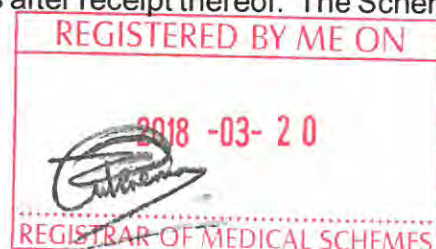


- practitioner or dentist who assisted in the performance of such operation, and
- 15.1.12.3** all procedures carried out together with the relevant item code number contemplated in Rule 15.1.6.
- 15.2** Where an account refers to orthodontic treatment or advanced/specialized dentistry, a treatment plan containing the following additional information must be supplied:
- 15.2.1** A treatment plan indicating the following:-
- 15.2.1.1** the expected total amount that will be charged by the orthodontist for the treatment;
 - 15.2.1.2** the expected duration of the treatment;
 - 15.2.1.3** the initial amount payable; and
 - 15.2.1.4** the monthly amount payable;
- 15.2.2** The code number for the treatment, in accordance with the scale of benefits must be supplied on the account;
- 15.2.3** The original laboratory invoices must accompany all dental accounts;
- 15.3** In order to qualify for benefits, any claim, unless otherwise arranged, shall be submitted to the Scheme not later than the last day of the fourth (4th) month following the month of the date of service.
- 15.4** Where an account has been paid by a Member, he shall submit a claim, and in support of his claim, submit a specified account with a receipt as confirmation of payment.
- 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 a Member or the health care provider, whichever applies, accordingly within thirty (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 sixty (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 B1 and such benefits extend through a Member to his registered Dependants. A Member must, on registration, elect to participate in any one of the available options, detailed in Annexure A and Annexure B.

- 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.

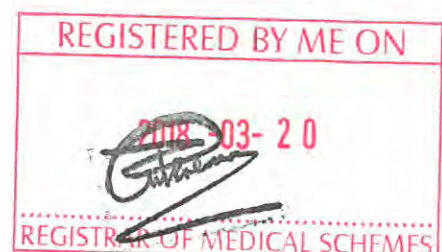
- 16.2.2** Application to change from one benefit option to another must be in writing and lodged with the Principal Officer by not later than 31 December prior to the year upon which it is intended that the change will take place: Provided that a Member has had at least thirty (30) days prior notification of any intended changes in benefits or contributions for the next year.



- 16.3** The Board shall be entitled to withhold payment of benefits to which a Member is entitled in the event that his contributions or any other payments to the Scheme are in arrears, and where accounts have been paid in accordance with Rule 17, a 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 a 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 a Member is entitled in terms of these Rules, provided that a 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 informs the Scheme in writing within thirty (30) days from receipt of the costs for such future medical expenses of a Member or his Dependant.
- 16.5 Benefits for services outside the Republic**
The scheme does not cover benefits for services rendered outside the borders of the Republic of South Africa with the exception of the existing Polmed members who are residing in Namibia and Polmed rate shall apply. However it remains the responsibility of a Member to acquire insurance cover when travelling outside the borders of the Republic of South Africa.
- 16.6** The maximum benefits to which a Member and his Dependents shall be entitled in any financial year, shall be limited as set out in Annexure A1 and B1.



- 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 thirty (30) days of receipt of the claim pertaining to such benefit subject to the verification. The Scheme shall not make payment to any nominated third parties except in exceptional circumstance where there is a court order to that effect.
- 16.8** Any benefit option offered in Annexure A1 and B3 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 a Member is compelled to seek treatment, subject to Rule 17.3.
- 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 grounds to believe or to suspect that the submission of such claim amount to an actual or potential fraud or abuse of a 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. A 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 the service provider;
 - 16.10.2** place the service provider on indirect payment;
 - 16.10.3** submit detailed findings to the Scheme's appointed External Investigators;
 - 16.10.4** suspend or terminate the membership of a Member and submit a detailed report to the Employer;
 - 16.10.5** report the service provider to Health Professional Council of South Africa;
 - 16.10.6** initiate civil proceedings against a Member and/or the service provider;
 - 16.10.7** initiate criminal proceedings against a Member and/or the service provider;
 - 16.10.8** take any recourse or remedial action that may be appropriate.
- 16.11** The Scheme shall have the right to obtain any relevant medical and/or financial information concerning a Member or 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 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 to and managed subject to the Protection of Personal Information Act, 2013 (Act No. 4 of 2013) requirements.
- 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 a Member is entitled, directly to the supplier who rendered the service, unless a Member has, together with his claim, submitted a receipt as confirmation of payment 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 a Member or to the supplier of service, the amount of any such overpayment is recoverable by the Scheme from a 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 reimbursed in accordance with the provisions of the Rules for such benefit subject to verification.
- 17.5** Notwithstanding the provisions of this rule, the Scheme has the right to pay any benefit directly to a Member concerned.
- 17.6** Payment of amounts due to a Member is made by means of payment into the nominated personal bank account of a Member.



