

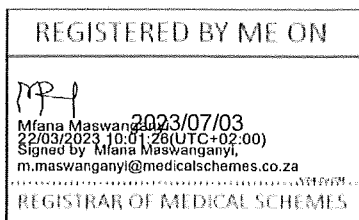
**SCHEME RULES FOR BANKMED AS REGISTERED WITH THE COUNCIL FOR MEDICAL
SCHEMES IN TERMS OF THE MEDICAL SCHEMES ACT 131 OF 1998**

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1. NAME

The name of the Scheme, which was established in 1914, shall be "Bankmed", hereinafter referred to as "the Scheme".

2. LEGAL PERSONA

The Scheme, in its own name, is a body corporate, capable of suing and of being sued and of doing or causing to be done all such things as may be necessary for or incidental to the exercise of its powers or the performance of its functions in terms of the Medical Schemes Act, 131 of 1998 (the Act) and regulations and these rules as amended.

3. REGISTERED OFFICE

The registered office of the Scheme shall be located at WeWork Rosebank (The Link), 1F, 173 Oxford Road, Rosebank, Johannesburg, but the Board shall have the right to transfer such office to any other location in the Republic of South Africa should circumstances so dictate.

4. DEFINITIONS

In these rules, words and expressions defined in the Act bear the meanings thus assigned to them and unless inconsistent with the context, all words and expressions purporting the masculine gender shall include the feminine and words signifying the singular shall include the plural and vice versa and the following words and expressions shall have the following meanings:

4.1 "Act" shall mean the Medical Schemes Act, 1998 (Act No. 131 of 1998), as amended, and the regulations framed thereunder;

4.2 "Admission date" shall mean-

- 4.2.1 in respect of an employer, the date on which the contract between the Scheme and the employer becomes operative;
- 4.2.2 in respect of a member, the date on which he is admitted as a member;
and
- 4.2.3 in respect of a dependant of a member, the date upon which such dependant is registered as a dependant in terms of these rules;
- 4.3 "Annual limits" shall mean the maximum benefits to which a member or dependant is entitled in terms of these rules, and shall be calculated per financial year according to the date of service;
- 4.4 "Applicant" shall mean a person who applies for membership for himself and/or for the registration of his dependants;
- 4.5 "Application" shall mean an application, on a form approved by the Board, for membership and/or for registration of a dependant;
- 4.6 "Approval" shall mean prior written approval of the Board or its authorised representatives;
- 4.7 "Auditor" shall mean an auditor registered under the Auditing Profession Act (Act No. 26 of 2005) and approved by the Registrar;
- 4.8 "Beneficiary" shall mean a member or a registered dependant of such member;
- 4.9 "Board" shall mean the Board of Trustees constituted to manage the Scheme in terms of the Act and these rules;
- 4.10 "Case management" shall mean the process whereby members' specific health care needs are identified and utilisation management plans or programmes



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implemented which efficiently utilise health care benefits to achieve optimum patient care in the most cost-effective manner;

- 4.11 "Child" shall mean a member's natural child, or a stepchild or legally adopted child or a child in the process of being legally adopted or a child in the process of being placed in foster care, or a child for whom the member has a duty of support or a child who has been placed in the custody of the member, the member's spouse or member's partner, and who is not a beneficiary of any other medical scheme.
- 4.12 "Condition-specific waiting period" shall mean a period not exceeding twelve months 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 admission as a beneficiary was made;
- 4.13 "Continuation member" shall mean a member who retains his membership of the Scheme after his retirement or the termination of his employment due to age, ill-health or other disability; or a surviving dependant who becomes the principal member after the death of the original principal member; or in the case of retrenchment or redundancy.
- 4.14 "Contribution" in relation to a member shall mean, the amount, exclusive of interest, paid by or in respect of the member and his registered dependants if any, as membership fees and shall include contributions to Medical Savings Accounts, in return for medical coverage and in accordance with a payment structure in Annexure A of these rules, for the purpose of qualifying for benefits offered by the Scheme in terms of its rules;
- 4.15 "Council" in relation to the Council for Medical Schemes as established by Section 3 of the Medical Schemes Act;

4.16 "Cost" in relation to a benefit, the total invoiced amount payable in respect of a relevant health service charged;

4.17 "Creditable coverage" in relation to any period during which a late joiner was:

4.17.1 a member or a dependant of a medical scheme;

4.17.2 a member or a dependant of an entity doing the business of a medical scheme which, at the time of his membership of such entity, was exempt from the provisions of the Act;

4.17.3 a uniformed employee of the South African National Defence Force, or a dependant of such employee, who received medical benefits from the South African National Defence Force; or

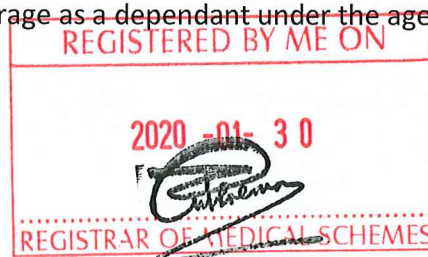
4.17.4 a member or a dependant of the Permanent Force Continuation Fund, excluding any period of coverage as a dependant under the age of 21 years.

4.18 "Date of service" shall mean –

4.18.1 in the event of a consultation, visit or treatment by a person providing a relevant health service, the date on which the consultation, visit or treatment occurred, whether for the same sickness condition or not;

4.18.2 in the event of an operation, procedure or confinement, the date on which each operation or procedure was performed or confinement occurred;

4.18.3 in the event of hospitalisation, the date of each discharge from a hospital or nursing home or the date of termination of membership, whichever date occurs first; and



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4.18.4 in the event of any other service or requirement, the date on which such service was rendered or requirement was received by the member;

4.19 "Dependant" shall mean -

4.19.1 a member's spouse or partner who is not a member or registered dependant of a medical scheme;

4.19.2 a member's child or grandchild who is dependent on the member;

4.19.3 a parent, parent-in-law, or a parent of a civil union partner in respect of whom the member is liable for family care and support; the member must demonstrate to the Scheme's satisfaction that such beneficiary is unable to support himself/herself and that he/she is financially dependent on the member for family care and support;

4.19.4 a brother or sister of a member, in respect of whom the member is liable for family care and support;

4.19.5 in exceptional circumstances (the details of which must be stated) any other dependant of a member recognised as such by the Board;

4.19.6 for the purposes of determining contributions:

4.19.6.1 'Child dependant' in respect of a member's child, grandchild, sister or brother who is dependent on the member and who is 22 years old or younger. Adult contribution rates apply from the month following the month in which such a dependant turns 23 years;

4.19.7.2 'Surviving dependant' in respect of a deceased member as referred to in rule 6.2.2, who is 22 years old or younger. The eldest of the surviving dependants, should they all be children, shall become the principal member but child contribution rates will be applied up to and including age 22 years. Adult contribution rates will apply from the month following the month in which such a dependant turns 23 years;

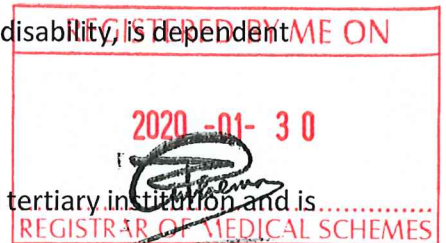
4.19.7.3 'Adult dependant' in respect of all other dependants.

4.20 "Dependent" in relation to a child, grandchild, or a sister or brother in respect of whom the member is liable for family care and support shall mean:

4.20.1 such beneficiary who is unable to support himself/herself and is financially dependent on the member for family care and support;

4.20.2 such beneficiary who, due to mental or physical disability, is dependent upon the member; or

4.20.3 such beneficiary who is a student at a registered tertiary institution and is financially dependent on the member for family care and support;



4.20.4 Proof of dependence in respect of a dependent child, grandchild, or a sister or brother in respect of whom the member is liable for family care and support, must be furnished annually from the month prior to such dependent's 27th birthday, failing which it shall be assumed that he is no longer eligible as a dependant in terms of these Rules.

4.21 "Designated service provider" in respect of a healthcare provider or group of healthcare providers selected and formally contracted by the Scheme as its preferred service provider or providers to its members' diagnosis, treatment and care in respect of one or more minimum benefit conditions.

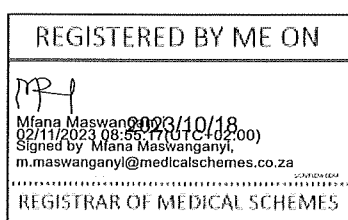
- 4.22 "*Domicilium citandi et executandi*" shall mean, in respect of the following:
- 4.22.1 a member, the member's chosen physical address at which notices in terms of rule 11 as well as legal process or any action arising there from, may be validly delivered and served;
 - 4.22.2 in the event that the member fails to nominate a *domicilium citandi et executandi*, or provide an electronic mail address or facsimile, the member's physical address on his application form shall be deemed to be his *domicilium citandi et executandi*;
 - 4.22.3 in the event that a member's *domicilium citandi et executandi* has changed, yet he has failed to provide the Scheme with the updated *domicilium citandi et executandi*, the address most recently updated by the member shall be deemed to be the member's *domicilium citandi et executandi*;
 - 4.22.4 copies of notices in terms of rule 11, legal process or any action arising there from, may be sent to the member by electronic mail should an electronic mail address have been provided;
 - 4.22.5 the Scheme, the Scheme's registered office in terms of rule 3.
- 4.23 "Emergency medical condition" shall mean the sudden and, at the time, unexpected onset of a health condition that requires immediate medical or surgical treatment, where failure to provide medical or surgical treatment would result in serious impairment to bodily functions or serious dysfunctions or a bodily organ or part, or would place the person's life in serious jeopardy.



4.24 "Eligible person" in relation to membership, shall mean any person who is in the service of an employer. "Service" for the purposes of this definition, shall include working for or providing services essentially as an employee under any form of employee contract.

4.25 "Employer" shall mean:

4.25.1 any bank as defined in the Banks Act (Act 94 of 1990), the Mutual Banks Act (Act 124 of 1993), or the Development Bank of Southern Africa Act (Act 13 of 1997), or a co-operative bank as defined in section 1(1) of the Co-operative Banks Act (Act 40 of 2007), or any registered financial service provider as defined in the Financial Advisory and Intermediary Services Act (Act 37 of 2002);



4.25.2 the Scheme, which has entered into an agreement with the Scheme for the admission of eligible persons in its service as members of the Scheme in terms of rule 6;

4.25.3 any other organisation which, as at 01 January 2010, has entered into such an agreement with the Scheme; and

4.25.4 any subsidiary or an associated company in which there is a shareholding by an organisation referred to in rule 4.25.1.

4.26 "Ex gratia" in relation to payment of a relevant healthcare service, means a discretionary payment made on behalf of or to members in order to assist such members to meet commitments in regard to any matter specified in the definition of business of a medical scheme in Section 1.

4.27 "Ex-spouse" shall mean the former spouse of a member to whom the member was married in terms of any law or custom (including a former partner of a member), where such marriage or civil union has subsequently been dissolved

4.29 "Fit and proper" is defined as the regulatory eligibility of a person to hold an important position of trust in a medical scheme and the regulated entities with whom it contracts, including that person's character, integrity, competence and ability to do the job.

4.30 "General waiting period" shall mean a period in which a beneficiary is not entitled to claim any benefits.

4.31 "Good standing" shall mean, in respect to a member, that such member's membership has not been suspended in terms of the rules.

