



**POLMED**

OUR INVESTMENT OUR HEALTH OUR FUTURE

# RULES

## **RULES FOR THE SOUTH AFRICAN POLICE SERVICE MEDICAL SCHEME (POLMED)**

**REGISTERED UNDER THE MEDICAL SCHEMES ACT, 1998**

**(ACT NO. 131 OF 1998)**

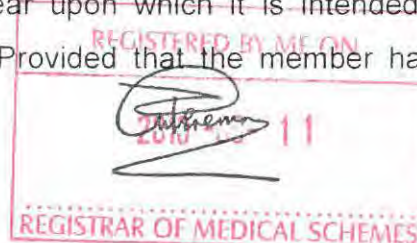
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- 15.5** Notwithstanding provisions of these Rules, where the Scheme is of the opinion that a claim/ account is incorrect or unacceptable for payment, the Scheme shall notify the member or the health care provider, whichever applies, accordingly within 30 days after receipt thereof. The Scheme shall state the reasons why such claim / account is incorrect or unacceptable and afford such member or provider the opportunity to return such corrected claim to the Scheme within 60 days from the date of the notice.
- 15.6** Where benefits are subject to prior approval, the documents or reference numbers of such approval, must accompany the claim.

## 16. BENEFITS

- 16.1** Members are entitled to benefits during a financial year, as per Annexure A1 and A3, and such benefits extend through the member to his registered dependants. A member must, on admission, elect to participate in any one of the available options, detailed in Annexure A.
- 16.1.1** The elected option shall be in place until the first day of the financial year following the application in terms of Rule 16.2 to transfer to another benefit option.
- 16.2** A member is entitled to change from one to another benefit option subject to the following conditions:
- 16.2.1** The change may be made only with effect from 1 January of any financial year. The Board may, in its absolute discretion, permit a member to change from one to another benefit option on any other date.
- 16.2.2** 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 prior to the year upon 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 changes in benefits or contributions for the next year.

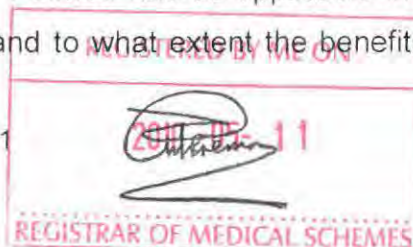
**16.3** The Board of Trustees shall be entitled to withhold payment of any benefit to which a member is entitled in the event that his contributions or any other payment to the Scheme are more than 14 days in arrear, and where accounts have been paid in accordance with Rule 17, the member will be held liable for such amount.

**16.4** Accounts for treatment of injuries or expenses recoverable from third parties, must be supported by a statement, setting out particulars of the circumstances in which the injury or accident was sustained. If the member institutes a claim as a result of a contract, delict or statute (for instance a motor vehicle accident or third party claim), the Scheme shall advance the benefits to which the member is entitled in terms of these Rules, provided that the member is obliged to cede the claim to the Scheme in respect of medical expenses.

**16.4.1** If a member or his dependant succeeds in obtaining the costs for future medical expenses resulting from an accident or incident caused by a third party, the Scheme shall not be liable for such medical expenses. Provided that a member is obliged to inform the Scheme in writing within 30 days from receipt of the costs for such future medical expenses of the member or his dependant.

**16.5 Benefits for services outside the Republic**

The scheme does not allow benefits for services rendered outside the borders of the Republic of South Africa. Provided that the Scheme may in the case of a member submitting an account / claim in respect of services rendered by a service provider abroad, determine which benefits such a member shall, according to the Polmed rate as applicable in the Republic of South Africa, be entitled to and to what extent the benefits and benefit



limitations shall be applicable or otherwise adapted. However it remains the responsibility of the member to acquire insurance cover when travelling outside the borders of the Republic of South Africa.

**16.5.1** The Scheme may in its absolute discretion, upon written request by the member authorize an award in respect of members who are abroad and who require serious medical treatment for themselves or their dependants.

**16.6** The maximum benefits to which a member and his dependants shall be entitled in any financial year, shall be limited as set out in Annexure A1 and A3.

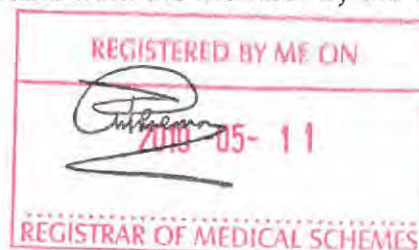
**16.7** The Scheme shall, where an account has been rendered, pay any benefit due to a member, either to that member or to the supplier of the relevant health service who rendered the account, within 30 days of receipt of the claim pertaining to such benefit.

**16.8** Any benefit option offered in Annexure A1 and A3 covers in full the cost of the prescribed minimum benefits rendered by a State hospital. In those instances where the public hospital service is not reasonably available the Scheme will provide benefits in order to cover the minimum benefits in which ever setting the member is compelled to seek treatment.

**16.8.1** If it comes to the attention of the Board that benefits have been paid on behalf of an unregistered dependant of a member, no further benefits shall be paid in respect of claims submitted by such member or his dependant until such time that any arrear contributions have been paid/collected.

**16.8.2** If benefits were paid in respect of such dependant who is not entitled to benefits in accordance with these Rules any monies so disbursed shall be recoverable from the member by the Scheme.