18. GOVERNANCE

- 18.1** The affairs of the Scheme must be managed by the Board in accordance with the Act and these Rules and with due regard to the interests of a Member and his Dependants.
- 18.2** The Board 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 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 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 must endeavour to have at least one (1) black Member (as set out in Rule 18.2.2.2), and at least 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 election: Provided that an elected member whose term of office ends at a particular Annual General Meeting shall be eligible for re-election for a further term of office. Such re-elected members shall not serve more than two (2) consecutive terms.



- 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. The procedure determined by the Board must –
- 18.5.1** provide for a free and fair election by Members of the Scheme;
 - 18.5.2** be transparent;
 - 18.5.3** be designed to ensure the integrity of the process; and
 - 18.5.4** 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 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 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 a Member who nominated each nominee.
- 18.6.6** The independent body or independent person shall make the said list available to each Member, together with the curriculum vitae of each nominee when he 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 Annual General Meeting or through other means of communication as set by the Board.
- 18.6.9** Notwithstanding the provisions of Rule 18.6.8 above, the Board is empowered by any other means available to announce the candidates so elected at the AGM in the event that there are any delays or disruptions of the AGM proceedings.
- 18.7** An elected member of the Board will remain a member of the Board for the full term of his office, unless he dies, resigns or, for whatever reason or becomes disqualified to serve as a member of the Board.



- 18.8** The term of office of a designated member of the Board shall be three (3) years or until his designation by the National Commissioner is withdrawn, whichever is the shortest, unless he dies, resigns, or for whatever reason, becomes disqualified to serve as a member of the Board: 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 if he 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 office as member of the Board at the first meeting of the Board 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 twenty one 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;
 - 18.9.9** A member of the Board shall cease to hold office if 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 Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004), or any offence involving dishonesty or in connection with the promotion, formation or management of a company, and has been sentenced for it to imprisonment without the option of a fine or to a fine exceeding one thousand rand (R1000,00);
- (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, an offence under the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004), or any other act involving dishonesty;
- (v) he becomes mentally ill or incapable of managing his affairs;
- (vi) he is declared insolvent or has surrendered his estate for the benefit of his creditors;
- (vii) he is removed by the Court or any other body and or any institution from any office of trust on account of misconduct;
- (viii) he is disqualified under any law from carrying on his profession;
- (ix) he absents himself from three consecutive meetings of the Board without the permission of the chairperson; or
- (x) he is removed from office by the Council in terms of Section 46 of the Act;



18.9.10. A member of the Board who acts in a manner which is seriously prejudicial to the interests of beneficiaries of the Scheme may be removed by the board, provided that -

18.9.10.1 before the decision is taken to remove the member of the Board, the Board shall furnish member with full details of the evidence which the Board has in its disposal regarding the conduct complained of, and allow such member a period of not less than 30 days in which to respond to the allegations;

18.9.10.2 the resolution to remove that member is taken by at least two thirds of the members of the Board;

18.9.10.3 the Trustee shall have recourse to disputes procedures of the Scheme or complaints and appeal procedures provided for in the Act; and

18.9.10.4 a Trustee removed in terms of the Rules shall not be eligible to be re-appointed or re-elected as a Trustee.

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

18.11 Termination of Period of Office

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

18.11.1 ceases to be a Member of the Scheme;

18.11.2 is absent from three (3) consecutive meetings of the Board without tendering an apology; or

18.11.3 submits a written resignation from office to the Principal Officer.

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

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

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 and the remaining members on the Board are less than the minimum number required for a quorum in terms of these rules, the Board may appoint such a number of suitable Members of the Scheme as members of the Board of the Scheme as may be necessary to ensure that there are eight (8) members of the Board to serve as members of the Board 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 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 present shall elect one of their number to preside.
- 18.18** In the event that the Board 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 the members of the Board 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 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. Any such resolution may consist of several documents in like form, signed by the signatories contemplated in this Rule.
- 18.20** The Board shall cause the proceedings of all Annual, Special General and Board 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 may decide, be laid before the subsequent Special General Meeting or the Annual General Meeting.



18.21 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.

18.22 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. They may participate in the deliberations of the Board but shall have no vote.

18.23 The Board may co-opt in a consultative or advisory capacity for a specific purpose, persons who need not be Members of the Scheme. Such persons may participate in the deliberations of the Board but shall have no vote.

18.24 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, subject to the Polmed Trustees Remuneration Policy, which must be approved by members at the AGM.