4.32 "Income" for the purposes of calculating contributions-

4.32.1 in respect of a member who is in the service of an employer, shall mean his monthly earnings from employment and shall, without prejudice to or being limited by, that term include -

4.32.1.1 gross monthly salary, including commission;

4.32.1.2 where a wage, commission or other reward is paid weekly, or at intervals other than monthly, an amount pro-rated to a monthly income; but shall not include -

4.32.1.2.1 the taxable portion of any benefit from employment the fair value of which is not included in the gross salary;

4.32.1.2.2 income from investments;

4.32.1.2.3 moneys donated whether emanating from trusts, friends, family or otherwise; and

4.32.1.2.4 pensions or annuities not connected with prior employment e.g. retirement annuity policies independently funded by a member;



4.32.2 in respect of a continuation member - –

4.32.2.1 Shall be the maximum income category unless the member gives documentary evidence to prove otherwise, save for:

4.32.2.1.1 contemplated in rule 6.2.1, who receives a pension, shall mean his gross monthly pension;

4.32.2.1.2 contemplated in rule 6.2.2, who receives a pension, annuity, subsistence allowance or any other allowance, shall mean such gross monthly pension, annuity, subsistence or other allowance, as the case may be; or in the case of earnings from employment, shall mean such earnings, inclusive of gross monthly salary, including commission, whichever is the higher;

4.32.2.1.3 contemplated in rule 6.2.3, who receives a pension, annuity, subsistence allowance or any other allowance, shall mean such gross monthly pension, annuity, subsistence or other allowance, as the case may be; or in the case of earnings from employment, shall mean such earnings, inclusive of gross monthly salary, including commission, whichever is the higher;



4.33 “Late joiner” in respect of an applicant or the adult dependant of an applicant who, at the date of application for membership or admission as a dependant, as the case may be, is 35 years of age or older but excludes any beneficiary who enjoyed coverage with one or more medical schemes as from a date preceding 1 April 2001, without a break in coverage exceeding three (3) consecutive months since 1 April 2001.

- 4.34 "Medically appropriate" in relation to a relevant health service, shall mean, reasonably determined by the Scheme to be or have been:
- 4.34.1 rational or reasonable and supported by sound scientific evidence, and
 - 4.34.2 cost-effective in relation to available alternatives and not principally selected for considerations of comfort or convenience, and
 - 4.34.3 in accordance with generally accepted guidelines and protocols of medical practice.
- 4.35 "Medical Savings Account" is a savings account provided to a member within a benefit option, which a scheme allocates an amount not exceeding 25% of total contributions to a member at the beginning of the year where after the member repays the amount back to the Scheme through a portion of his monthly contributions.
- 4.36 "Member" shall mean any person who has been enrolled or admitted as a member in terms of these rules and who contributes to the Scheme in order to obtain the benefits referred to under these rules either for himself or for any of his dependants.
- 4.37 "MMAP®" shall mean the "Generic Reference Pricing" or "MMAP®" as MMAP® identifies medicine categories where generic medicines are available and requires pharmacists to offer a less expensive generic to patients, unless specifically instructed by the prescriber and/or patient not to do so. MMAP is the lowest average cost available in the market for a specific classification of medication, alternatively known as the "Maximum Medical Aid Price", and is utilised as the Scheme Medicine Reference Price for the Core Saver, Traditional, Comprehensive and Plus Plans.



- 4.38 "Month" shall mean a period extending from the first day to the last day of any one of the twelve months of the year.
- 4.39 "Motion" shall mean a written proposal formally submitted to the Scheme for discussion and possible adoption as a recommendation at a general meeting of the Scheme.
- 4.40 "Officer" shall mean any member of the Board, manager, Principal Officer, treasurer, clerk or other employee of the Scheme, but does not include the Scheme's auditor.
- 4.41 "Partner" shall mean a person with whom the member has entered in a civil union in terms of the Civil Union Act, 2006, or, to the reasonable satisfaction of the Board, a person with whom the member has a committed and serious relationship akin to a marriage based on objective criteria of mutual dependency and a shared and common household, irrespective of the gender of any party.
- 4.42 "Pay(ment) in full" in relation to a prescribed minimum benefit (PMB), means payment according to the service provider's invoice (i.e. cost) for relevant healthcare services rendered, subject to the use of protocols, designated service providers (DSPs), formularies, pre-authorisation or such other managed care initiatives in place and provided for in these rules.
- 4.43 "Pre-authorisation" shall mean authorisation in advance, of a medically appropriate relevant health service, and/or treatment plan for specified services.
- 4.44 "Pre-existing sickness condition" shall mean 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 admission as a beneficiary was made.



- 4.45 "Preferred provider" shall mean any provider of health care services who contracts with the Scheme in terms of these rules, to provide health care services to members and/or their dependants and in respect of the prescribed minimum benefits, includes the Scheme's designated service provider contemplated in paragraph (a) of the Preamble to Annexure B".
- 4.46 "Prescribed minimum benefits" shall mean benefits contemplated in Regulation 7 of the Act which are available to beneficiaries on all registered options.
- 4.47 "Prescribed minimum benefit condition" is a condition contemplated in the Diagnosis and Treatment Pairs listed in Annexure A of the Regulations or any emergency medical condition.
- 4.48 "Principal Officer" shall mean the principal executive officer of the Scheme appointed in terms of rule 19.1 and 19.2 to administer the business of the Scheme.
- 4.49 "Registrar" shall mean the Registrar or Deputy Registrar of Medical Schemes appointed under Section 18 of the Act;
- 4.50 "Retiree" shall mean a member who retains his membership of the Scheme in terms of rule 6.2.1;
- 4.51 "Rules" shall mean the rules of the Scheme and shall include the annexures and any other provisions relating to the benefits which may be granted and the contributions which are payable in terms of these rules;



- 4.52 “Scheme Medicine Reference Price” shall mean the maximum price that the Scheme shall pay for a drug or a class of drugs, where cost-effective alternatives exist. In the event that a member voluntarily chooses a drug that is more expensive than an alternative available drug that falls within the Scheme Medicine Reference Price, the price difference shall be a co-payment payable by the member at point of sale, subject to PMB Regulations, where applicable. The Scheme Medicine Reference Price used on the Core Saver, Traditional, Comprehensive and Plus Plans is the “MMAP” and/or “TRP”;
- 4.53 “Scheme rate” shall mean the rate at which health services are reimbursed by the Scheme in accordance with the applicable benefit schedule and shall be determined by the Scheme from time to time;
- 4.54 “Social pension” shall mean the maximum basic social pension prescribed by regulations promulgated in terms of the Social Assistance Act, 1992 (Act No. 59 of 1992);
- 4.55 “Spouse” shall mean the person to whom a member is married in terms of any law or custom, or union legally recognised in South Africa, including a partner;
- 4.56 “Supplier of service” in relation to providers is all registered healthcare providers and institutions for the provision of relevant healthcare services.
- 4.57 “TRP” or “Therapeutic Reference Price” shall mean the Therapeutic Reference Price that applies to drugs that fall in the same drug class or have a similar action on the body, and is not limited to drugs with generic equivalents. Therapeutic reference pricing encourages the use of more cost-effective medicines by members and in this way limits the member’s financial exposure especially to more expensive branded products where no generics are available.



4.58 "Utilisation management" shall mean a plan or programme of managed care implemented by the Scheme and administered by or on behalf of the Scheme by means of case management principles, which is that of direct involvement with individual members, their dependants and service providers before services are provided and while services are being provided;

4.59 "Waiting periods" is a period of membership during which a member is liable to pay contributions but will not be entitled to claim any benefits for either a three (3) month and/or a twelve (12) month period.

5. BUSINESS OF THE SCHEME

The business of the Scheme is undertaking liability in return for a premium or contribution and to promote the health of its members in a restricted membership scheme -

- a) to make provision for the obtaining of any relevant health service;
- b) to grant assistance in defraying expenditure incurred in connection with the rendering of any relevant health service;
- c) to render a relevant health service, either by the Scheme itself, or by any supplier or group of suppliers of a relevant health service or by any person in association with or in terms of an agreement with the Scheme; and
- d) to do all such things as may be regarded as reasonably ancillary to any activity carried on in connection with the above.



6. TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP

6.1 MEMBERSHIP

6.1.1 Eligibility

Membership of the Scheme is restricted to –

- 6.1.1.1 Eligible persons in the service of an employer who has entered into an agreement with the Scheme defined in these rules;
- 6.1.1.2 members who cease to be employees in the case of retrenchment or redundancy, in terms of rule 6.2.3;
- 6.1.1.3 members who retire from the service of an employer or whose services are terminated by their employer on account of age, ill-health or other disability, in terms of rule 6.2.1;
- 6.1.1.4 dependants of deceased members, in terms of rule 6.2.2; and
- 6.1.1.5 the unexpired duration in the month in which a member resigns from the employer.

6.2 CONTINUATION OF MEMBERSHIP

6.2.1 Retirees

A member shall retain his membership of the Scheme in the event of his retiring from the service of his employer or his service being terminated by his employer on account of age, ill-health or other disability.



6.2.1.1 Unless such member informs the Board, in writing, of his desire to terminate his membership, he shall automatically continue to be a member provided he continues to pay the applicable contributions with due regard to the number of his registered dependants, according to the rate applicable to his income as defined in these rules;

6.2.1.2 If such member ceases to reside in the Republic of South Africa he may elect either to terminate his membership or to retain it or to have it suspended for a maximum period of three years during such absence from the Republic of South Africa.

6.2.1.3 In the case of rule 6.2.1.2 above, contributions shall be paid to the Scheme in Rand; and benefits to such member shall be paid in Rand, into his banking account in the Republic of South Africa.

6.2.2 Surviving Dependants

6.2.2.1 The dependants of a deceased member who are registered with the Scheme as his dependants at the time of such member's death shall be entitled to membership of the Scheme without any new restrictions, limitations or waiting periods.

6.2.2.2 The Scheme shall inform such dependant of his right to membership and of the contributions payable in respect thereof. Unless such person informs the Board in writing of his intention not to become a member, he shall be admitted as a member of the Scheme.

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6.2.2.3 Where child dependants have been orphaned, the eldest child may be deemed to be the member, and any younger siblings, the child dependants. Child contribution rates will apply to a child in the principal member role up to and including the age of 22 years.

6.2.2.4 Membership of members contemplated in this rule, shall terminate if -

6.2.2.4.1 contributions or any other outstanding amounts are not received by the Scheme as required by these rules;

6.2.2.4.2 he becomes a member of, or a dependant of a member of another medical scheme;

6.2.2.4.3 he elects, in writing, not to become a member, or resigns as a member of the Scheme.

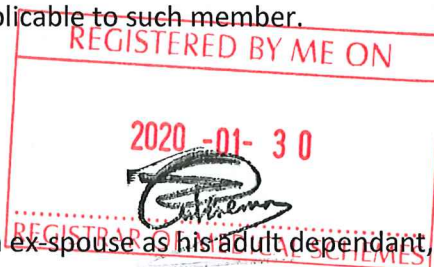
6.2.3 Retention of Membership in The Case of Retrenchment or Redundancy

A member may retain his membership in the case of retrenchment or redundancy, provided that contributions are paid to the Scheme in terms of rule 13 at the rate applicable to such member.

6.2.4 Ex-spouses

A member may retain an ex-spouse as his adult dependant, subject to the following:

6.2.4.1 in addition to the notification obligation contemplated in rule 7.5, unless such member informs the Scheme, in writing



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when providing the notification contemplated in rule 7.5, of his intention to deregister the ex-spouse as a dependant, such ex-spouse shall automatically continue to be a dependant, provided the member continues to pay the applicable contributions in accordance with these rules with regard to such ex-spouse;

6.2.4.2 The ex-spouse shall automatically cease to be a dependant of the member:

6.2.4.2.1 if contributions or any other outstanding amounts are not received by the Scheme as required by these rules;

6.2.4.2.2 if he becomes a member of, or a dependant of a member of another medical scheme; or

6.2.4.2.3 if he elects, in writing, not to become a member, or resigns as a member of the Scheme.

7. REGISTRATION AND DEREGISTRATION OF DEPENDANTS

7.1 A member and a prospective member shall apply to the Scheme should he wish to register his dependants, on such application forms as are required by the Scheme. Dependants shall also be subject to the waiting periods specified in rule 8.4. Failure to apply for the registration of dependants with the Scheme will absolve the Scheme from any liability should a member's rights be prejudiced or forfeited.

