

DISCOVERY HEALTH MEDICAL SCHEME  
2022

# **SHARIAH COMPLIANT ARRANGEMENT**

Frequently Asked Questions (FAQ)





**Q: What are Shariah Compliant Arrangements?**

**A:** Shariah Compliant Arrangements are set up to enable any member of Discovery Health Medical Scheme to have their health membership administered in accordance with principles that are Shariah compliant whilst also ensuring compliance to the Medical Schemes Act. Shariah is the religious concept of Islam – namely, its law. Shariah compliant financial arrangements are governed by the requirements of Shariah and the principles of religion. The Shariah Compliant Arrangement is not a new benefit option, but an arrangement offered on each of the 23 existing Discovery Health Medical Scheme plans. There is no change in the benefits, limits or the contributions if members choose the Shariah Compliant Arrangement.

**Q: What does opting in for the Shariah Compliant Arrangement mean?**

**A:** The Shariah Compliant Arrangement complies with the Takaful principles found in Islamic commercial law. The Shariah Arrangement, for example, will ensure that there is no ambiguity in contracts and excludes the receipt or payment of interest. In addition, it will exclude investments in companies involved in non-Shariah compliant activities such as products or services related to conventional banking, insurance and financial services, gambling, alcoholic beverages, and non-halal food products. Funds are not allocated to one group of members only, however the funds held by the Scheme in respect of those who have elected the Shariah Complaint Arrangement are managed within Shariah prescripts. The externally appointed Shariah Advisory Committee ensures the strict adherence to these requirements.

**Q: How are members of the Shariah Advisory Committee selected?**

**A:** The members of the Shariah Advisory Committee have been selected based on their stature, experience, and their knowledge in the Islamic finance world. The members have served as Shariah Scholars at leading local and international financial services organizations as well as consultants to regulators and industry associations.

**Q: Is there a board that is running this, and can members send their questions directly to them?**

**A:** An independent Shariah Advisory Committee was established to secure upfront and ongoing compliance of all products and services marketed as Shariah compliant. Members of this committee include three leading scholars: Mufti Ahmed Suliman, Mufti Yusuf Suliman and Mufti Zaid Haspatel who serve on Shariah Boards both locally and internationally and who have been instrumental in developing Islamic financial products in South Africa.

Queries to these scholars will be facilitated through Discovery Health.

**Q: Will the Shariah Compliant Arrangement cost more?**

**A:** No. In terms of the way the Shariah Compliant Arrangement is structured, contributions and benefits would not be different as this arrangement is not a new or separate plan within the DHMS plan range. We have ensured that our objective of providing access to a Shariah Compliant Arrangement has come at no additional cost to members or loss of benefit. In fact, the member not only gets access to the comprehensive range of cover and benefits that Discovery Health Medical Scheme offers, but the electing member also gets the benefit of Shariah compliance.

**Q. How can I activate the Shariah Compliant Arrangement?**

**A.** New members can simply tick the box on the application form indicating that the Shariah arrangement should apply. Existing members can opt into Shariah Compliant Arrangement through the Discovery website or call centre. Financial advisers and employers can make the changes on the Discovery website as well. (Financial advisers from 06 May 2022 with effect 1 June 2022 onwards. Employer zone functionality will be available at a later date).

**Q: Where will the initial funding come from? E.g. if a new member joins in June 2022 when the arrangement is launched and is hospitalised in July 2022, where will the funding come from to cover the in-hospital costs.**

**A:** Claims will be paid from a centralised account and accounted for regularly to ensure Shariah compliance. The payments of claims may happen from a centralised account however, to ensure Shariah compliance, there is a continuous reconciliation being done to ensure that claims paid are allocated correctly. We ensure that there is no interest earned or paid on any of the funds allocated to the Shariah arrangement.



**Q: If there is a shortfall of funds how will this be covered? Does my claim have a risk of being rejected if there are no "Shariah" funds in the pool?**

**A:** Discovery Health Medical Scheme has set up appropriate Shariah compliant financing structures that align with Takaful principles, to ensure that claims are not at risk of being rejected and paid according to the medical aid plan benefits, and members who choose the Shariah Compliant Arrangement will always constitute part of the Scheme's beneficiaries and party to the overall reserves.

**Q: How will this affect members on employer groups e.g. employers making payroll deductions?**

**A:** There will be no change to the current processes for contribution collection. Contributions collected will remain as a salary deduction which will be paid accordingly to the existing arrangement between employers and Discovery Health. Once the funds are received, Discovery Health will ensure correct allocation to ensure Shariah compliance.

**Q: Is it only the contributions that can be invested, or members' Medical Savings Account (MSA) as well?**

**A:** The entire arrangement is set up to be Shariah compliant, and this includes the MSA.

**Q: What are the specific investments where the funds will be invested in?**

**A:** Our investment philosophy will be driven by the objectives of Discovery Health Medical Scheme while ensuring both regulatory and Shariah compliance.

