



## CIRCULAR

Reference: Appeals Board Ruling  
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### **Circular 48 of 2025: Appeals Board Ruling in the matter of Centriq Insurance Company (Pty) Ltd v the Council for Medical Schemes**

The Council for Medical Schemes (CMS) wishes to inform the industry of the recent ruling by the Appeals Board in the matter of Centriq Insurance Company (Pty) Ltd v Council for Medical Schemes. The Appeal Board dismissed Centriq's appeal against the CMS directive requiring it to cease its commercial arrangement with Dischem Pharmacies Limited concerning the practice known as "white labelling". ([Attached for ease of reference](#)).

Key findings of the Appeals Board include:

- The CMS acted within its powers under Section 8(k) and Section 45 of the Medical Schemes Act (MSA) (131 of 1998) when investigating and issuing directives.
- The exemption granted to Centriq under Section 8(h) did not permit marketing arrangements or branding changes without prior notification and approval.
- The addition of "Dischem" branding to exempted products constituted a name change, triggering a duty to notify CMS and apply for approval.
- Failure to comply with exemption conditions amounts to non-compliance with the MSA and the Exemption Framework. The appeal was dismissed, and the CMS directive stands.

The CMS is deeply concerned about ongoing non-compliant practices by exempted insurers, particularly unauthorised branding, marketing arrangements, and failure to notify CMS of material changes. These practices undermine consumer protection and regulatory integrity in the medical scheme's environment. CMS wishes to warn in particular, exempted insurers that the medical schemes industry is a highly regulated environment and therefore, they must be careful and seek approval before engaging in practices that are foreign to this environment.

The CMS will take serious enforcement action against any party found to be in breach of exemption conditions. Such action may include:

- Issuing directives to cease unlawful practices.
- Imposing administrative penalties under Section 66 of the MSA.
- Revoking exemptions granted under Section 8(h) of the MSA.

Industry participants are urged to review their practices and ensure full compliance with:

- Medical Schemes Act (131 of 1998)
- Demarcation Regulations
- Exemption Framework
- Including all other applicable laws

The CMS emphasises that compliance is not merely a regulatory obligation but a strategic imperative for maintaining trust, protecting consumers, and ensuring market stability. Exempted insurers are expected to adopt robust governance and compliance frameworks that proactively identify and mitigate risks of non-compliance. Failure to do so will attract decisive regulatory intervention, including the possible withdrawal of exemptions.

Yours sincerely,



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**Dr Musa Gumede**  
**Chief Executive and Registrar**  
**Council for Medical Schemes**