- 7.2 A member shall inform the Scheme within thirty days of the occurrence of any circumstances which alters the eligibility of any registered dependant, and should such dependant no longer qualify to be a dependant in terms of these rules, his registration as dependant shall be cancelled and no further benefits shall be payable in respect of such dependant.
- 7.3 When a dependant ceases to be eligible to be a dependant, he shall no longer be deemed to be registered as such for the purpose of these rules or entitled to receive any benefits, regardless of whether notice has been given in terms of these rules or otherwise.
- 7.4 Where a member elects not to register a dependant as contemplated in rule 7.1, or to have a dependant's registration with the Scheme withdrawn, the provisos of rule 8, shall *mutatis mutandis* apply to such dependant.

7.5 Change in Marital Status

Members who marry or enter into a civil union, or who are divorced or widowed subsequent to joining the Scheme, must notify the Scheme within 30 days thereof, and contribute at the amended rates from the first day of the month following the change in their marital status, provided that documentary and/or other proof, to the reasonable satisfaction of the Board, shall be submitted to the Scheme in relation to the divorce or dissolution of the marriage or civil union. Benefits will, however, be adjusted and accrue from the date of such change in status.

7.6 Birth or Adoption of Children

Should a member wish to register a child as a dependant, he shall apply to the Scheme within 30 days of the birth or adoption of such child, provided that documentary proof shall be submitted to the Scheme in the case of adoption. Increased contributions in respect of such child shall be due as from the first day



of the month following birth or adoption. Benefits shall accrue as from the date of birth or adoption.

8. TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP

8.1 Prospective members shall, prior to admission, complete and submit the application forms required by the Scheme, together with satisfactory evidence of age, income, state of their health and the health of their dependants to be registered as such; and of any medical advice, diagnosis, care or treatment recommended or obtained within a period of twelve months immediately prior to the date on which application to the Scheme was made. Proof of any prior membership of any other medical scheme must also be submitted, together with such other information as the Board may require. The Board may require of any applicant to provide the Scheme with a medical and/or dental report in respect of himself and or any of his dependants on any condition relating to medical or dental advice, diagnosis, care or treatment recommended or obtained, within a period of twelve months immediately prior to the date on which application to the Scheme was made, before being admitted as a beneficiary of the Scheme. The cost of any medical tests or examinations for the purposes of compiling such a report shall be borne by the Scheme – provided that the Scheme may assign the performance of such tests or examinations to a preferred provider.

8.2 Applications for membership and for the registration of dependants shall be submitted to the Scheme duly certified by the employer concerned

8.3 The applicant shall submit with his application form an authorisation for payment to the Scheme from his banking account or salary, to provide for contributions and member's portions of benefits.

8.4 An eligible person, other than such person who has elected not to become a member in terms of rule 8.5, or such person who is registered as a dependant with



his spouse's or partner's medical scheme and who is entitled to remain such dependant, may become a member of the Scheme, provided that-

8.4.1 on admission, the Scheme may impose upon a person in respect of whom an application is made for membership or for registration as a dependant-

8.4.1.1 a general waiting period of three months, during which period no insured benefits whatsoever shall accrue, but contributions shall be paid to the Scheme in full;

8.4.1.2 a condition-specific waiting period of up to 12 months on existing pregnancies in respect of all pregnancy-related services; and

8.4.1.3 a condition-specific waiting period of up to 12 months in respect of any condition contemplated in rule 8.1.

If both a general waiting period and a condition-specific waiting period are imposed, they will run concurrently, but the provisions of the general waiting period shall predominate. No insured benefits shall accrue for services in respect of a condition for which a waiting period has been imposed, but contributions shall be paid to the Scheme in full.

8.4.2 Subject to Rule 8.4.4, the general waiting period shall not apply-

8.4.2.1 to a person who has been a beneficiary of a medical scheme for a continuous period of less than twenty-four months immediately preceding his application and who applies within 90 days of ceasing to be such beneficiary;



- 8.4.2.2 to a child dependant (including a grandchild) born during his parent's membership, or during his parent's membership as a dependant, of the Scheme;
- 8.4.2.3 to a beneficiary who changes from one benefit option to another;
- 8.4.2.4 to a person who was previously a beneficiary of a medical scheme and who applies within ninety days of ceasing to be such beneficiary, to become a beneficiary of the Scheme because of a change of employment or of his employer changing medical schemes or terminating its participation in the scheme concerned; and
- 8.4.2.5 in respect of the prescribed minimum benefits, except where a person has not been a beneficiary of a medical scheme for at least ninety days immediately preceding his application.
- 8.4.2.6 if the effective date of commencement of an employee's membership of the Scheme coincides with either the date of commencement of employment with the employer, or the first day of the month following his date of commencement of employment with the employer. This exemption will also apply to the spouse, partner, child and/or grandchild of the member, provided that the effective date of the commencement of the dependant's membership of the Scheme coincides with either:
- (i) the date of the member's commencement of membership (which must be either the member's date of employment or the first day of the month following the member's date of employment, in order for this exemption to apply), or



(ii) the date on which the dependant first becomes eligible to join the Scheme, or the first day of the month following the date on which the dependant first becomes eligible to join the Scheme, whichever of (i) or (ii) is the later date.

8.4.3 Subject to rule 8.4.4, a condition-specific waiting period shall not apply-

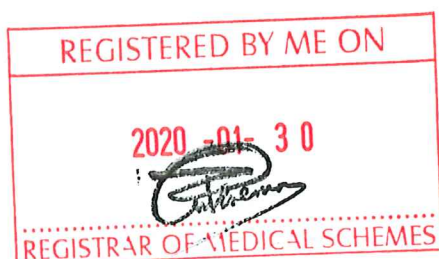
8.4.3.1 to a person who has been a beneficiary of a medical scheme for a continuous period of at least twenty-four months immediately preceding his application and who applies within 90 days of ceasing to be such beneficiary;

8.4.3.2 to a child dependant (including a grandchild) born during his parent's membership, or during his parent's membership as a dependant, of the Scheme;

8.4.3.3 to a beneficiary who changes from one benefit option to another;

8.4.3.4 to a person who was previously a beneficiary of a medical scheme and who applies within ninety days of ceasing to be such beneficiary, to become a beneficiary of the Scheme because of a change of employment or of his employer changing medical schemes or terminating its participation in the scheme concerned; and

8.4.3.5 in respect of the prescribed minimum benefits, except where a person has not been a beneficiary of a medical scheme for at least ninety days immediately preceding his application.



8.4.3.6 if the effective date of commencement of an employee's membership of the Scheme coincides with either the date of commencement of employment with the employer, or the first day of the month following his date of commencement of employment with the employer. This exemption will also apply to the spouse, partner, child and/or grandchild of the member, provided that the effective date of the commencement of the dependant's membership of the Scheme coincides with either:

- (i) the date of the member's commencement of membership (which must be either the member's date of employment or the first day of the month following the member's date of employment, in order for this exemption to apply), or
- (ii) the date on which the dependant first becomes eligible to join the Scheme or the first day of the month following the date on which the dependant first becomes eligible to join the Scheme, whichever of (i) or (ii) is the later date

8.4.4 The Scheme may apply the unexpired duration of a waiting period:



8.4.4.1 imposed on an applicant by a previous medical scheme if such waiting period had not expired at the time of termination from the previous medical scheme; and

8.4.4.2 where beneficiaries change from one benefit option to another.

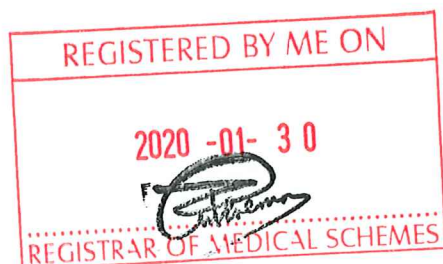
8.5 It shall be compulsory for persons in the service of an employer to join the Scheme, should membership be a condition of employment. Should the conditions of employment not provide for compulsory membership for persons in his service at the admission date of the employer, an eligible person who qualifies to become a member on that date, but elects not to become a member and subsequently

wishes to become a member, shall be admitted to membership subject to rules 8.1 to 8.4.

- 8.6 The Board may, in exceptional cases, exempt an eligible person for whom membership is a condition of employment from the obligation to become a member.
- 8.7 No person may be a member of more than one medical scheme or a dependant –
- 8.7.1 of more than one member of a particular medical scheme; or
 - 8.7.2 of members of different medical schemes; and
 - 8.7.3 no person may claim or accept benefits in respect of himself or any of his dependents from any medical scheme of which he is not a beneficiary.

8.8 Retention of Membership Whilst Employed Outside the Rand Monetary Area

A member may retain his membership whilst in the service of an employer outside the Rand monetary area. In such a case, his employer must take full responsibility for the payment of contributions and any member's portion whilst he is employed outside the Rand monetary area, provided that during such period of absence such member may alternatively elect to remain a member for the benefit only, of those of his dependants who may remain in the Rand monetary area, provided further that contributions shall be paid to the Scheme in Rand. Benefits to such member shall be paid, in Rand, into his banking account in the Republic of South Africa.



8.9 Minors

Save as otherwise expressly provided in the rules, an unemancipated person under the age of 18 years shall not be admitted to membership without the assistance of his parent or guardian.

9. TRANSFER OF EMPLOYER GROUPS FROM ANOTHER SCHEME

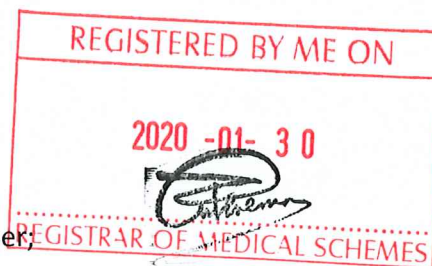
If the members of a scheme who are members of that scheme by virtue of their employment by a particular employer, terminate their membership of such scheme with the object of obtaining membership of the Scheme, the Board will, admit as a member, without a waiting period or the imposition of new restrictions on account of the state of his health or the health of any of his dependants, any member of such first mentioned scheme who is –

9.1 a member;

9.2 a continuation member;

9.3 a surviving spouse or partner;

9.4 a registered dependant of a member of such scheme, and who obtained membership of such first-mentioned scheme by virtue of such member, or the person from whom such member derived his membership having been in the service of the said employer.



10. MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP

10.1 Every member shall be given a membership card, which must on request be exhibited to a supplier of services when obtaining services.

10.2 The utilisation of a membership card by any person other than the member or his registered dependants, with the knowledge or consent of the member or his dependants, is not permitted and is construed as fraud. The provisions of rule 12.3.2 will be instituted.

10.3 On cessation of membership or on de-registration of a dependant, the Scheme shall within 30 days of such termination or at any time, on the request of any former member or dependant, furnish such person with a certificate of membership and cover, containing at least such particulars as may be prescribed.

11. CHANGE OF ADDRESS OF MEMBERS

A member must notify the Scheme within 30 days of a change in address and/or electronic address, whichever is applicable. The Scheme shall not be held liable if a member's rights are prejudiced or forfeited as a result of the member's neglecting to comply with the requirements of this rule.

12. TERMINATION OR SUSPENSION OF MEMBERSHIP

12.1 Voluntary Termination of Membership

A member for whom it is not a condition of service to be a member of the Scheme, may terminate his membership by giving one month's written notice to the Scheme. The provisions of rule 8 with regard to re-admission shall apply. A member in respect of whom it is a condition of service to be a member of the Scheme, may not resign as a member whilst in the service of any employer except-

12.1.1 where such member becomes a dependant on his spouse's or partner's medical scheme, provided that on readmission to membership of the Scheme the provisions of rule 8 shall *mutatis mutandis* apply;



12.1.2 where a member ceases to reside in the Republic of South Africa and does not elect to retain his membership as contemplated in rule 8.8.