**Q: Is there a limit on the number of times members can opt in and out of Shariah Compliant Arrangement?**

**A:** No, there is no limit on the amount of time members can opt in and out.

**Q: If a member decides to opt in, will the tax certificate be updated?**

**A:** The Shariah Compliant Arrangement will start from 01 June 2022, all contributions from that date will be allocated to this arrangement. There will be no impact to the tax certificates that will be issued for the period 1 March 2021 to 28 February 2022, and these tax certificates will be distributed as per normal. For the next tax period, 1 March 2022 to 28 February 2023, the tax certificates will be updated to show that a member has opted in for the Shariah Compliant Arrangement, which will include the return earned on the Medical Savings Account.

**Q: Will members on a Medical Savings Account (MSA) plan move over to the Shariah arrangement with prior interest earned, or would we recalculate the MSA on the plan?**

**A:** Members who were on MSA plans before opting into the arrangement may have received prior interest on positive MSA balances. Discovery Health will calculate the amount of interest allocated to the member in the most recent three years in membership. The member will receive a notification regarding the interest that they have received on their MSA in the past three years. The member will have the option to contribute an equivalent amount for their own account to a charitable organization of their choice at their discretion.

**Q: In terms of the Regulations that govern how a medical scheme should invest the member's funds (Regulation 30), where and how does the Shariah compliant program fit in?**

**A:** The funds from the Shariah Compliant Arrangement will be invested in-line with the asset restrictions and requirements of the Medical Schemes Act and Regulations and the Schemes Investment Policy in a Shariah compliant manner.

**Q: What are your targeted returns on the Medical Savings Account (MSA) per annum?**

**A:** The funds from the Shariah Compliance Arrangement are invested in compliance with Shariah Principles and having regard for the Medical Schemes Act and its regulations with the return to be allocated to Medical Savings Accounts being determined by the Trustees from time to time at its discretion. Returns are added to the funds allocated to the member's MSA.



**Q: Once the arrangement comes into effect from 01 June 2022, can the effective date be backdated?**

**A:** No. The Shariah Complaint Arrangement will only be available from 1 June 2022 onwards.

**Please note:** The Shariah Compliant Arrangement has been approved and certified by the Shariah Advisory Committee and is based on Shariah law and principles. It does however also remain the responsibility of the member to use the accompanying Scheme benefits offered by DHMS in a compliant manner and for permissible reasons.



## Contact us

Tel (members): 0860 99 88 77, Tel (health partners): 0860 44 55 66

Go to [www.discovery.co.za](http://www.discovery.co.za) to Get Help or ask a question on WhatsApp. Save this number 0860 756 756 on your phone and say "Hi" to start chatting with us 24/7.

PO Box 784262, Sandton, 2146. 1 Discovery Place, Sandton, 2196.

## Complaints process

Discovery Health Medical Scheme is committed to providing you with the highest standard of service and your feedback is important to us. The following channels are available for your complaints and we encourage you to follow the process:

### 1 | STEP 1 – TO TAKE YOUR QUERY FURTHER:

If you have already contacted the Discovery Health Medical Scheme and feel that your query has still not been resolved, please complete our online complaints form on [www.discovery.co.za](http://www.discovery.co.za). We would also love to hear from you if we have exceeded your expectations.

### 2 | STEP 2 – TO CONTACT THE PRINCIPAL OFFICER:

If you are still not satisfied with the resolution of your complaint after following the process in Step 1 you are able to escalate your complaint to the Principal Officer of the Discovery Health Medical Scheme. You may lodge a query or complaint with Discovery Health Medical Scheme by completing the online form on [www.discovery.co.za](http://www.discovery.co.za) or by emailing [principalofficer@discovery.co.za](mailto:principalofficer@discovery.co.za).

### 3 | STEP 3 – TO LODGE A DISPUTE:

If you have received a final decision from Discovery Health Medical Scheme and want to challenge it, you may lodge a formal dispute. You can find more information of the Scheme's dispute process on the website.

### 4 | STEP 4 – TO CONTACT THE COUNCIL FOR MEDICAL SCHEMES:

Discovery Health Medical Scheme is regulated by the Council for Medical Schemes. You may contact the Council at any stage of the complaints process, but we encourage you to first follow the steps above to resolve your complaint before contacting the Council.

Contact details for the Council for Medical Schemes: Council for Medical Schemes Complaints Unit, Block A, Eco Glades 2 Office Park, 420 Witch-Hazel Avenue, Eco Park, Centurion 0157 | [complaints@medicalschemes.co.za](mailto:complaints@medicalschemes.co.za) | 0861 123 267 | [www.medicalschemes.co.za](http://www.medicalschemes.co.za)