19. DUTIES OF BOARD OF TRUSTEES

The Board 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;
- 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 thirty (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;
- 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 a Member regarding his 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;



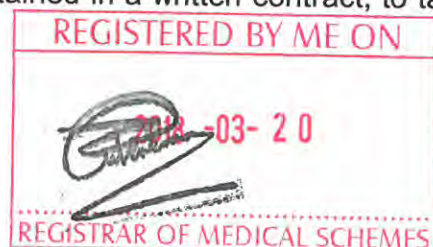
- 19.12** take out and maintain professional indemnity insurance and fidelity guarantee insurance from and up to such amount as the Scheme's auditor, with concurrence of the Registrar, may determine;
- 19.13** approve all disbursements;
- 19.14** cause to be kept in safe custody in a safe or strong room at the registered office of the Scheme or with any financial institution approved by the Board, 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 the authorised Auditor and an Audit Committee annually;
- 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 shall have the power to –

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



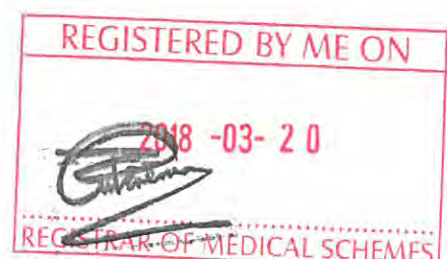
- 20.2 appoint any other person required for the proper execution of the business of the Scheme and to sign and execute all necessary documents to ensure and secure the due fulfilment of the Scheme's obligations under such appointments;
- 20.3 prescribe the powers and remuneration of officers of the Scheme and to cause the termination of the services of any officer employed by the Scheme;
- 20.4 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 appoint an internal auditor for the Scheme and to determine the duration of the appointment;
- 20.6 take all necessary steps and to sign and execute all necessary documents to ensure and secure the due fulfilment of the Scheme's obligations;
- 20.7 appoint a duly 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 fulfilment of the Scheme's obligations in regard to such appointment, and to terminate the services of the Administrator;
- 20.8 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 fulfilment of the Scheme's obligations in regard to such appointment, and to terminate the services of the managed health care contractor;
- 20.9** appoint advisors or consultants to assist it in the performance of its duties;
- 20.10** 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 monies not immediately required to meet current commitments upon the Scheme and subject to the provisions of the Act, and in the manner determined by the Board to lend, invest or otherwise deal with such monies upon security and to realize, re-invest or otherwise deal with such moneys and investments;
- 20.13** 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 deficit 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** 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** 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** contribute to any association instituted for the benefit of medical schemes;
- 20.18** contribute to any association or any fund conducted for the benefit of the employees of the Scheme;
- 20.19** allocate a personal medical savings account to a Member, to be used for the payment of any relevant health service;
- 20.20** reinsure obligations in terms of the benefits provided for in these Rules;
- 20.21** authorize the Principal Officer and such other members of the Board as it may determine from time to time, and upon such terms and conditions as the Board 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 these Rules and benefits of the Scheme or make any additional rule or benefit applicable after a majority vote by the Board and ensure the amendment, rescission or addition of any rule is approved by the Registrar in terms of section 31(2) of the Act.



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 is responsible for the following:

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 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;

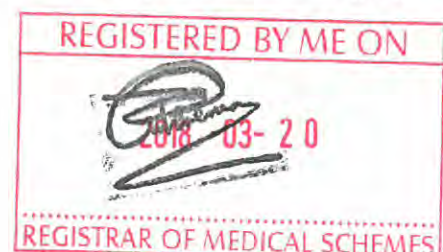
21.2.3 The Principal Officer as the accounting officer of the Scheme is responsible for the collection of and accounting for all monies received and payments authorized by and made on behalf of the Scheme;

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

21.2.5 The Principal Officer shall ensure that annual financial statements are prepared and shall ensure compliance with all statutory requirements pertaining thereto.

21.3 The Principal Officer shall be disqualified and cease to hold the office if –

21.3.1 he becomes mentally-ill or incapable of managing his affairs;



- 21.3.2 he is declared insolvent or has surrendered his estate for the benefit of his creditors;
- 21.3.3 he is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering a forged document or perjury, an offence under the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004) or any other offence involving an element of dishonesty;
- 21.3.4 he is removed from any office of trust on account of misconduct; or
- 21.3.5 he is disqualified under any law from carrying on his profession.

21.4 The following persons are not eligible to be a Principal Officer:

- 21.4.1 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; or
- 21.4.2 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 and any officer of the Scheme is indemnified by the Scheme against all proceedings, costs and expenses incurred by reason of any claim against/by the Scheme, not arising from their gross negligence, dishonesty or fraud.

22.2 Fidelity Guarantee



The Board must ensure that the Scheme is insured against loss resulting from the dishonesty or fraud of any of its officers (including members of the Board).

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.

