties within defined bands for persons joining only late in life and such other measures against adverse selection as may be appropriate;”;

- (c) substitution in subsection (1) for paragraph (m) of the following paragraph:
 “(m) provisions associated with the manner of providing managed health care to **[members] beneficiaries and requirements for managed health care contracts; [and]”;**
- (d) insertion in subsection (1) of the following paragraphs after paragraph (m), the existing paragraph (n) becoming paragraph (q); 5
 “(n) the code of conduct of a broker, and the conditions under which such person may provide advice and other services to, or on behalf of, a medical scheme, beneficiary or any other person; 10
 (o) penalties to be applied to a medical scheme or administrator in respect of the late payment of benefits owing to a member or a supplier of service, in contravention of section 59(2);
 (p) reporting of acts or omissions of any person in contravention of the provisions of this Act; and”.

Amendment of item 4 of Schedule 2 of Act 131 of 1998 15

29. Item 4 of Schedule 2 to the principal Act is hereby amended by the—

- (a) substitution for subitem (2) of the following subitem:
 “(2) Any medical scheme which immediately prior to the commencement of this Act was established as a medical scheme under **[the Legal Succession to the South African Transport Services Act, 1989 (Act No. 9 of 1989), the Labour Relations Act, 1995 (Act No. 66 of 1995),]** the South African Police Services Act, 1995 (Act No. 68 of 1995), and the Correctional Services Act, 1959 (Act No. 8 of 1959), shall be **[deemed to be a medical scheme registered in terms of section 24(1) read with sections 26 and 32] exempt from the provisions of this Act until the Registrar registers that medical scheme in terms of section 24 of this Act;”;**
- (b) insertion of the following subitem, the existing subitems (3) to (5) becoming subitems (4) to (6), respectively:
 “(3) Any medical scheme which immediately prior to the commencement of this Act was established as a medical scheme under the Legal Succession to the South African Transport Services Act, 1989 (Act No. 9 of 1989), and the Labour Relations Act, 1995 (Act No. 66 of 1995), shall be deemed to be a medical scheme registered in terms of section 24(1) read with sections 26 and 32 of this Act.”.

Insertion of item 5 and 6 of Schedule 2 of Act 131 of 1998

30. The following items are hereby added to Schedule 2 to the principal Act:

“Reinsurance contracts

5. A reinsurance contract or any amendment thereof, which—

- (a) was lawfully entered into prior to the commencement of the Medical Schemes Amendment Act, 2001; 40
 (b) was legally valid and enforceable at the date of commencement of the Medical Schemes Amendment Act, 2001,
 is deemed to be valid until its date of expiry as provided for in the contract, or for a period of one year from date of commencement of the Medical Schemes Amendment Act, 2001, whichever is the sooner. 45

Principal officers

6. A person who, immediately prior to commencement of the Medical Schemes Amendment Act, 2001, was a principal officer of a medical scheme in contravention of section 57(7) of this Act, will be deemed to comply with that section for the period terminating on 1 January 2004.”. 50

Short title and commencement

31. This Act is called the Medical Schemes Amendment Act, 2001, and comes into operation on a date to be fixed by the President by proclamation in the *Gazette*.