~~Such claims should not be paid at initial by the scheme! Where such a claim goes through, the provisions of rule 17.3 must apply.~~



- 16.9** Should the Scheme, upon receipt of any claim submitted by a member, his dependant, any person or body or service provider or that the provisions of Rule 12.5 may be applicable, have reasonable ground to believe or to suspect that the submission of such claim amount to an actual or potential fraud or abuse of the member's entitlement or fraud upon the Scheme by such beneficiary or person or body or service provider or that the provisions of Rule 12.5 may be applicable, the Scheme shall be entitled in its sole discretion to make all such enquiries in regard to the claim as may be reasonable in the circumstances. The member or beneficiary concerned shall render all such assistance and furnish all such information and documentation as the Scheme may call for. The Scheme shall, furthermore, be entitled to take such steps as it deems necessary or appropriate in order to protect the interests of the Scheme or to prevent such or any similar abuse or fraud. Without limiting the generality of the foregoing, the Scheme shall be entitled to communicate with the body controlling any health provider, the service provider, the employer and the law enforcement agencies.
- 16.10** If actual or potential fraud and misconduct is uncovered a comprehensive and objective investigation will be conducted and the following shall serve as guidelines:
- 16.10.1** Stop claim payments to provider;
  - 16.10.2** Place service provider on indirect payment;
  - 16.10.3** Make detailed findings to the Scheme appointed External Investigators;
  - 16.10.4** Suspend/terminate the membership of the member and submit a detailed report to employer;
  - 16.10.5** Report service provider to Health Professional Council of South Africa;
  - 16.10.6** Initiate civil proceedings against member/service provider;
  - 16.10.7** Initiate criminal proceedings against member/service provider;

16.10.8 Take recourse or remedial action that may be appropriate.

16.11 The Scheme shall have the right to obtain any relevant medical information concerning the member/beneficiary that may be deemed necessary from the supplier of health care goods or services (including medicines) or any other person that has such information under his control and shall disclose such information to the authorized medical personnel or medical advisor of the Scheme. Such information shall at all times be treated as confidential by such person to whom it was disclosed.

16.12 Services as set out in Annexure C, are excluded from benefits.

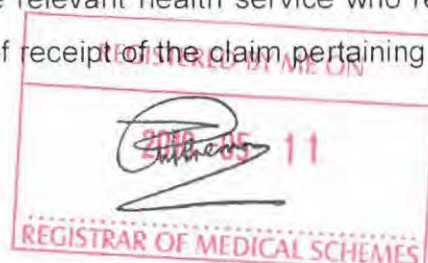
## 17. PAYMENT OF ACCOUNTS

17.1 Payment of accounts is restricted to the maximum amount of the benefit entitlement in terms of the applicable benefit and option elected.

17.2 The Scheme may, whether by agreement or not with any supplier or group of suppliers of a service, pay the benefit to which the member is entitled, directly to the supplier who rendered the service unless the member has, together with his claim, submitted a receipt from the supplier as proof that he has already paid for the service.

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

17.4 The Scheme shall, where an account has been rendered, pay any benefit due to a member or supplier of the relevant health service who rendered the account within thirty (30) days of receipt of the claim pertaining to such



benefit. In respect of a supplier with whom the Scheme has an agreement, payment shall be made in terms of such agreement. When a member submits a receipted account, he shall be re-imbursed in accordance with the provisions of the Rules for such benefit.

**17.5** Notwithstanding the provisions of this rule, the Scheme has the right to pay any benefit directly to the member concerned.

**17.6** Payment of amounts due to a member is made by means of payment into the personal bank account of the member.

## **18. GOVERNANCE**

**18.1** The affairs of the Scheme must be managed by the Board of Trustees in accordance with the Act and these Rules and with due regard to the interests of the members and their dependants.

**18.2** The Board of Trustees shall consist of fourteen (14) members, of whom seven (7) shall be designated by the National Commissioner (hereinafter referred to as designated members of the Board) and seven (7) shall be elected by members (hereinafter referred to as elected members of the Board). The seven (7) members to be elected must include two (2) continuation members.

**18.2.1** The Board of Trustees must take all reasonable steps to ensure that its composition broadly mirrors the composition of the membership of the Scheme as far as race and gender is concerned.

**18.2.2** For the purposes of these Rules it is accepted that the membership of the Scheme consists of

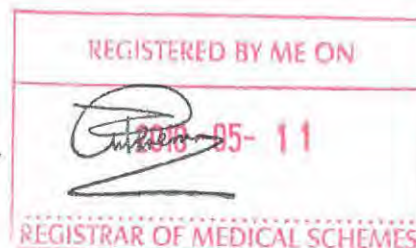


- 18.2.2.1 a minimum of 40% female members; and
- 18.2.2.2 70% black (which includes coloured and Indian) members and 30% white members;
- 18.2.3 The Board of Trustees must endeavour to have one (1) black member (as set out in Rule 18.2.2.2), and one (1) white member elected as continuation members of the Board and that one of the two is female and the other male.
- 18.3 The term of office of an elected member of the Board shall end at the closure of the third Annual General Meeting after his or her election: Provided that an elected member whose term of office ends at a particular Annual General Meeting shall be eligible for re-election a further term of office.
- 18.4 The election of elected members of the Board must be by members of the Scheme from a list of nominated candidates and the election process must be concluded at an Annual General Meeting of the Scheme.
- 18.5 The election of members of the Board must take place by secret ballot and in accordance with a procedure determined by the Board of Trustees. The procedure determined by the Board of Trustees must –
- provide for a free and fair election by members of the Scheme,
  - be transparent,
  - be designed to ensure the integrity of the process,
  - allow members of the Scheme a reasonable opportunity to vote in the election.
- 18.6 An independent body or independent person appointed by the Board of Trustees must oversee the election and declare whether the election was

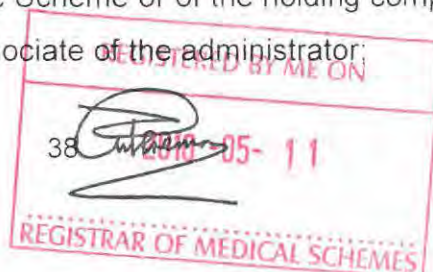


free and fair and in accordance with the procedure as determined by the Board. No Board member may interfere with the election process.