25. AUDITOR AND AUDIT COMMITTEE

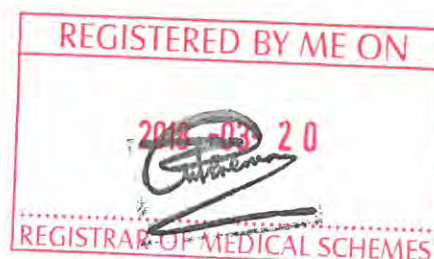
25.1 The Board shall annually appoint an authorised internal auditor; who shall be approved in terms of Section 36 ~~of Section 36~~ of the Act;

25.2 An auditor who is at a retiring age, 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; or
- 25.3.5** a person who is disqualified from acting as an auditor in terms of the Companies Act, No 71 of 2008.
- 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 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 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 auditor of the Scheme 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 45 of the Auditing Profession Act, 2005 (Act No. 26 of 2005), 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 (5) 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 shall determine for the purpose of –

- 26.1.1.1** receiving and adopting the annual financial statements of the previous year together with the auditor's report and the Scheme's Integrated Report as required by the Act;
- 26.1.1.2** the appointment or reappointment of an external auditor;
- 26.1.1.3** the conclusion of the members of the Board election process; and
- 26.1.1.4** 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

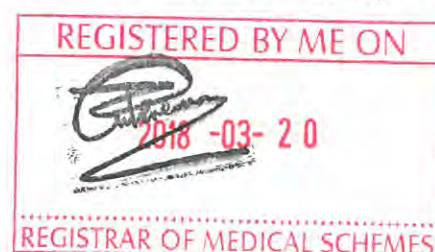


Annual General Meeting.

- 26.1.2** The notice convening the Annual General Meeting containing the agenda, the annual financial statements, financial highlights, auditors report and annual Integrated Report shall be dispatched to Members to the last known address of a Member according to the records of the Scheme at least fourteen (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 one (1) hour from the time fixed for the commencement of the meeting, the meeting shall be postponed to a date between seven (7) and twenty one (21) days from the date of the meeting as determined by the Board and Members then present shall constitute a quorum.
- 26.1.4** The financial statements 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 if it is deemed necessary.
- 26.2.2** On the requisition of at least 2% of the members of the Scheme, the Board shall cause a Special General Meeting to be called not less than twenty one (21) and not more than thirty five (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 Members to the last known address of a Member according to the records of the Scheme, at least fourteen (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 one (1) hour 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 and shall be signed by a 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.



27.4 Disruptions of meetings of members

27.4.1 No motion shall be passed by a meeting of members, whether general or special, that is inconsistent or in contravention with the objectives of the Scheme, the Act or the Rules.

27.4.2 In the event that proceedings at the Annual General Meeting are disrupted by members present at the meeting, or if the prevailing circumstances at the Annual General Meeting render it impossible for the meeting to continue at the Chairperson's discretion, then the Board shall be entitled to assume the meeting to have taken place and all the agenda items of the Annual General Meeting would be deemed to have been approved by members present.

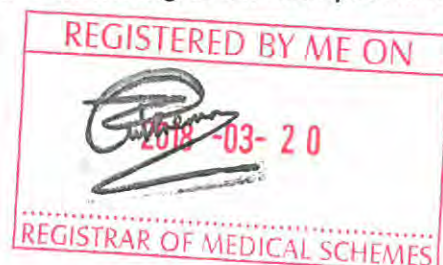
28. SETTLEMENT OF DISPUTES AND COMPLAINTS

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 (3) persons, of whom at least one shall have legal expertise, shall be appointed on an *ad hoc* basis by the Board. 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 twenty one (21) days' notice in writing to the complainant and

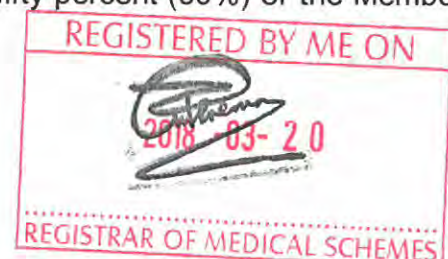


all the members of the Disputes Committee, stating the date, time, and venue of the meeting and particulars of the dispute.

- 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 sixty (60) calendar/business days 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 ballot paper duly completed before a set date. If at least fifty percent (50%) 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 fifty (50) percent 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 an amount of R65 per copy, 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 Integrated 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 Rule 31.1 shall not be used to deny a member's access to the documents in terms of the Promotion of Access to Information Act, 2000 (Act No 2 of 2000).

32. AMENDMENT OF RULES

- 32.1** The Board 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 thirty (30) days after registration thereof. Should a Member's rights, obligations, contributions or benefits be amended, a Member shall be given thirty (30) days advance written notice of such change.
- 32.4** Notwithstanding the provisions of Rule 32.1 above, the Board 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 PAYMENT

The Board 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, authorize an ex gratia payment in respect of a benefit, upon proof that undue hardship would otherwise be imposed upon a Member.