12.2 Automatic Termination of Membership

Membership shall automatically cease –

12.2.1 on the death of the member; and

12.2.2 in the event of an employer withdrawing his participation from the Scheme with the object of obtaining membership of another scheme or of establishing a new scheme, in which event the Scheme shall cause the termination of the membership of all the members including the continuation members who derived their membership by virtue of their association with such employer.

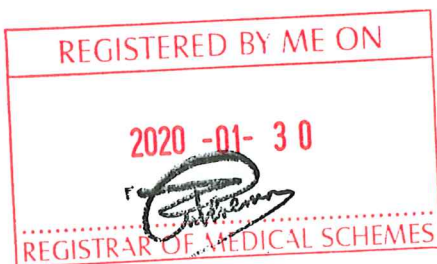
12.3 Involuntary Suspension and/or Termination of Membership

12.3.1 Amounts due to the Scheme

12.3.1.1 Where contributions or any other debt owing to the Scheme, have not been paid within thirty (30) days of the due date, the Scheme shall have the right to:

12.3.1.1.1 suspend all benefit payments in respect of claims which arose during the period of default; and

12.3.1.1.2 give the member written notice at his *domicilium citandi et executandi* or by means of an electronic means agreed upon, that if contributions or such other debts are not paid within twenty-one (21)



12.3.1.2 A notice sent by prepaid registered post to the member at his *domicilium citandi et executandi* or by any agreed electronic means shall be deemed to have been received by the member on the 7th day after the date of posting. In the event that the member fails to nominate a *domicilium citandi et executandi*, or provide an electronic mail address or facsimile, the member's postal or residential address on his application form shall be deemed to be his *domicilium citandi et executandi*.

12.3.1.3 In the event that payments are brought up to date, and provided membership has not been cancelled in accordance with rule 12.3.1.1.2, benefits shall be reinstated without any break in continuity. If such payments are not brought up to date, no benefits shall be due to the member from the date of default and any such benefit paid will be recovered by the Scheme.

12.3.1.4 Any amount due and owing to the Scheme in respect of a member or a dependant of the member after reasonable demands for payment have been issued, becomes a debt due to the Scheme and is recoverable by it.

12.3.2 Submission of Fraudulent Claims; Committing of any Fraudulent Act and/or Non-disclosure of Material Information

12.3.2.1 The Board may suspend or terminate the membership of a member or a beneficiary who submitted fraudulent claims, abuses the privileges of the Scheme, committed any fraudulent act or failed to disclose material information when applying for membership.

REGISTERED BY ME ON

28/07/2020 -07- 27

Mpho Sehloho
28/07/2020 17:41:31 (UTC+02:00)
Signed by Mpho Sehloho,
m.sehloho@medicalschemes.com

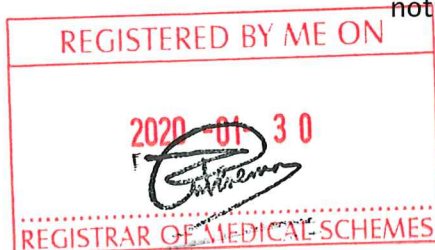
REGISTRAR OF MEDICAL SCHEMES

fraudulent act against the Scheme which affects the Scheme directly or indirectly or failed to disclose material information when applying for membership. The affected member or dependant may appeal against such a decision in terms of rule 30. In the event of such termination or suspension the member may be required by the Board to refund to the Scheme any sum which, but for the abuse of the privileges of the Scheme, would not have been disbursed on his behalf or on behalf of his dependant. A suspended member is liable to pay contributions but will not be entitled to benefits whilst suspended.

12.3.2.2 An applicant is obliged to disclose all material information to the Scheme with regard to any matter concerning the state of health or medical history of the member concerned or that of any of his or her dependants, which arose or occurred during the period of 12 months preceding the date of application for membership. In such event, the member must refund the Scheme any claims paid out by the Scheme and the Scheme must refund all the contributions paid to the member.

12.3.3 Termination of employer agreement with Scheme

12.3.3.1 An employer may, except where otherwise provided in these rules, terminate their agreement with the Scheme by giving three months written notice by registered mail to the Scheme, provided that should the Board be satisfied that the financial situation of the Scheme permits, it may accept such shorter notice as the Board deems fit.



12.4 Members on Unpaid Leave

A member on leave without pay may apply to the Board to suspend his membership for the full period of such leave without pay, provided that the duration of such leave shall not be less than 3 months. The Board may make such arrangements as it may determine regarding the contribution payable by such member and the benefits payable in respect of such member or his dependants, provided further that the Scheme shall be advised in writing in advance of such suspension. Contributions overpaid due to non-notification will not be refundable.

13. CONTRIBUTIONS

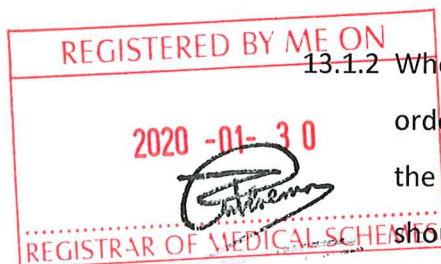
13.1 Contributions according to Annexure A appended to these rules, are payable by or in respect of the member to the Scheme monthly by no later than the specified dates in rules 13.1.1 and 13.1.2 in respect of the particular month, not later than three (3) days after payment thereof becomes due.

13.1.1 Where payments of contributions are made by the employer on behalf of the member, these payments are payable monthly by no later than the 25th day of the month in respect of the particular month, or the next business day should the 25th fall on a weekend or public holiday.

13.1.2 Where payments of contributions are made by the member via a debit order, the payments are payable monthly by no later than the 1st day of the month in respect of the previous month, or the next business day should the 1st fall on a weekend or public holiday.

13.1.3 The provisions of rule 12.3.1 apply where these amounts are due.

13.2 The Scheme may enter into an agreement with an employer in terms of which the employer accepts liability for payment of the whole or portion of the relevant contributions. In the event that such an agreement is concluded, the member shall



only be liable for payment of that portion of the contribution which remains payable by him. Should an employer fail to meet its obligation in terms of his agreement the member will remain liable for the full contribution due to the Scheme.

13.3 If an applicant (with the exception of a dependant registered in accordance with rules 7.5 or 7.6) is admitted as a beneficiary on or before the fifteenth day of the month, his first contribution shall be calculated as from the first day of the month in which he was admitted. If an applicant is admitted as a beneficiary after the fifteenth day of any month, his first contribution shall be payable from the first day of the month following his admission to the Scheme.

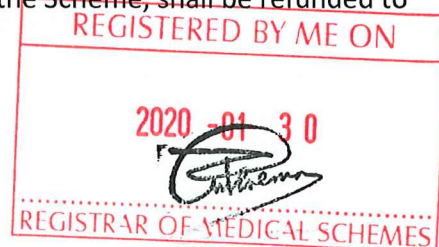
13.4 Unless otherwise decided by the Board, a member who, as the result of changed circumstances has paid excess contributions, shall not be entitled to a refund of any excess payments unless he has complied with the provisions of rules 7, or 12.4 concerning the timeous notification of the change in circumstances.

13.5 A member shall pay contributions according to the rate applicable to his income as defined, and to the number of his registered dependants.

13.6 No refund of any portion of contribution shall be paid to a member or his employer where such member's membership is terminated during the course of a month, provided that the balance standing to the credit of a member in terms of a Medical Savings Account (if applicable) held by the Scheme, shall be refunded to such member as the rules may provide.

14. LIABILITIES OF EMPLOYERS AND MEMBERS

14.1 The liability of the employer towards the Scheme is limited to any amounts payable in terms of any agreement between the employer and the Scheme.



14.2 The liability of a member shall be limited to the amount of the contributions due by him together with any sum disbursed by the Scheme on his behalf or on behalf of his dependants, which has not been repaid by him to the Scheme. In the event of any member ceasing to be a member, any amount still owing by such member in respect of himself or his dependants shall be a debt due to the Scheme and recoverable by it.

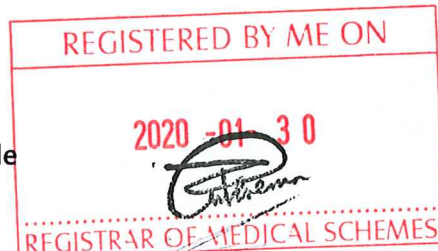
14.3 Subject to the provisions of rules 12.3.1 and 12.3.2, a member or ex-member who fails to pay by due date any amount due to the Scheme shall also be liable for interest thereon at the maximum permissible rate as well as all costs and expenses incurred by the Scheme in connection therewith including, but not limited to, tracing fees, collection commission and costs as between attorney and client.

15. CLAIMS PROCEDURE

The procedures for dealing with the submission and settlement of claims shall be as detailed in Annexure D.

16. BENEFITS

16.1 Benefits Payable



The benefit entitlements per benefit option are set out in the benefit schedules which are attached to these rules. On admission a member must elect to participate in one of the available benefit options detailed in Annexure B. Thereafter a member may only change his choice of benefit option on 1 January each year, provided that –

16.1.1 The Board may, in its absolute discretion permit a member to change from one to another benefit option on any other date,

- 16.1.2 The member may change to another option in the case of mid-year contribution increases or benefit changes.
- 16.1.3 Application to change from one benefit option to another must be in writing and lodged with the Principal Officer by not later than 30 November, or such other date as decided by the Board, prior to the year on which it is intended that the change will take place, provided that the member has had at least 30 days prior notification of any intended change in benefits or contributions for the following year;
- 16.1.4 subject to the limitations imposed by these rules, the benefits payable by the Scheme in respect of claims by a member or his dependants are those set out in Annexure B, appended to these rules;
- 16.1.5 Beneficiaries admitted during the course of a financial year are entitled to the benefits set out in the relevant benefit plan chosen, with the maximum benefits being adjusted in proportion to the period of membership calculated from the date of admission to the end of the particular financial year.
- 16.1.6 Pre-authorisation is a clinical decision based on the information provided and not a guarantee of payment of relevant healthcare services to be rendered.

16.2 Benefits Payable in Respect of Dependants

The registered dependants of a member must participate in the same benefit option as the member and shall be entitled to the same benefits as the member.



16.3 Ceding of Benefits

No member shall be entitled to assign, transfer, pledge, hypothecate or cede his benefits or his rights to benefits in or from the Scheme.

16.4 Second Opinions

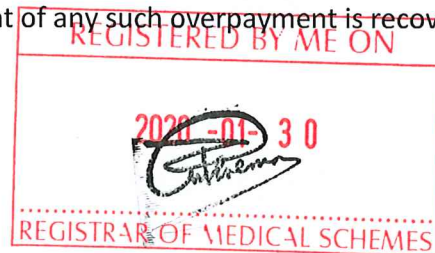
The Scheme shall be entitled to require of a member or a dependant of a member to consult either a medical or dental practitioner, nominated by the Scheme, to obtain a second opinion in respect of any service rendered or to be rendered. In such cases the Scheme may in its sole discretion and taking account of the circumstances of each case, and of prescribed minimum benefits, refuse or limit benefits in respect of the services rendered or to be rendered. The cost of such second opinion shall be borne by the Scheme.

16.5 Recovery of Benefits Erroneously Paid

Where the Scheme has paid an account or portion of an account or any benefit to which a member is not entitled, whether the payment is made to the member or to the supplier of service, the amount of any such overpayment is recoverable by the Scheme.