- 18.6.1** The independent body or independent person shall, by notice in writing to the members, call for nominations of candidates for the Board.
- 18.6.2** Any nomination must be seconded by at least fifty (50) other members, must be accepted by the nominee in writing, and must be submitted to the independent body or independent person together with an abridged curriculum vitae of the nominee and his or her written acceptance of the nomination.
- 18.6.3** The independent body or independent person must, if necessary, by notice in writing to the members, call for further nominations to ensure compliance with Rule 18.2.1 from the category of persons stipulated in that paragraph.
- 18.6.4** The members shall submit such further nominations in accordance with the provisions of Rules 18.6.2 to the independent body or independent person.
- 18.6.5** The independent body or independent person shall draw up a list on which there shall appear the names of all nominees nominated in terms of these rules in alphabetical order but shall contain no reference to the member who nominated each nominee.
- 18.6.6** The independent body or independent person shall make available to each member the said list together with the curriculum vitae of each nominee when he or she registers to vote in the election.
- 18.6.7** Each member shall select from the list on the ballot paper no less and no more candidates than the number of vacancies to be filled, failing which, all votes exercised by that member shall be deemed to be spoilt and shall not be taken into account when the ballot papers are counted.

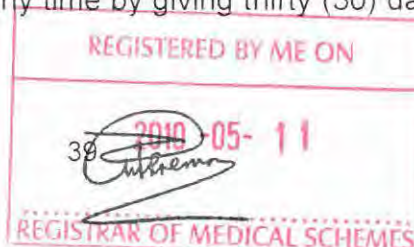


- 18.6.8** The independent body or independent person shall be responsible for the whole process of voting, counting and announcing of the candidates so elected by the members at the AGM.
- 18.7** An elected member of the Board of Trustees will remain a member of the Board of Trustees for the full term of his or her office, unless he or she dies, resigns or, for whatever reason, becomes disqualified to serve as a member of the Board of Trustees.
- 18.8** The term of office of a designated member of the Board of Trustees shall be three (3) years or until his or her designation by the National Commissioner is withdrawn, whichever is the shortest, unless he or she dies, resigns, or for whatever reason, becomes disqualified to serve as a member of the Board of Trustees: Provided that the National Commissioner may re-designate the same designated member at the end of the term of office of that designated member for a further term of office. The National Commissioner must, in writing, notify the Board of Trustees if he or she withdraws the designation of a designated member and inform the Board who shall replace the said designated member. The employer representative who is designated by the National Commissioner to replace the employer representative whose designation has been withdrawn by the National Commissioner, shall take up his or her office as member of the Board of Trustees at the first meeting of the Board of Trustees following upon the meeting at which the written notice of the National Commissioner has been received.
- 18.9** The following persons are not eligible to serve as members of the Board:
- 18.9.1** a person under the age of 21 years;
- 18.9.2** an employee, director, officer, consultant or contractor of the administrator of the Scheme or of the holding company, subsidiary, joint venture or associate of the administrator;



- 18.9.3** a person, including a legal person, associated with the administrator of the Scheme or of any controlling or subsidiary company of the administrator;
- 18.9.4** a broker;
- 18.9.5** the Principal Officer of the Scheme;
- 18.9.6** the auditor of the Scheme;
- 18.9.7** a dependant;
- 18.9.8** any person who is the subject of any order under any law disqualifying him from being a Trustee or Director; and
- 18.9.9** save under authority of the Court –
- (i)** an unrehabilitated insolvent;
  - (ii)** any person removed from an office of trust on account of misconduct;
  - (iii)** any person who has at any time been convicted (whether in the Republic or elsewhere) of theft, fraud, forgery or uttering a forged document, perjury, an offence under the corruption, whether in terms of the common law or not, or any offence involving dishonesty or in connection with the promotion, formation or management of a company, and has been sentenced therefore to imprisonment without the option of a fine or to a fine exceeding one thousand rand; or
  - (iv)** any person who has, in terms of an Act of Parliament, been removed from office for not being a fit and proper person to serve as a director or in the management or in any other position of trust of the body in question due to theft, fraud, forgery, uttering a forged document, corruption, whether in terms of the common law or not, or any other act involving dishonesty.

**18.10** A trustee may resign at any time by giving thirty (30) days written notice to the Board of Trustees.



### 18.11 Termination of Period of Office

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

**18.11.1** he ceases to be a member of the Scheme;

**18.11.2** he is absent from three (3) consecutive meetings without tendering an apology;

**18.11.3** his written resignation from office is received by the Principal Officer;

**18.11.4** he is declared mentally incapable of managing his affairs;

**18.11.5** he is declared insolvent or has surrendered his estate;

**18.11.6** he is convicted, whether in the Republic of South Africa or elsewhere of theft, fraud, forgery or uttering of a forged document or perjury;

**18.11.7** he is removed by a court from any office of trust on account of misconduct; or

**18.11.8** he is removed from office by Council in terms of section 46 of the Act.

**18.11.9** he is removed by the Board of Trustees as a result of misconduct or misdemeanor of whatever nature after following a due process.

