SOUTH AFRICAN BREWERIES MEDICAL AID SCHEME

RULES

IN EFFECT FROM 1 JANUARY 2018

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SOUTH AFRICAN BREWERIES MEDICAL AID SCHEME
RULES

1 NAME

1.1 The name of this medical scheme shall be the South African Breweries Medical Aid Scheme, hereinafter referred to as the "**Scheme**".

1.2 The said name may be abbreviated to "SAB Medical Aid" or "SABMAS".

2 LEGAL PERSONALITY AND RESPONSIBILITY

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

3 REGISTERED OFFICE

The registered office of the Scheme shall be situated at 65 Park Lane, Sandton, but the Board shall have the right to transfer such office to any other situation in the Republic of South Africa should circumstances so dictate.

4 DEFINITIONS

In these Rules, a word or expression defined in the Act (as defined below), bears the meaning assigned to it and, unless inconsistent with or otherwise indicated by the context:

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

4.2 **"Administrator"** shall mean the administrator (which may be a body corporate) appointed by the Board in terms of Rule 22.4 and who has been accredited by the Council in terms of section 58 of the Act;

4.3 **"Admission Date"** shall mean:

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4.3.1. in respect of an Employer, the date on which the contract between the Scheme and the Employer becomes operative;

4.3.2. in respect of a Member, the date on which he/she becomes a Member; or;

4.3.3. in respect of a Dependant, the date upon which such Dependant is registered as a Dependant in terms of the Rules;

4.4 **"Adult Dependant"** shall mean a person who has reached the age of 21, other than a Child Dependant;

4.5 **"Annual Limit"** shall mean the maximum Benefits to which a Member or Dependant is entitled to in terms of these Rules during each Financial Year of the Scheme, in respect of health services, medical devices or consumables rendered during the Financial Year in question; and

4.5.1. **"Bi Annual"** shall mean the maximum Benefits to which a Beneficiary is entitled for a health service, medical device or consumable in terms of these Rules during 2 (two) calendar Benefit years.

4.6 **"Approval"** shall mean prior written approval of the Board or its authorised representative;

4.7 **"Auditor"** shall mean an individual or firm that is a registered auditor as defined in section 1 of the Auditing Professional Act, 2005 and authorised by the Registrar;

4.8 **"Beneficiary"** shall mean a Member or a person admitted as a registered Dependant of a member;

4.9 **"Benefit/s"** shall mean the amount/s payable in terms of these Rules to a Member, whether for himself/herself or in respect of his/her Dependant;

4.10 **"Board"** shall mean the Board of Trustees constituted to manage the Scheme in terms of the Act and these Rules;

4.11 **"Child"** shall mean a Member's natural child, or a stepchild or legally adopted child or a child who is in the process of being legally adopted or a child who

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4.3.1. in respect of an Employer, the date on which the contract between the Scheme and the Employer becomes operative;

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4.7 **"Auditor"** shall mean an individual or firm that is a registered auditor as defined in section 1 of the Auditing Professional Act, 2005 and authorised by the Registrar;

4.8 **"Beneficiary"** shall mean a Member or a person admitted as a registered Dependant of a member;

4.9 **"Benefit/s"** shall mean the amount/s payable in terms of these Rules to a Member, whether for himself/herself or in respect of his/her Dependant;

4.10 **"Board"** shall mean the Board of Trustees constituted to manage the Scheme in terms of the Act and these Rules;

4.11 **"Child"** shall mean a Member's natural child, or a stepchild or legally adopted child or a child who is in the process of being legally adopted or a child who

has been placed in the custody of the Member or his/her spouse or partner and who is not a beneficiary of any other medical scheme;

4.12 "**Child Dependant**" shall mean a Dependant who is:

4.12.1 a Member's natural child, or a stepchild, or legally adopted child or a child in the process of being legally adopted or a child who has been placed in the custody of the Member or his/her spouse or partner by arrangement with an official authority, and for whom the Member is liable for family care and support, and who is not a beneficiary of any other medical scheme;

4.12.2 a mentally and/or physically handicapped Dependant who is above the age of 21, but whom the Board deems to be a "Child Dependant";

4.12.3 a child placed in a Member's foster care by an order of court; or a child for whom the Member is legally liable for family care and support; or a child who has been placed in the custody of the Member or of a Member's Spouse or Partner by an order of court; or

4.12.4 is under the age of 21

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4.13 **"Condition Specific Waiting Period"** shall mean a period not exceeding 12 (twelve) months during which a Beneficiary is not entitled to claim benefits in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve month period ending on the date on which an application for membership was made;

4.14 **"Continuation Member"** shall mean a Member who retains his/her membership of the Scheme in terms of Rule **6.2** or a Dependant who becomes a Member of the Scheme in terms of Rule **6.3;**

4.15 **"Contracted Fee"** shall mean the fee determined in terms of an agreement between the Scheme and a service provider or group of providers in respect of the payment of health services;

4.16 **"Contribution"** shall mean the monthly amount payable to the Scheme by

the Member or by the Employer on behalf of the Member, including contributions to Personal Medical Savings Accounts, for purposes of qualifying for Benefits offered by the Scheme in terms of these Rules;