16.6 Disclosure of Information

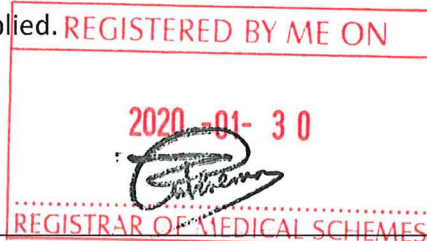
16.6.1 Should the Scheme, upon receipt of any claim submitted to it, have reasonable grounds for believing or suspecting that the submission of the claim amounts to an actual or attempted abuse of the member's entitlement or fraud upon the Scheme by a beneficiary or any other person or body, or that the provisions of Rule 12.3.2 may be applicable, the Scheme shall be entitled in its sole discretion to make all such inquiries in regard to the claim as may be reasonable in the circumstances and the member and/or beneficiary concerned shall render all such



assistance and furnish all such information and documentation as the Scheme may call for.

16.6.2 The Scheme shall, furthermore, be entitled to take all such further and/or other steps as it in its sole discretion deems necessary or appropriate in order to protect the interests of the Scheme or to prevent such or any similar abuse or fraud, or generally to manage the situation of the beneficiary and/or his employer as in the view of the Scheme, circumstances may require. Without limiting the generality of the foregoing, the Scheme shall in any such circumstances be entitled to communicate and discuss with the body controlling any health care provider, the provider of the service, the employer of the beneficiary concerned and/or with his or her spouse or partner, guardian, custodian or person in any similar position, details relating to the claim and to the condition and treatment giving rise to the claim and the steps which it has taken or is considering in terms of this rule.

16.6.3 The Scheme's duly authorised medical personnel and/or medical adviser shall have the right to obtain any medically relevant information concerning a beneficiary which may be deemed necessary from any supplier of health care goods or services (including medicines) or any other person that possesses such information and that party may with the consent of the member or beneficiary disclose such information to the Scheme's duly authorised medical personnel and/or medical adviser. The Scheme and any such duly authorised person may keep such information and use it for pre-authorisation of necessary and appropriate services, case management, review of appropriateness and quality of services rendered and for statistical purposes. Such information shall, however, be treated as confidential at all times by such persons to whom it is supplied.



17. PAYMENT OF ACCOUNTS

17.1 The Scheme shall, where an account has been rendered, pay any benefit due to a member, either to that member or to the supplier of the relevant health service who rendered the account, within 30 days of receipt of the claim pertaining to such benefit. In respect of suppliers of services with whom the Scheme has agreements, payment will be made in terms of such agreements. Where a member submits a receipted account, the benefit will be paid to the member.

17.2 The Scheme may, whether by agreement or not, pay the benefit to which the member is entitled, directly to the member or the supplier (or group of suppliers) who rendered the service.

17.3 The Scheme may deduct any amounts from any benefit payable to a member or supplier of services, which a member or supplier of services is not entitled to or where the Scheme has suffered loss due to theft, fraud, negligence or any misconduct which the Scheme became aware of.

17.4 Recovery of Member's Share of Accounts

17.4.1 The Scheme shall be entitled to recover from a member the portion payable by him on accounts, paid by the Scheme on his behalf to suppliers of services, provided that the Scheme shall be entitled to recover such amounts from the employer concerned in respect of those members contemplated in rule 6.2.3.

17.4.2 No member shall be entitled to withdraw his authority, given in terms of rule 8.3, to deduct from his salary or to debit his banking account, and no debit or debit note shall be returned to the Scheme without a satisfactory explanation countersigned by the branch manager or the staff officer of the employer concerned.



17.4.3 The Scheme shall be notified immediately by the member should a change occur in his banking account number or if such account is transferred to another bank or branch of the same bank or if his banking account is closed.

17.4.4 Any monies received from or in respect of a member may at the discretion of the Board first be applied to the reduction of any debt due to the Scheme by the member and then towards contributions due.

17.4.5 Any claim brought against a member for the recovery of amounts owing to the Scheme may be brought, at the discretion of the Scheme, in a magistrate's court notwithstanding the amount of the claim.

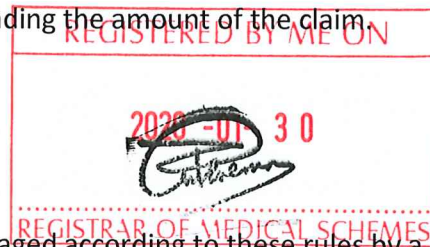
18. BOARD OF TRUSTEES

18.1 The affairs of the Scheme must be managed according to these rules by a Board consisting of 12 persons who are fit and proper to be trustees, constituted as follows -

18.1.1 Six members of the Scheme who shall have been elected by current members. Two of such members shall be elected each year from a list of nominated candidates for announcement at the immediately following Annual General Meeting of the Scheme, thereby replacing the two elected Board members who are to retire in terms of 18.1.2.

18.1.2 The two elected Board members to retire at each Annual General Meeting shall be those who have been longest in office.

18.1.3 Six members of the Board shall be appointed by the three employers with the largest number of members. Each of these three employers shall appoint two members of the Board who shall not be required to be members of the Scheme.



18.2 Temporary vacancies may occur from time to time and during this time the Board will still be deemed to be properly constituted.

18.3 Persons so elected/appointed shall disclose annually all interests they have in relation to the Scheme/related entities.

18.4 The following persons are not eligible to serve as members of the Board:

18.4.1 a person under the age of 21 years;

18.4.2 an employee, director, officer, consultant or contractor of the Scheme or of the administrator of the Scheme or of the holding company, subsidiary, joint venture or associate of the administrator;

18.4.3 a broker;

18.4.4 the Principal Officer of the Scheme;

18.4.5 the auditor of the Scheme;

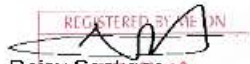
18.4.6 a person who has been dismissed by the Board for acting in breach of the Trustees Code of Conduct, following a fair process in terms of which such person was given an opportunity to respond to the evidence against him or her;

18.4.7 a person holding a trusteeship of any other medical scheme or schemes;

18.4.8 a person who has been convicted, whether in the Republic of South Africa or elsewhere, of theft, fraud, forgery, uttering of a forged document, perjury or any other crime involving dishonesty.



18.5 The following process shall apply to the nomination of elected members of the Board referred to in rule 18.1.1 –

REGISTERED BY ME ON

Daisy Seakgoe
25/06/2020 17:21:24 (UTC+02:00)
Signed by Daisy Seakgoe,
d.seakgoe@medicalschemes.com

- 18.5.1 Nominations to fill vacancies must be in writing and in the prescribed format;
- 18.5.2 Nominations must be submitted by the principal member who is in good standing with the Scheme;
- 18.5.3 Nominations must be proposed by a principal member and seconded by at least five (5) seconders, also principal members, also in good standing with the Scheme;
- 18.5.4 Nominations must be signed by the candidate, a principal member in good standing with the Scheme, signifying his consent to stand for election;
- 18.5.5 Nominations must be submitted to the Scheme, or the duly appointed independent third party, who may also be the Auditor, as referred to in Rule 18.5.10, together with a current curriculum vitae on or before the last day of February preceding the Annual General Meeting of the year concerned;
- 18.5.6 Specific submission deadlines, as well as to whom nominations must be submitted as per 18.5.5, will be communicated in member correspondence at the time;
- 18.5.7 Candidates may not nominate themselves;
- 18.5.8 The Scheme shall cause a vetting process to be undertaken to ensure that nominated candidates are eligible and fit and proper to serve as trustees, and shall compile a final list of vetted candidates eligible for election. If a

vetting process, such candidate shall be deemed to be ineligible for election.

18.5.9 The election of the members of the Board of Trustees will be carried out by ballot, whether physical or electronic, and will be decided by the simple majority of duly completed and returned ballots at the selected return date (which may be changed or extended where the Board considers this to be necessary) prior to the Annual General Meeting.

18.5.10 The election of the members of the Board of Trustees will be overseen by a duly appointed independent third party, who may also be the Auditor.

18.5.11 The ballots referred to in Rule 18.5.9 will be counted under the supervision of an Auditor who must certify the election results prior to the announcement of the newly elected Trustees.

18.5.12 The election results will be published before, or announced at, the Annual General Meeting of the Scheme, and the newly elected Trustees will take office with effect from the end of the Annual General Meeting.

18.6 The following process shall apply to the nomination of employer-appointed members of the Board referred to in rule 18.1.3 –

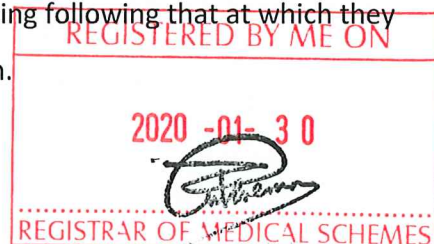
18.6.1 The Scheme shall cause a vetting process to be undertaken to ensure that employer-appointed trustee nominees are eligible and fit and proper to serve as trustees. If these employer-appointed trustee nominees fail to timeously provide reasonable proof of eligibility, fitness and/or properness, at the request of the Scheme for purpose of such vetting process, such employer-appointed trustee nominee shall be deemed to be ineligible for appointment.



18.7 A prospective nominee cannot hold office if:

- 18.7.1 he is in terms of any other legislation, declared mentally or legally incapable of managing his affairs;
- 18.7.2 he is declared insolvent or has surrendered his estate for the benefit of his creditors;
- 18.7.3 he is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering of a forged document or perjury;
- 18.7.4 he is removed by the court from any office of trust on account of misconduct;
- 18.7.5 he is disqualified under any law from carrying on his profession;
- 18.7.6 he ceases to be an appointee by a participating employer, or being a Board member elected by members of the Scheme, or he ceases to be a member of the Scheme-

18.8 Subject to the provisions regarding the retirement of elected Board members as set out in rule 18.1.1, the elected members of the Board shall be deemed elected until the close of the third Annual General Meeting following that at which they were elected, but shall be eligible for re-election.



18.9 Termination of Period of Office

The office of a member of the Board shall become vacant if -

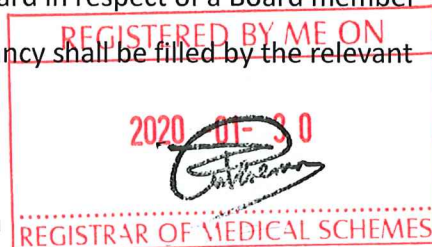
- 18.9.1 he ceases to be an appointee by a participating employer, or being a Board member elected by members of the Scheme, or he ceases to be a member of the Scheme;

- 18.9.2 he is absent from three consecutive meetings without tendering an apology;
- 18.9.3 his written resignation from office is received by the Principal Officer;
- 18.9.4 he is in terms of any other legislation, declared mentally or legally incapable of managing his affairs;
- 18.9.5 if he is declared insolvent or has surrendered his estate;
- 18.9.6 if he is convicted, whether in the Republic of South Africa or elsewhere of theft, fraud, forgery or uttering of a forged document or perjury;
- 18.9.7 if he is removed by a court from any office of trust on account of misconduct;
- 18.9.8 if he is removed from office by Council in terms of Section 46 of the Act;
or
- 18.9.9 if he is dismissed by the Board in accordance with the Board's Code of Conduct.

18.10 Filling of Vacancies

18.10.1 The Board shall have the power to fill any vacancy on the Board in respect of an elected Board member referred to in 18.1.1, by appointing another member of the Scheme for the unexpired period of office of the Board member he replaces, provided that the Board is quorate when making such decision.

18.10.2 In the event of any vacancy on the Board in respect of a Board member appointed in terms of 18.1.3, the vacancy shall be filled by the relevant employer in terms of 18.1.3.”



18.11 Election of Chairperson and Vice-Chairperson

At its first meeting after the Annual General Meeting the members of the Board shall elect a Chairperson and vice-Chairperson, from its ranks. The Chairperson will not serve in this position for a period exceeding three consecutive years. The Chairperson, or in his absence the Vice-Chairperson, shall preside at all meetings

of the Board, the Annual General Meeting and any special general meeting of members. In the absence of both the Chairperson and the Vice-Chairperson, from any Board meeting and general meeting of members the remaining members of the Board shall elect a Chairperson who shall be the Chairperson for that meeting.