### 18.12 Quorum at Board Meetings

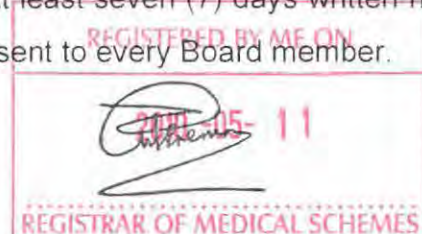
Eight (8) members of the Board shall be a quorum at Board meetings. Should a quorum not be present at the time fixed for the commencement of the meeting, the meeting shall be postponed for a maximum of twenty one (21) days, or, if that day is a public holiday, the meeting shall be postponed to the first working day following that public holiday.

### 18.13 Meetings of the Board

#### 18.13.1 Ordinary Meetings of the Board

See rule 18.20!

The Principal Officer shall convene at least three (3) ordinary Board meetings per year. At least seven (7) days written notice of any Board meeting shall be sent to every Board member.



### 18.13.2 Special Meetings of the Board

*See rule 18.2.1!* Any three (3) members of the Board may request the Principal Officer to convene a special Board meeting to be held within twenty-one (21) 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.

### 18.14 Filling of Vacancies

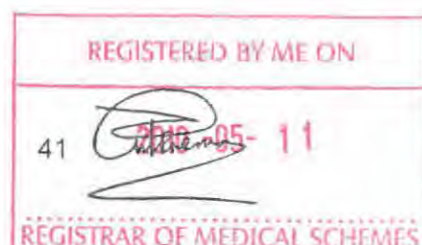
In the event that a number of vacancies arise on the Board of Trustees and the remaining members on the Board of Trustees are less than the minimum number required for a quorum in terms of these rules, the Board of Trustees may appoint such a number of suitable members of the Scheme as Trustees of the Scheme as may be necessary to ensure that there are eight (8) Trustees to serve as Trustees of the Scheme until such time as such vacancies can be filled as provided for in these Rules.

### 18.15 Election of Chairperson and Vice-Chairperson

The members of the Board shall elect a Chairperson and Vice-Chairperson, from its number. 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.

**18.16** The Chairperson shall preside and preserve due and proper conduct at all meetings of the Board of Trustees and at all Annual General Meetings and Special General Meetings of the Scheme.

**18.17** In the absence of the Chairperson and Vice-Chairperson, the members of the Board of Trustees present shall elect one of their number to preside.



**18.18** In the event that the Board of Trustees cannot reach consensus regarding matters serving before the Board, such matters shall be decided by a majority vote. In the event of a stay of votes, the Chairperson shall obtain expert advice by co-opting persons in terms of Rule 18.25. The Board shall then decide on such matter at the following meeting after hearing the expert advice: Provided that if a stay of votes regarding such matter occurs at the following meeting, the Chairperson shall have a casting vote on the matter.

**18.19** A resolution in writing signed by trustees being not less than are sufficient to constitute a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Board of Trustees duly called and constituted: Provided that one of the signatories shall be the Chairperson, or in the absence of the Chairperson, the Vice-Chairperson. Such a resolution must be noted at the following meeting of the Board of Trustees. Any such resolution may consist of several documents in like form, signed by the signatories contemplated in this Rule.

*See rule 18.13.1!* **18.20** The Board of Trustees shall meet every two (2) months or at such intervals as it may deem necessary.

*See rule 18.13.2!* **18.21** The Chairperson may convene a Special Board Meeting should the need arise. Any two members of the Board of Trustees may request the Chairperson to convene a Special Board Meeting, stating the matters to be discussed at such meeting.

**18.22** The Board of Trustees shall cause the proceedings of all Annual, Special General and Board of Trustees meetings to be properly recorded and the minutes of such meetings shall be laid before the subsequent similar meeting: Provided that the minutes of every Special General Meeting shall, as the Board of Trustees may decide, be laid before the subsequent Special General Meeting or the Annual General Meeting.

**18.23** If the minutes of any such meetings are accepted and confirmed as correct they shall be signed by the Chairperson. Every minute signed by the Chairperson of the meeting to which such minutes relate or signed by the chairperson of the meeting subsequent to the meeting to which such minutes relate, shall be sufficient evidence of the facts stated therein.

**18.24** The Principal Officer and designated members of the management personnel of the Scheme designated by the Board, are required to attend all meetings of the Board of Trustees. They may participate in the deliberations of the Board of Trustees but shall have no vote.

**18.25** The Board of Trustees may co-opt in a consultative capacity for a specific purpose, persons who need not be members of the Scheme. Such persons may participate in the deliberations of the Board of Trustees but shall have no vote.

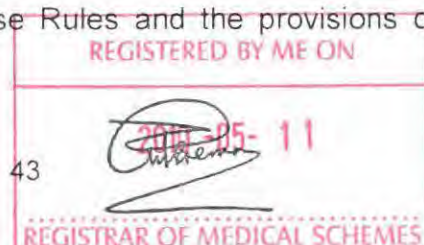
**18.26 Remuneration of Board members**

Members of the Board shall be entitled to such remuneration, honorarium and other fees in respect of services rendered in their capacity as members of the Board and 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 from time to time determine.