18.12 Meetings of The Board

18.12.1 Ordinary Meetings of The Board

The Principal Officer shall convene at least three ordinary Board meetings per year. At least fourteen days written notice of any Board meeting shall be sent to every Board member. The meeting packs for such Board meeting to be sent to each Board member at least seven days prior to the meeting. Such meetings shall be held in Johannesburg or in any other centre as may be decided on by the Board.

18.12.2 Special Meetings of The Board

Any three members of the Board may request the Principal Officer to convene a special Board meeting to be held within twenty-one days of the receipt of such request and in the event of the Principal Officer failing to comply with their request, such members may convene the meeting themselves in the manner provided above.



18.13 Quorum at Board Meetings

Seven members of the Board shall be a quorum at Board meetings. Should a quorum not be present at the time fixed for the commencement of the meeting, the meeting shall be postponed for a maximum of 21 days, or if that day is a public holiday or not a week day, the meeting shall be postponed to the first working day following that public holiday or non-week day. Members of the Board will, for the purposes of constituting a quorum, not include suspended Board members.

18.14 Voting at Board Meetings

Every member of the Board shall have one vote and in the event of an equality of votes, the matter shall be referred to arbitration.

18.15 Board Members Acting Other than at the Meeting

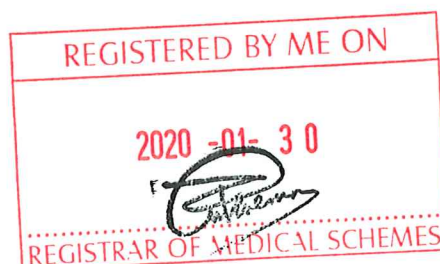
18.15.1 A decision that could be voted on at a meeting of the Board of Trustees may instead be adopted by written consent of a majority of the members of the Board of Trustees, given in person, or by electronic communication, provided that each Trustee has received prior reasonable written notice of the matter to be decided.

18.15.2 A decision made in the manner contemplated in this section is of the same effect as if it had been approved by voting at a meeting.

18.16 Remuneration of Board Members

18.16.1 Members of the Board shall be entitled to such remuneration, honorarium and other fee in respect of services rendered in their capacity as members of the Board as may be determined by the Board from time to time; and

18.16.2 Members of the Board shall be entitled to such reimbursement in respect of travelling, accommodation and other expenses, which they may incur in attending meetings of the Board, as the Board may determine from time to time.



18.17 Period of Service of Trustees

Notwithstanding rule 18.1.2, Trustees shall serve a term of office of six years.

Retiring members of the Board are eligible for re-election provided no person shall serve more than two consecutive terms and no more than 3 terms all together.

18.18 Termination of Services of Trustees and Principal Officer

18.18.1 A member of the Board who acts in a manner which is seriously prejudicial to the interests of the beneficiaries of the Scheme may be removed by members of the Board after following a due process that is consistent with provisions of Section 46 of the Medical Schemes Act and the Board of Trustee's Code of Conduct.

18.18.2 Rule 18.18.1 applies *mutatis mutandis* to the Principal Officer.

18.18.3 If the Board of Trustees suspends or removes the Principal Officer or a trustee from office in terms of rule 18.18 and that person(s) is aggrieved by the decision he may lodge a complaint in writing to the Registrar.

18.18.4 On receipt of a written complaint mentioned in rule 18.18 above:

18.18.4.1 The Registrar may consider investigating the basis of the complaint; and

18.18.4.2 if he finds that the complaint has merit, the Registrar or the Council may take such steps as may be necessary in terms of the powers provided for by the Act to address the concerns raised in the complaint.



19. FIDUCIARY DUTIES OF THE BOARD

The Board shall in addition to those duties specified elsewhere in these rules-

19.1 appoint a principal executive officer in terms of Section 57 (4) (a) of the Act who shall be the Principal Officer of the Scheme provided that the following persons are not eligible to be a principal officer –

19.1.1 an employee, director, officer, consultant or contractor of the Scheme's administrator or of the administrator's holding company, subsidiary, joint venture or associate of that administrator.

19.1.2 a broker or an employee, director, officer, consultant or contractor of any person contracted by the Scheme to provide broker services.

19.1.3 A Principal Officer or office bearer of another medical scheme; or

19.1.4 Otherwise has a material relationship with any person contracted by the Scheme to provide administrative, marketing, broker, managed healthcare or other services or with its holding company, subsidiary, joint venture or associate.

19.2 take the necessary action to fill the vacancy of the Principal Officer, on a temporary basis, in the event of the termination of the appointment of the Principal Officer or resignation of the Principal Officer, until such time as a replacement Principal Officer is appointed on a permanent basis;

19.3 cause the proceedings of all Annual General Meetings, special general meetings, ordinary Board meetings, special Board meetings and committee meetings to be properly minuted and the minutes of such meetings shall be laid before the first succeeding respective meeting, provided that the minutes of every special general meeting shall, as the Board may decide, be laid before the first succeeding special

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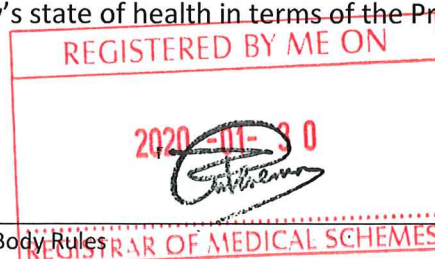
BOARD OF MEDICAL SCHEMES

general meeting or Annual General Meeting. If the minutes of any such meetings are accepted as correct, they shall be signed by the Chairperson;

- 19.4 be responsible for the proper and sound management of the Scheme, at arm's length and in terms of these rules;
- 19.5 act with due care, diligence and skill and in good faith;
- 19.6 avoid conflicts of interest, and must declare any interest they may have in any particular matter serving before the Board;
- 19.7 apply sound business principles and ensure the financial soundness of the Scheme;
- 19.8 The Board shall appoint a Principal Officer who is a fit and proper person, as defined in Section 57, to hold such office and within 30 days of such appointment, give notice thereof in writing to the Registrar. The Board must determine the terms and conditions of employment of the person so appointed.
- 19.9 The Board delegates authority to the Principal Officer to appoint any staff, which in its opinion are required for the proper execution of the business of the Scheme and must determine the terms and conditions of service of any person employed by the Scheme.
- 19.10 The Board delegates authority to the Principal Officer to ensure that staff of the Scheme must, in terms of current applicable legislation including Protection of Personal Information Act, ensure the confidentiality of all information regarding its members.
- 19.11 The Chairperson or the Vice Chairperson must preside over meetings of the Board and ensure due and proper conduct at meetings. In the absence of a Chairperson or Vice Chairperson, the Trustees present shall elect a Chairperson for the meeting from amongst themselves.



- 19.12 The Board must cause to be kept such minutes of all resolutions passed, accounts, entries, registers and records as are essential for the proper functioning of the Scheme.
- 19.13 The Board must ensure that proper control systems are employed by and on behalf of the Scheme.
- 19.14 The Board must ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions and duties in terms of the rules.
- 19.15 The Board must take all reasonable steps to ensure that contributions are paid timeously to the Scheme in accordance with the Act and the rules.
- 19.16 The Board must take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance.
- 19.17 The Board must obtain expert advice on legal, accounting, clinical, actuarial and business matters as required, or on any other matter of which the members of the Board may lack sufficient expertise.
- 19.18 The Board must ensure that the rules and the operation and administration of the Scheme comply with the provisions of the Act and all other applicable laws.
- 19.19 The Board must take steps to ensure the integrity of all documents, data and information transferred to the new administrator and managed care organisation. The change in administrator must comply with the Board Notice (BN) 73 of 2004.
- 19.20 The Board must take all reasonable steps to protect the confidentiality of medical records concerning any beneficiary's state of health in terms of the Protection of Personal Information Act.



- 19.21 The Board may delegate authority to the Principal Officer to approve all disbursements necessary for the day to day running of the Scheme.
- 19.22 The Board shall arrange for the preparation of the annual financial statements and shall ensure compliance with all statutory requirements pertaining thereto.
- 19.23 The Board must cause to be kept in safe custody, in a safe or strong room at the registered office of the Scheme or with any financial institution approved by the Board, any mortgage bond, title deed or other security belonging to or held by the Scheme, except when in the temporary custody of another person for the purposes of the Scheme.
- 19.24 The Board must make such provision as it deems desirable, and with due regard to normal practice and recommended guidelines pertaining to retention of documents, for the safe custody of the books, records, documents and other effects of the Scheme.
- 19.25 The Board must disclose annually in writing to the Registrar, any payment or considerations made to Trustees in that particular year by the Scheme as prescribed.
- 19.26 The Board of Trustees' total remuneration must be established through an independent process and annual increases must be approved by the members at the AGM.
- 19.27 The Board shall cause to be done a "Board effectiveness self-assessment" on an annual basis with due regard to normal practice.
- 19.28 The Board must appoint the Audit Committee annually.

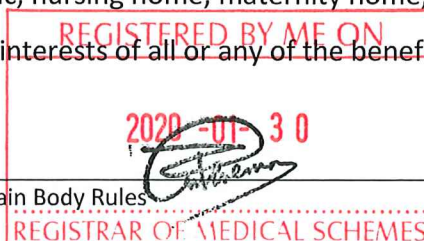


19.29 The Board shall ensure that every existing and newly appointed/elected Board member undergoes trustee training, which may include induction training and attendance of the accredited skills programme provided by the Council.

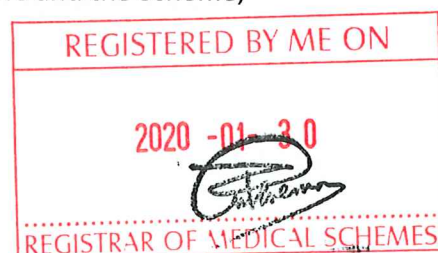
20. POWERS OF THE BOARD

The Board has the power:

- 20.1 to suspend or remove the Principal Officer or a Trustee from office as referred to in rule 18.18;
- 20.2 to purchase, hire, let, mortgage or encumber, movable and immovable and incorporeal property;
- 20.3 subject to Section 63 of the Act, to sell movable and immovable property of the Scheme subject to sound business practice and fair value principles;
- 20.4 to lend, invest or otherwise to deal with any moneys not immediately required to meet current charges upon the Scheme upon such security (if any) and in such manner as the Board may from time to time decide; and to realise, vary, reinvest or otherwise deal with such moneys and investments in such manner as it may from time to time determine; this may include ring-fencing of investment funds for specific purposes as approved by the Board, provided these funds will still be available for general funds.
- 20.5 subject to the provisions of any law, to cause the Scheme, whether on its own or in association with any person, to establish or operate any pharmacy, hospital, clinic, maternity home, nursing home, infirmary, home for aged persons or any similar institution, in the interests of the members of the Scheme;
- 20.6 to donate to any hospital, clinic, nursing home, maternity home, infirmary or home for aged persons in the interests of all or any of the beneficiaries;



- 20.7 to make *ex gratia* payments on behalf of or to members in order to assist them in meeting commitments in regard to any matter specified in the definition of 'business of a medical scheme' in rule 5
- 20.8 to contribute to any fund conducted for the benefit of employees of the Scheme;
- 20.9 to reinsure obligations in terms of the benefits provided for in these rules in the prescribed manner;
- 20.10 with the prior approval of the Council, to borrow money for the Scheme from the Scheme's bankers for the purpose of bridging a temporary shortage;
- 20.11 to contribute towards any fund which is conducted for the benefit of the employees of the Scheme and to take out and pay for insurance policies on the lives of employees of the Scheme for the benefit of such employees or their dependants;
- 20.12 to contribute to any association instituted for the furtherance, encouragement and co-ordination of medical schemes;
- 20.13 to make donations that are in the interests of all or any of the beneficiaries;
- 20.14 to enter into contracts -
- 20.14.1 for the supply of services to members and the Scheme;
 - 20.14.2 with employers; and
 - 20.14.3 for any other purpose whatsoever;
- 20.15 to authorise such persons as it may decide from time to time, and upon such terms and conditions as the Board may decide, to sign any contract or other



document binding or relating to the Scheme or any document authorising the performance of any act on behalf of the Scheme;

20.16 to appoint staff members required for the proper execution of the business of the Scheme and to determine the terms and conditions of their appointment. The Board, moreover, shall have the power to take all necessary steps to sign and execute all necessary documents to ensure and secure the due fulfilment of the Scheme's obligation under such appointment;

20.17 to authorise the Principal Officer to deal with claims without reference to the Board; and to determine the extent and conditions of such authority;

20.18 to appoint medical or dental practitioners or other persons as consultants to the Scheme. The fees for such services shall be determined by the Board;

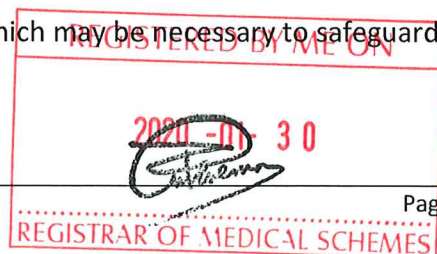
20.19 to delegate any of its powers to a management committee or to a committee composed of such of its members and/or other persons as it may appoint or to the Principal Officer, provided that-

20.19.1 the management committee, other committee or the Principal Officer shall, in the exercise of such powers, comply with instructions that may be imposed or issued by the Board;

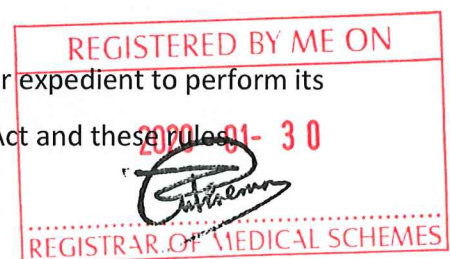
20.19.2 the Principal Officer may further delegate the powers delegated to him, with the exception of those indicated by the Board which he may not delegate, to any other employee of the Scheme;

20.19.3 any powers delegated in terms of this rule may at any time be amended or withdrawn by the Board;

20.20 to initiate and defend any action at law, which may be necessary to safeguard the interests of the Scheme;



- 20.21 to require any member or beneficiary to submit such documentary evidence as it may request to determine the eligibility, income or other matters relating to such member or beneficiary as it deems necessary, and to suspend the membership of such member if he should not submit the requested documentary evidence within such period of time as decided on by the Board;
- 20.22 to waive or relax any restriction or shorten any of the periods that may be imposed on a beneficiary in terms of these rules;
- 20.23 to appoint a duly accredited administrator, on such terms and conditions as the Board may decide, to administer the business of the Scheme as directed by the Board. The terms and conditions of such appointment must be contained in a written contract which complies with the requirements of the Act and the Regulations;
- 20.24 to appoint, contract with and compensate any accredited managed healthcare organisation in the prescribed manner;
- 20.25 to recommend for approval at the Annual General Meeting of the Scheme, the audited annual financial statements and the auditor's report as at 31 December of the previous year;
- 20.26 to decide, in its discretion on any matter not specifically covered by these rules;
- 20.27 in general, do anything, which it deems necessary or expedient to perform its functions in accordance with the provisions of the Act and these rules;



21. DUTIES OF THE PRINCIPAL OFFICER AND STAFF

- 21.1 The Principal Officer is the executive officer of the Scheme and as such must ensure that -

- 21.1.1 he acts in the best interests of the members of the Scheme at all times;
- 21.1.2 the decisions and instructions of the Board are executed without unnecessary delay;
- 21.1.3 where necessary, there is proper and appropriate communication between the Scheme and those parties affected by the decisions and instructions of the Board;
- 21.1.4 he keeps the Board sufficiently and timeously informed of the affairs of the Scheme concerning any matter relating to the duties of the Board as stated in Section 57(4) of the Act;
- 21.1.5 he keeps the Board sufficiently and timeously informed concerning the affairs of the Scheme so as to enable the Board to comply with the provisions of Section 57(6) of the Act;
- 21.1.6 he observes the authority of the Board in its governance of the Scheme;
- 21.1.7 attends all meetings of the Scheme and of the Board and any other duly appointed committee or sub-committee where his attendance may be required;
- 21.1.8 be responsible for the submission of all statutory returns;
- 21.1.9 cause minutes of the proceedings of all meetings of the Scheme, the Board and other duly appointed committees or sub-committees to be kept;
- 21.1.10 arrange for the collection of contributions, banking of funds and making of payments as authorised by the Board;

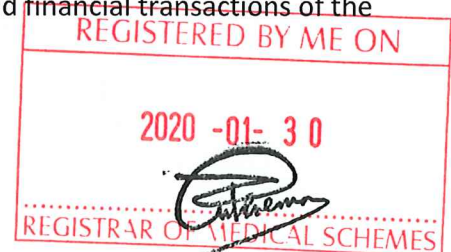
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- 21.1.11 be responsible for the supervision of the staff employed by the Scheme;
- 21.1.12 ensure that all duties which are necessary for the proper execution of the business of the Scheme and such other duties as the Board may direct, are properly executed;
- 21.2 The Principal Officer has a fiduciary duty to the Scheme to ensure the collection of and accounting for all moneys received and payments authorised by and made on behalf of the Scheme.
- 21.3 The Principal Officer shall ensure the carrying out of all of his duties as are necessary for the proper execution of the business of the Scheme. He shall participate in all meetings of the Board and any other duly appointed committee where his attendance may be required, ensure proper recording of the proceedings of all meetings, but shall have no vote.
- 21.4 The Principal Officer shall be responsible for the supervision of the staff employed by the Scheme, unless the Board decides otherwise.
- 21.5 The Principal Officer shall be authorised to cause the termination of the services of any employee of the Scheme;
- 21.6 The Principal Officer shall keep full and proper records of all moneys received and expenses incurred by, and of all assets, liabilities and financial transactions of the Scheme.

22. INDEMNIFICATION AND FIDELITY GUARANTEE

- 22.1 The Board and any officer of the Scheme shall be indemnified by the Scheme against proceedings, costs and expenses incurred by reason of any claim in connection with the Scheme, not arising from their gross negligence, dishonesty or fraud.



22.2 The Board shall ensure that the Scheme is insured against loss resulting from the dishonesty or fraud of any of its officers having the receipt or charge of moneys or securities belonging to the Scheme.

23. FINANCIAL YEAR OF THE SCHEME

The financial year of the Scheme extends from the 1st day of January to the 31st day of December of that year.

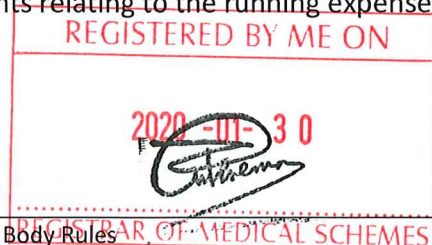
24. BANK ACCOUNT

The Scheme must establish and maintain bank accounts in the name of the Scheme and under its direct control with a registered commercial bank. All moneys received must be deposited directly to the credit of such accounts. All payments must be made either by electronic transfer, tape exchange or by cheque under the joint signature of not less than two persons duly authorised.

25. FINANCIAL MATTERS

25.1 The Board shall cause such accounting records as are necessary to fairly present the state of the affairs and business of the Scheme and to explain the transactions and financial position of the Scheme to be kept. Vouchers supporting entries in the accounting records shall be kept for such periods as may be determined by the Board. The books of account shall be made up at the end of the financial year and shall be audited by the auditor of the Scheme.

25.2 Notwithstanding the provisions of rule 26 the Principal Officer may maintain a petty cash float in such sum as the Board may from time to time decide from which to make minor disbursements relating to the running expenses of the Scheme.



25.3 Signing of Contracts and Documents

All cheques, bills of exchange, promissory notes and other negotiable instruments, and all contracts and other instruments and documents whatsoever required to be signed and countersigned by or on behalf of the Scheme shall be signed by such persons as may be authorised thereto by the Board, as contemplated in rule 20.15, provided that documents to be deposited with the Registrar shall be signed as prescribed by the Act.

25.4 Custody of Securities

The Board must cause to be kept in safe custody, in a safe or strong room at the registered office of the Scheme or with any financial institution, asset manager or custodian approved by the Board, any proof of ownership of any incorporeal asset, mortgage bond, title deed or other security belonging to or held by the Scheme, except when in the temporary custody of another person for the purposes of the Scheme.

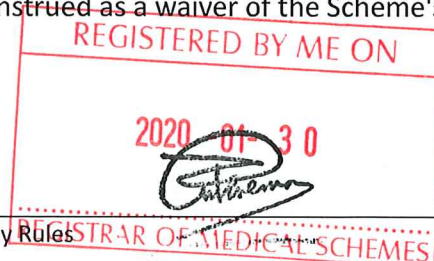
25.5 Financial Statements, Statistics and Other Reports

25.5.1 The Board shall cause to be lodged with the Registrar such financial and other statements, statistics and reports as are required by the Act.

25.5.2 The Board shall cause to be prepared such financial and other statements which shall be certified by the auditor, signed as required by the Act and shall be tabled at the Annual General Meeting.

26. INDULGENCE

No indulgence which the Scheme may show to any member or employer shall in any way prejudice the Scheme's rights or be construed as a waiver of the Scheme's rights or a novation of any party's rights.



27. AUDITOR AND AUDIT COMMITTEE

- 27.1 The Board must appoint an audit committee in the prescribed manner.
- 27.2 The audit committee shall be responsible for recommending the appointment of the external auditor to the Board of trustees as well as overseeing the external audit process.
- 27.3 An auditor (who must be authorised and approved by the registrar in terms of section 36 of the Act) who is a registered auditor as defined in the Auditing Profession Act, 2005, must be recommended by the Board resolution and appointed by members at every annual general meeting, to hold office from the conclusion of that meeting for one year.
- 27.4 Whenever for any reason an auditor vacates his office prior to the expiration of the period for which he has been appointed, the Board must within 30 days appoint another auditor to fill the vacancy for the unexpired period.
- 27.5 If the members of the Scheme at a general meeting fail to appoint an auditor required to be appointed in terms of section 36(1) of the Medical Schemes Act, the Board must within 30 days recommend to the registrar for an appointment in terms of section 36(9) of the Act.
- 27.6 The following persons are not eligible to serve as auditor of the Scheme-
- 27.7 A member of the Board;
- 27.7.1 An employee, officer or contractor of the Scheme;
- 27.7.2 An employee, director, officer or contractor of the Scheme's administrator, or of its holding company, subsidiary, joint venture or associate of the administrator;



27.7.3 A person not engaged in public practice as an auditor;

27.7.4 A person who is disqualified from acting as an auditor in terms section 90 of the Companies Act, 2008.

27.7.5 Any person who has a material relationship with the Scheme or any of its contractors.

27.7.6 Where no auditor is appointed or reappointed by the Board the registrar may at any time do so.

27.7.7 The authorised auditor of the Scheme has a right of access to the books, records, accounts, documents and other effects of the Scheme at all times and is entitled to require from the Board and the officers of the Scheme such information and explanations as he deems necessary for the performance of his duties.

27.7.8 The auditor shall make a report to the members of the Scheme on the accounts examined by him and on the financial statements laid before the scheme in general meeting.