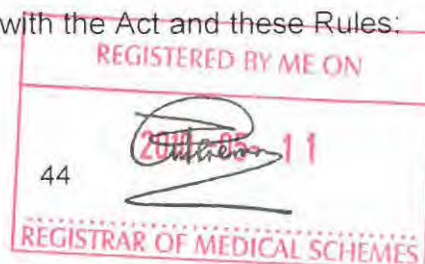
**19. DUTIES OF BOARD OF TRUSTEES**

The Board of Trustees shall:

**19.1** ensure the proper and sound management of the Scheme in terms of these Rules and shall take all reasonable steps to ensure that the interests of members in terms of these Rules and the provisions of the Act, are protected at all times;



- 19.2** act with due care, diligence, skill and good faith;
- 19.3** take all reasonable steps to avoid conflicts of interest and shall declare any interest they may have in any particular matter serving before the Board of Trustees.
- 19.4** act impartiality in respect of all members;
- 19.5** apply sound business principles and ensure the financial soundness of the Scheme;
- 19.6** appoint a Principal Officer who is a fit and proper person to hold such office and shall within 30 days of such appointment give notice thereof in writing to the Registrar;
- 19.7** appoint the management personnel of the Scheme;
- 19.8** ensure that proper registers, books and records of all operations of the Scheme are kept, and that proper minutes are kept of all resolutions passed by the Board of Trustees;
- 19.9** shall ensure that proper control systems are employed by or on behalf of the Scheme;
- 19.10** ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions and duties in terms of the Act and these Rules;
- 19.11** take all reasonable steps to ensure that contributions are paid timeously to the Scheme in accordance with the Act and these Rules;



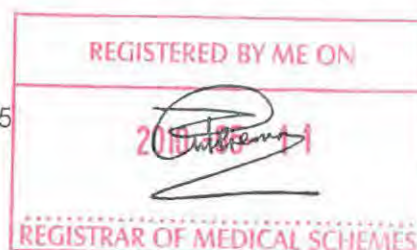
- 19.12** take out and maintain professional indemnity insurance and fidelity guarantee insurance from and up to such amount as the Scheme's auditor, with concurrence of the Registrar, may determine;
- 19.13** approve all disbursements;
- 19.14** cause to be kept in safe custody in a safe or strong room at the registered office of the Scheme or with any financial institution approved by the Board of Trustees, 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;
- 19.15** 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;
- 19.16** subject to the provisions of the Act appoint an Audit Committee;
- 19.17** appoint a Disputes Committee contemplated in Rule 28.2, and
- 19.18** disclose annually, in writing to the Registrar, any payment or considerations made to them in that particular year by the Scheme.

## 20. POWERS OF THE BOARD OF TRUSTEES

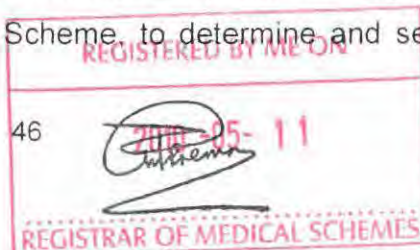
The Board of Trustees shall have the power:

- 20.1** to appoint a Principal Officer who is a fit and proper person to hold such office;

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- 20.2 to appoint any other persons required for the proper execution of the business of the Scheme and to sign and execute all necessary documents to ensure and secure the due fulfillment of the Scheme's obligations under such appointments;
- 20.3 to prescribe the powers and remuneration of officers of the Scheme and to cause the termination of the services of any officer employed by the Scheme;
- 20.4 to appoint a committee consisting of such members and other experts as it may deem appropriate and to delegate any of its powers to such committee and to the Principal Officer;
- 20.5 to appoint the internal auditor for the Scheme and to determine the duration of the appointment;
- 20.6 to take all necessary steps and to sign and execute all necessary documents to ensure and secure the due fulfillment of the Scheme's obligations;
- 20.7 to appoint a <sup>duly</sup> ~~fully~~ accredited professional administrator on such terms and conditions as it may determine, for the proper execution of the business of the Scheme, to determine and settle terms and conditions of such appointment which shall be contained in a written contract, to take all necessary steps and to execute all the necessary documents to ensure the due fulfillment of the Scheme's obligations in regard to such appointment, and to terminate the services of the Administrator.
- 20.8 to appoint a professional managed health care contractor on such terms and conditions as it may determine, for the proper managing of the health care of the members of the Scheme, to determine and settle terms and

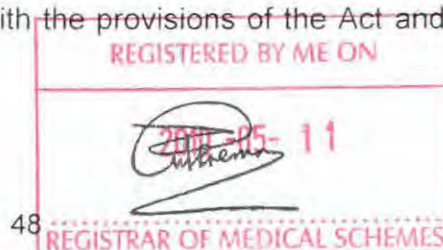


conditions of such appointment which shall be contained in a written contract, to take all necessary steps and to execute all the necessary documents to ensure the due fulfillment of the Scheme's obligations in regard to such appointment, and to terminate the services of the Managed Health Care contractor.

- 20.9** to appoint advisors or consultants to assist it in the performance of its duties;
- 20.10** to purchase movable and immovable property for the use of the Scheme or otherwise and to sell same or any of it;
- 20.11** to let or hire movable or immovable property;
- 20.12** in respect of any moneys not immediately required to meet current charges upon the Scheme and subject to the provisions of the Act, and in the manner determined by the Board of Trustees to lend, invest or otherwise deal with such moneys upon security and to realize, re-invest or otherwise deal with such moneys and investments;
- 20.13** to borrow money for the Scheme from the Scheme's bankers against the security of the Scheme's assets for the purpose of bridging a temporary shortage after prior approval of the Council for Medical Schemes;
- 20.14** 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;



- 20.15** to make a donation to any hospital, clinic, nursing home, maternity home, infirmary or home for aged persons in the interests of all or any of the members;
- 20.16** to grant repayable loans to the members of the Scheme or to make Ex gratia payments 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" as defined in section 1 of the Act;
- 20.17** to contribute to any association instituted for the benefit of medical schemes;
- 20.18** to contribute to any association or any fund conducted for the benefit of the employees of the scheme;
- 20.19** to allocate a personal medical savings account to a member, to be used for the payment of any relevant health service;
- 20.20** to reinsure obligations in terms of the benefits provided for in the Rules;
- 20.21** to authorize the Principal Officer and such other members of the Board of Trustees as it may determine from time to time, and upon such terms and conditions as the Board of Trustees may determine, to sign any contract or other binding document relating to the Scheme or any document authorizing the performance of any act on behalf of the Scheme;
- 20.22** in general, do anything which it deems necessary or expedient to perform its functions in accordance with the provisions of the Act and the Rules of the Scheme; and



**20.23** amend and rescind the Rules and benefits of the Scheme or make any additional rule or benefit applicable after a majority vote by the Board of Trustees and ensure the amendment, rescission or addition of any rule is approved by the Registrar in terms of section 31(2).

## **21. DUTIES OF THE OFFICERS OF THE SCHEME**

**21.1** The officers of the Scheme shall ensure the confidentiality of all information regarding members of the scheme.

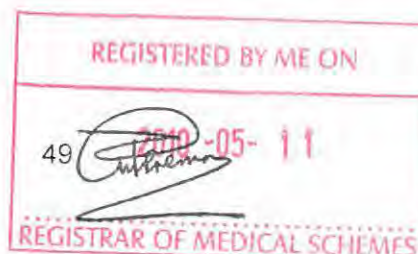
**21.2** The Principal Officer shall be the Accounting Officer of the Scheme and as such shall ensure that:

**21.2.1** The Principal Officer is responsible for the statutory and administrative functions of the Scheme and shall ensure the carrying out of all duties as are necessary for the proper execution of the business of the Scheme. He shall, where possible, attend all meetings of the Scheme and of the Board of Trustees and any other duly appointed committee where his attendance may be required and ensure proper recording of the proceedings of all meetings;

**21.2.2** The Principal Officer is responsible for the supervision of the officers employed by the Scheme.

**21.2.3** The Principal Officer as the accounting officer of the Scheme is responsible for the collection of and accounting for all moneys received and payments authorized by and made on behalf of the Scheme.

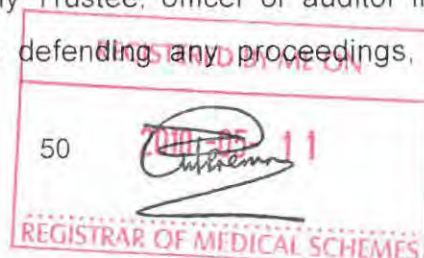
**21.2.4** The Principal Officer shall keep full and proper records of all moneys received and expenses incurred by, and of all assets, liabilities and financial transactions of the Scheme.



- 21.2.5** The Principal Officer shall ensure that annual financial statements are prepared and shall ensure compliance with all statutory requirements pertaining thereto.
- 21.2.6** The Principal Officer shall be disqualified and cease to hold the office if:
- 21.2.6.1** he becomes mentally-ill or incapable of managing his affairs;
  - 21.2.6.2** he is declared insolvent or has surrendered his estate for the benefit of his creditors;
  - 21.2.6.3** he is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering a forged document or perjury and any other offence involving an element of dishonesty.
  - 21.2.6.4** he is removed from any office of trust on account of misconduct; or
  - 21.2.6.5** he is disqualified under any law from carrying on his profession.
- 21.3** The following persons are not eligible to be a principal officer:
- 21.3.1** An employee, director, officer, consultant or contractor of the administrator of the Scheme or of its holding company, subsidiary, joint venture or associate of that administrator.
  - 21.3.2** A person who, immediately prior to the Medical Schemes Amendment Act, 2001, was a principal officer of a medical scheme in contravention of section 57(7) of that Act, will be deemed to comply with that section of the period terminating on 1 January 2004.

## 22. INDEMNIFICATION AND FIDELITY GUARANTEE

- 22.1** The Board of Trustees, any Trustee, officer or auditor in respect of any liability incurred by him in defending any proceedings, whether civil or



criminal, in which judgment is given in his favour or in which he is acquitted or in respect of any such proceedings which are abandoned or in connection with any application which relief is granted to him by the Court.

## 22.2 FIDELITY GUARANTEE

The Board of Trustees shall ensure that the Scheme is insured against loss resulting from the dishonesty or fraud of any of its officers (including members of the Board of Trustees) 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 shall extend from the first day of January to the 31st day of December of that year.

## 24. BANKING ACCOUNT

The Scheme shall maintain a banking account with a registered commercial bank. All moneys received shall be deposited to the credit of such account and all payments shall be made either by electronic transfer, tape exchange or by cheque under the joint signature of not less than two persons duly authorized by the Board of Trustees.