28. GENERAL MEETINGS

28.1 Annual General Meeting



The Annual General Meeting of members of the Scheme shall be held on or before 30 June of each year for the transaction of the following business:

28.1.1 to approve, with or without amendments, the minutes of the previous Annual General Meeting and any special general meetings held since the date of the previous Annual General Meeting;

- 28.1.2 to approve the audited annual financial statements and the auditor's report to members as at 31 December of the previous year;
- 28.1.3 to approve the proposed Trustee remuneration increase for the ensuing year;
- 28.1.4 to announce newly-elected Board members as provided for in rule 18.5.9;
- 28.1.5 to appoint the auditor; and
- 28.1.6 to transact any other business of which due notice has been received by the Principal Officer on or before midnight on the last day of April preceding the Annual General Meeting, provided that any motion complies with the *provisos* in rules 28.3.3 – 28.3.6.

28.2 Notice of Annual General Meeting

- 28.2.1 The notice convening the Annual General Meeting containing the agenda, ~~an un~~^{deleted} audited summary of the audited annual financial statements, auditor's and Trustees' report shall be sent to all members at least 14 days before the day of the meeting. The non-receipt of the notice by a member shall not invalidate the proceedings at an Annual General Meeting.
- 28.2.2 Only members in good standing have the right to attend the meeting on presenting proof of membership and identity.

28.1.2 to approve the audited annual financial statements and the auditor's report to members as at 31 December of the previous year;

28.1.3 to approve the proposed Trustee remuneration increase for the ensuing year;

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Signed by Daisy Seakgoe,
d.seakgoe@medicalschem

28.1.4 to announce newly-elected Board members as provided for in rule 18.5.8;

28.1.5 to appoint the auditor; and

28.1.6 to transact any other business of which due notice has been received by the Principal Officer on or before midnight on the last day of April preceding the Annual General Meeting, provided that any motion complies with the *provisos* in rules 28.2.3 – 28.2.6.

28.2 Notice of Annual General Meeting

28.2.1 The notice convening the Annual General Meeting containing the agenda, a summary of the audited annual financial statements, auditor's and Trustees' report shall be sent to all members at least 14 days before the day of the meeting. The non-receipt of the notice by a member shall not invalidate the proceedings at an Annual General Meeting.

28.2.2 The summary of the audited annual financial statements as noted in 28.2.1 shall not be audited separately given that the summary document is produced from audited annual financial statements.

28.2.3 Only members in good standing have the right to attend the meeting on presenting proof of membership and identity.

28.3 Motions

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- 28.3.1 Notices of motions to be placed before the Annual General Meeting must reach the Principal Officer not later than midnight on the last day of April preceding the Annual General Meeting;
- 28.3.2 A motion may not deal with matters that affect the operation of the Scheme or matters that fall outside of the ambit of the Annual General Meeting;
- 28.3.3 Motions must be for the benefit of all members and/or be in the best interest of the Scheme and its members;
- 28.3.4 Motions must be concise, defined and free from ambiguity, accompanied by a detailed motivation. Should a motion be submitted without the required detailed motivation, or not meet all the requirements as set out in Rules 28.3.1 – 28.3.4, the motion may be deemed to be invalid.

28.4 Quorum for Annual General Meeting

Thirty (30) members of the Scheme shall be a quorum. If a quorum is not present at the time fixed for the commencement of the meeting, the meeting shall be postponed for 30 minutes, and the members then present shall be a quorum.

28.5 Venue for Annual General Meeting

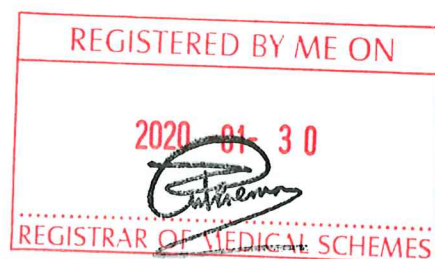
Annual general meetings shall be held in Johannesburg or in any other location as may be decided by the Board.

28.6 Special General Meeting

- 28.6.1 Whenever it considers it desirable the Board may convene a special general meeting of the Scheme.

29. VOTING AT GENERAL MEETINGS

- 29.1 Every principal member who is in good standing with the Scheme, and who is present at a general meeting of the Scheme has the right to vote, or may, subject to this rule, appoint another principal member of the Scheme as proxy, who is also in good standing, to attend, speak and vote in his stead.
- 29.2 The instrument appointing the proxy must be in writing, in a form determined by the Board.
- 29.3 The prescribed proxy form must be fully completed and signed by the principal member as well as the principal member appointed as the proxy, signifying his consent to stand as proxy.
- 29.4 One principal member in good standing shall hold a maximum of one proxy vote for a principal member in good standing.
- 29.5 Properly completed proxy forms to be placed before the general meeting must reach the Principal Officer not later than midnight, five business days preceding the general meeting, exclusive of public holidays and weekends.
- 29.6 The Chairperson must determine whether the voting must be by ballot or by a show of hands. In the event of the votes being equal, the Chairperson, if he is a member, has a casting vote in addition to his deliberative vote.
- 29.7 All members attending a general meeting shall be required to supply proof of membership and must be in good standing with the Scheme.



30. COMPLAINTS AND DISPUTES

- 30.1 Members must first lodge their complaints, in writing, to the Scheme. The Scheme or its administrators shall also provide a dedicated telephone number to be used for dealing with telephonic enquiries and complaints.
- 30.2 All complaints received in writing will be responded to by the Scheme in writing within 30 days of receipt thereof.
- 30.3 Any dispute which may arise between a member, a prospective member, a former member or any person deriving his claim from such member, and the Scheme or an officer of the Scheme, shall be referred by the Principal Officer to the disputes committee for adjudication.
- 30.4 A disputes committee comprising at least three persons, who may not be members of the Board, employees or officers of the Scheme, the administrator or the managed care organisation, shall be selected from a panel appointed by the Board to settle any disputes. At least one of such persons shall be a person with legal expertise.
- 30.5 On receipt of a request in terms of this rule, the Principal Officer must convene a meeting of the disputes committee by giving not less than 21 days' notice in writing to the complainant and all the members of the disputes committee, stating the date, time, and venue of the meeting and particulars of the dispute.
- 30.6 The disputes committee may determine the procedure to be followed.
- 30.7 The parties to any dispute have the right to be heard at the proceedings, either in person or through a representative.
- 30.8 The decision taken in terms of rule 29.5 or that of the dispute committee must be communicated to all parties in writing and where an appeal arises, this must be



lodged in writing with the Registrar, indicating their right to appeal in terms of Section 47 of the Act.

30.9 The operation of any decision which is the subject of an appeal under rule 30.8 shall be suspended pending the decision of the Registrar/Council.

31. DISSOLUTION

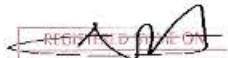
31.1 The Scheme may be dissolved by order of a competent court or by voluntary dissolution.

31.2 Members in general meeting may decide that the Scheme must be dissolved, in which event the Board must arrange for members to decide by ballot whether the Scheme must be liquidated.

31.3 Pursuant to a decision by members taken in terms of rule 31.2 the Principal Officer must, in consultation with the Registrar, furnish to every member a memorandum containing the reasons for the proposed dissolution and setting forth the proposed basis of distribution of the assets in the event of winding up, together with a ballot paper.

31.4 Every member must be requested to submit a ballot duly completed (~~in the manner contemplated in rule 18.5.9~~) before a set date. If at least 50 percent of the members submit their ballot and if the majority of the ballots are in favour of the dissolution of the Scheme, the Board must ensure compliance therewith and appoint, subject to the approval of the Registrar, a competent person as liquidator.

31.5 The Registrar may, on good cause shown, ratify a lower percentage.


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lodged in writing with the Registrar, indicating their right to appeal in terms of

Section 47 of the Act.

30.9 The operation of any decision which is the subject of an appeal under rule 30.8 shall be suspended pending the decision of the Registrar/Council.

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31.4 Every member must be requested to submit a duly completed ballot, whether physical or electronic, before a set date. If at least 50 percent of the members submit their ballot and if the majority of the ballots are in favour of the dissolution of the Scheme, the Board must ensure compliance therewith and appoint, subject to the approval of the Registrar, a competent person as liquidator.

31.5 The Registrar may, on good cause shown, ratify a lower percentage.

32. AMALGAMATION AND TRANSFER OF BUSINESS

32.1 The Scheme may, subject to the provisions of Section 63 of the Act, amalgamate with, transfer its assets and liabilities to, or take transfer of assets and liabilities of any other medical scheme or person. The Board must arrange for members to be furnished with an exposition of the proposed transaction for consideration and to decide by ballot, whether physical or electronic, whether the proposed transaction should be proceeded with or not.

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32.2 If at least 50 percent of the members submit their duly completed ballot, whether physical or electronic, and if the majority of the are ballots are in favour of the amalgamation or the transfer, the transaction may be concluded in the prescribed manner.

32.3 The Registrar may, on good cause shown, ratify a lower percentage.

32.4 The amalgamating Board must submit signed copies of a final audited set of financial statements and annual statutory return to the CMS.

33. RIGHT TO OBTAIN DOCUMENTS AND INSPECTION OF DOCUMENTS

33.1 Any beneficiary must on request and on payment of a fee of R100.00 per hard copy, be supplied by the Scheme with a copy of the following documents:

33.1.1 The rules of the Scheme including any network/preferred providers and DSPs;

33.1.2 the latest audited annual financial statements, returns, Trustees' and auditor's report' of the Scheme;

33.1.3 protocols and formularies documents.

33.2 Any beneficiary shall be entitled to inspect, without charge, at the registered office of the Scheme during normal working hours, a copy of any of the documents referred to in rules 33.1.1, 33.1.2 and 33.1.3, and to make extracts therefrom.

33.3 This rule shall not be construed to restrict any other person's rights in terms of the Promotion of Access to Information Act, No 2 of 2000.

34. AMENDMENT OF RULES

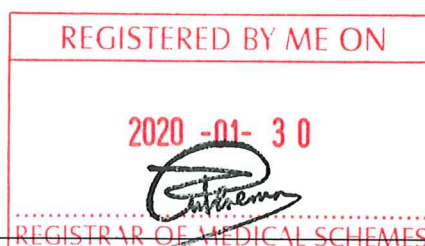
34.1 The Board shall be entitled to alter or rescind any rule or to make any additions thereto, or to reduce any benefits or increase any contribution payable during the course of a financial year.

34.2 In the event of any alteration being made at any time in the benefits granted by the Scheme to members or dependants, claims made subsequent to such alterations shall be paid as under the rules existing as at the date of service, and not as at the date when the claim is received.

34.3 No alteration, rescission or addition shall be valid until it has been approved and registered as an amendment to the rules by the Registrar in terms of the Act.

34.4 Every member shall, as soon as possible after the registration of an amendment, be advised thereof. Should his rights, obligations or the benefits or contributions be amended, he shall be given 30 days advance notice of such change, provided that non-receipt of such notice shall in no way relieve a member of any obligation that may arise from such amendment.

34.5 Notwithstanding the provisions of rule 34.1, above, the Board shall, on the request and to the satisfaction of the Registrar, amend any rule that is inconsistent with the requirements of the Act.



34.6 No amendment, rescission or addition of any rule shall be valid unless it has been approved and registered by the Registrar.

35. NOTIFICATIONS AND PAYMENTS BY THE SCHEME

Any notification which the Scheme may wish or be required to give to a member or a dependant in accordance with these rules, shall be deemed validly given if delivered to the Human Resources Department at the member's place of employment, or, if sent by ordinary mail to the addressee at the last address notified to and recorded by the Scheme in respect of such person. In the case of a member retaining membership in terms of rules 6.2.1 and 6.2.3 or a dependant obtaining membership in terms of rule 6.2.2, such notification shall be sent by mail as set out above.

35.1 The member or dependant concerned shall be deemed to have received the notification, in the case of delivery to the Human Resources Department by the following business day and in the case of a notification by mail, on the fourth day after posting thereof.

35.2 It shall at all times remain the obligation of the member to keep the Scheme informed of any change of address in respect of the member and his dependants.

35.3 Any payments to a member other than by direct credit may likewise be delivered to the member in the same manner as provided for notifications. Such delivery shall be at the risk of the member.