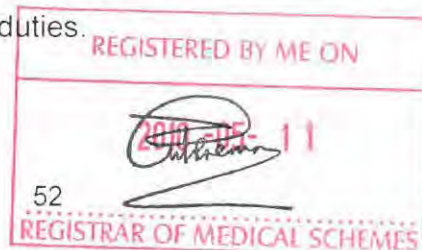
## 25. AUDITOR AND AUDIT COMMITTEE

25.1 The Board of Trustees shall annually appoint an internal auditor;

25.2 A retiring auditor, may be re-appointed without any resolution being passed to that end, unless he is not qualified for re-appointment;



- 25.3** The following persons are not eligible to serve as internal auditor of the Scheme.
- 25.3.1** A member of the Board;
  - 25.3.2** An employee, officer or contractor of the Scheme;
  - 25.3.3** An employee, director, officer or contractor of the Scheme's administrator, or of the holding company, subsidiary joint venture or associate of the administrator;
  - 25.3.4** A person not engaged in public practice as an auditor;
  - 25.3.5** A person who is disqualified from acting as an auditor in terms of the Companies Act, 1973.
- 25.4** Whenever for any reason an internal auditor vacates his office prior to the expiration of the period for which he has been appointed, the Board of Trustees shall within thirty (30) days appoint another internal auditor to fill the vacancy for the unexpired period.
- 25.5** The external auditor of the Scheme must attend any Annual General Meeting of the Scheme and will be entitled to attend any other general meeting of the Scheme and to receive all notices of and other communications relating to any general meeting which any member of the Scheme is entitled to receive and to make at such meetings any statement in relation to any return, account or balance sheet examined by him or report made by him.
- 25.6** The auditors of the Scheme shall at all times have a right of access to the books, records, accounts, documents and other effects of the Scheme, and shall be entitled to require from the Board of Trustees and the officers of the Scheme such information and explanations as they deem necessary for the performance of their duties.



- 25.7** The external 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.
- 25.8** An auditors shall be entitled to report any matter which they became aware of during their audit and which may cause the Scheme from failing to comply with the provisions of the Act and the Rules of the Scheme and furnish a copy of such report in terms of section 20(5)(b) of the Public Accountants' and Auditors' Act, 1991, directly to the Registrar. The furnishing of such report in good faith shall not be construed as a contravention of the law or a breach of any provision of a code of professional conduct to which they are subject to and an auditor's failure, in good faith, to furnish a report or information in terms of this section, shall not confer upon any person a right of action against the auditor which, but for that failure, that person would not have had.
- 25.9** The Board must appoint an audit committee of at least five members of which at least two shall be members of the Board.

## 26. GENERAL MEETINGS

### 26.1 Annual General Meeting



- 26.1.1** The annual general meeting of members shall be held not later than 30 August of each year at such time and place as the Board of Trustees shall determine for the purpose of:
- (i) receiving and adopting the financial highlights of the previous year together with the auditor's report and the report of the Principal Officer as required by the Act; or
  - (ii) the appointment or reappointment of the external

- auditor;
- (iii) the conclusion of the trustee election process; and
  - (iv) any other matter of which due notice has been given:
- Provided that no matter which affects the rates of contribution or extent of benefits under a particular benefit option shall be voted upon at an annual general meeting.
- 26.1.2** The notice convening the annual general meeting containing the agenda, the financial highlights, auditors report and annual report shall be dispatched to members to the last known address of the member according to the records of the Scheme at least 14 days before the date of the meeting. The non-receipt of such notice by a member shall not invalidate the proceedings at such meeting.
- 26.1.3** Fifty (50) members of the Scheme, present in person or by proxy shall constitute a quorum. If a quorum is not present after the lapse of 30 minutes from the time fixed for the commencement of the meeting, the meeting shall be postponed to a date between 7 and 21 days from the date of the meeting as determined by the Board of Trustees and members then present shall constitute a quorum.
- 26.1.4** The financial highlights and reports specified in Rule 26.1.2 shall be laid before the meeting.
- 26.1.5** No business shall be transacted at the resumption of any adjourned general meeting other than the business left unfinished at the Annual General Meeting or general meeting from which the adjournment took place.
- 26.1.6** Notice of motions to be placed before the annual general meeting must reach the Principal Officer not later than seven (7) days prior to the date of the meeting.



## 26.2 Special General Meeting

- 26.2.1** A special general meeting of members may be called by the Board of Trustees if it is deemed necessary.
- 26.2.2** On the requisition of at least 2% of the members of the Scheme, the Board of Trustees shall cause a special general meeting to be called not less than 21 and not more than 35 days of the deposit of the requisition. The requisition shall state the purpose of and reasons for the meeting and shall be signed by all the requisitionists and deposited at the registered office of the Scheme. Only those matters forming the purpose of the meeting shall be discussed.
- 26.2.3** The notice convening the special general meeting containing the agenda shall be dispatched to continuation members to the last known address of the member according to the records of the Scheme, at least 14 days before the date of the meeting. The non-receipt of such notice by a member shall not invalidate the proceedings at such a meeting.
- 26.2.4** Fifty (50) members present in person or by proxy, shall constitute a quorum. If a quorum is not present at a special general meeting after the lapse of 30 minutes from the time fixed for the commencement of the meeting, the meeting shall be regarded as cancelled.

## 27. VOTING AT MEETINGS

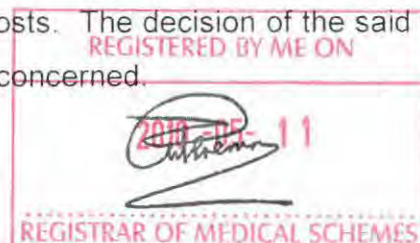
- 27.1** Every member who is present at a general meeting of the Scheme and whose contributions are not in arrear, shall have the right to vote, or may, subject to this Rule, appoint another member of the Scheme as proxy to attend, speak and vote in his stead.



- 27.2** The instrument appointing the proxy shall be in writing, in a form determined by the Board of Trustees and shall be signed by the member and the person appointed as the proxy.
- 27.3** The Chairperson shall determine whether the voting shall be by ballot or by a show of hands. In the event of the votes being equal, the Chairperson shall, if he is a member, have a casting in addition to his deliberative vote.

## **28. SETTLEMENT OF DISPUTES AND COMPLAINTS**

- 28.1** Members may lodge their complaints in writing to the Scheme. The Scheme and / or their administrators shall also provide a telephone number which may be used for telephone inquiries.
- 28.2** A Disputes Committee consisting of at least three persons, of whom at least one shall have legal expertise, shall be appointed on an *ad hoc* basis by the Board of Trustees. Any dispute which may arise between a member, prospective member, former member or a person claiming by virtue of such member and the Scheme or an officer of the Scheme, shall be referred by the Principal Officer to the Disputes Committee for adjudication.
- 28.3** A dispute must be submitted fully documented by the complainant and must be reasoned out and substantiated in terms of the provisions of these Rules.
- 28.4** On receipt of a dispute in terms of this Rule, the Convener of the Disputes Committee shall 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.
- 28.5** The parties to any dispute shall have the right to be heard at the proceedings, either in person or through a representative. Provided that each party shall bear their own costs. The decision of the said Committee shall be binding upon the parties concerned.



- 28.6 The complainant shall have the right to appeal to the Council for Medical Schemes against the decision of the Disputes Committee. Such appeal shall be in the form of an affidavit directed to Council and shall reach the Registrar not later than 3 months after the date on which the decision by the Disputes Committee was made.

## 29. DISSOLUTION

- 29.1 The Scheme shall be dissolved only by order of a competent court or by voluntary dissolution.
- 29.2 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.
- 29.3 Pursuant to a decision by members taken in terms of Rule 29.2 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.
- 29.4 Every member must be requested to return to his/her ballot paper duly completed before a set date. If at least 50 per cent of the members return their ballot papers duly completed and if the majority thereof is 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.

## 30. AMALGAMATION AND TRANSFER OF BUSINESS

- 30.1 The Scheme may, subject to the provision 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 the proposed transaction should be proceeded with or not.

- 30.2** If at least 50% of the members return their ballot papers duly completed and if the majority thereof is in favour of the amalgamation or the transfer, the transaction may be concluded in the prescribed manner.
- 30.3** The Registrar may, on good cause shown, ratify a lower percentage.

### 31. RIGHT TO OBTAIN DOCUMENTS AND PERUSAL OF DOCUMENTS

**31.1** Any member shall on request and on payment of <sup>a fee of 250 per copy</sup> ~~a fee to be determined~~ by the Board from time to time, be supplied by the Scheme with a copy of the following documents:

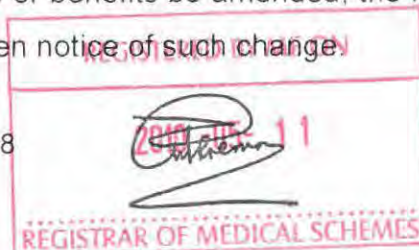
- 31.1.1** A set of the rules of the Scheme; or
- 31.1.2** The latest audited annual financial statements, annual report and auditor's report of the Scheme; or
- 31.1.3** The Management accounts in respect of any benefit option.

**31.2** A member shall be entitled, free of charge, to inspect at the registered office of the Scheme any document referred to in Rule 31.1 and to make extracts there from.

*31.3. The provision of 31.1 will not be used to deny members access to the documents in terms of Access to Information Act.*

### 32. AMENDMENT OF RULES

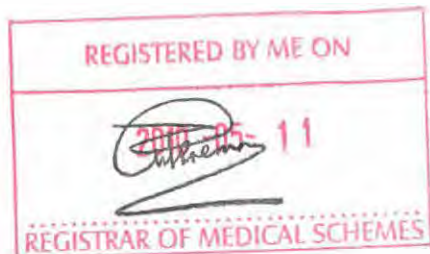
- 32.1** The Board of Trustees shall be entitled to amend or rescind any rule or annexure or to make any additional rule or annexure.
- 32.2** No alteration, rescission or addition shall be valid unless it has been approved and registered by the Registrar in terms of the Act.
- 32.3** Members shall be furnished with a copy of such alteration, rescission or addition within 30 days after registration thereof. Should a member's rights, obligations, contributions or benefits be amended, the member shall be given 30 days advance written notice of such change.



32.4 Notwithstanding the provisions of Rule 32.1 above, the Board of Trustees shall, on the request and to the satisfaction of the Registrar, amend any Rule that is inconsistent with the provisions of the Act.

### 33. EX GRATIA PAYMENTS

The Board of Trustees shall not authorize payment for services other than those provided for in these Rules but may, in its absolute discretion, upon written request by a member, authorise an Ex-gratia award in respect of a benefit upon proof that undue hardship would otherwise be imposed upon a member.



The contributions for 2015 as set out in the format required by the Registrar in Circular 34 of 2014.