4.17 **"Council"** shall mean the Council for Medical Schemes, established in terms of section 3 of the Act;

4.18 **"Cost"** is the net or final amount, payable in respect of a health service;

4.19 **"Creditable Coverage"** shall mean any period during which a Late Joiner was:

4.19.1 a member or a dependant of a medical scheme;

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

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

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

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4.20 **"Date of Service"** shall mean:

4.20.1 in the case of a consultation, visit or treatment, the date on which such consultation, visit or treatment took place, whether for the same illness or not;

4.20.2 in the case of an operation, procedure or confinement, the date on which such operation or procedure was performed or such confinement took place;

4.20.3 in the case of hospitalisation, the date of each discharge from such hospital or nursing home, or the date of termination of membership

or de-registration as a Dependant, whichever date occurs first; or

4.20.4 in the case of any other health service, the date on which such health service was rendered, or the date of receipt by a Beneficiary of any requirement;

4.21 **"Dependant"** shall mean:

4.21.1 the Member's Spouse or Partner who is not a member or a registered dependant of a member of another medical scheme;

4.21.2 a Member's Child Dependant who is not a member or a registered dependant of a member of another medical scheme, in respect of whom the Member is liable for family care and support; or

4.21.3 any other person who is recognised by the Board as a Dependant for purposes of these Rules;

4.22 **"Designated Service Provider"** shall mean a healthcare provider or group of providers selected by the Scheme as preferred provider/s to service the Members of the Scheme;

4.23 **"Disease Management"** shall mean a holistic approach focusing on the patient, using all the relevant information relating to the disease to determine whether a Beneficiary is eligible for admission to a Disease Management programme;

4.24 **"Dispensing Fee"** shall mean the fee that a pharmacist or a person licensed to dispense medicines may charge to dispense medicines as contemplated and regulated in terms of the Medicines and Related Substances Act, No. 101 of 1965 as amended; or as negotiated with the Scheme's Designated Service Provider;

4.25 **"Domicilium Citandi et Executandi"** shall mean the Members' chosen physical address at which notices in terms of Rules **11** and **13**, as well as legal process, or any action arising therefrom may be validly delivered and served;

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4.26 **"Emergency Medical Condition"** shall mean the sudden and, at the time, unexpected onset of a health condition that requires immediate medical or surgical treatment, where failure to provide medical or surgical treatment would result in serious impairment to bodily functions or serious dysfunction of a bodily organ or part, or would place the person's life in serious jeopardy;

4.27 **"Employee"** shall mean a person in the full time permanent employ of a participating Employer;

4.28 **"Employer"** shall mean South African Breweries Proprietary Limited, including subsidiaries and past subsidiaries of the SAB Miller Plc Group, which have been admitted to participation in the Scheme. In terms of Rule 6.1 and where the context so requires, the Employer shall mean the employer employing such Member or Employee;

4.29 **"Ex Gratia"** in relation to payment of a health service, shall mean a discretionary payment made on behalf of or to Members in order to assist such Members to meet commitments in regard to any matter specified in the definition of business of a medical scheme in section 1 of the Act;

4.30 **"Financial Year"** shall mean the financial year of the Scheme, commencing on the 1st day of January and ending on the 31st day of December each calendar year;

4.31 **"General Waiting Period" shall mean a period in which a Beneficiary is not entitled to claim any Benefits;**

4.32 **"Income" in determining total monthly Contributions (as per Annexure A), shall mean:**

4.32.1 in the case of an active Employee, the basic salary as declared by the Employer;

4.32.2 in the case of a retiree, two thirds of the final basic salary, escalated at CPIX on an annual basis;

4.32.3 in the case of a surviving Spouse or Partner of an active Employee,

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two thirds of the final basic salary of the deceased, escalated at CPIX on an annual basis;

4.32.4 in the case of an orphan, two thirds of the final basic salary of the deceased active Employee, escalated at CPIX on an annual basis; or

4.32.5 in the case of a disability claimant who is a Member of the SAB Provident Fund, based on the monthly disability benefit payable by the Fund;

4.33 **"In-Hospital Treatment"** shall mean the rendering of a health service to a Beneficiary during hospitalisation in a facility which is a hospital, nursing home, unattached operating theatre unit, day clinic registered in terms of section 44 of the Health Act, 1973, as amended, or a private psychiatric hospital or private institution licensed in terms of section 46 of the Mental Health Act, 1973, but excluding treatment rendered in an out-patient facility;

4.34 **"Late Joiner"** shall mean an applicant or the Adult Dependant of an applicant who, at the date of application for membership or admission as a dependant, as the case may be, is 35 years of age or older but excludes any beneficiary who enjoyed coverage with one or more medical schemes as from a date preceding 1 April 2001, without a break in coverage exceeding three consecutive months since 1 April 2001;

4.35 **"Managed Health Care"** shall mean a health care delivery arrangement designed to reduce unnecessary utilisation of services, to contain costs and to measure performance while providing accessible, quality and effective health care and as referred to in paragraph C of the preamble to Annexure B;

4.36 **"Member"** shall mean a person who is admitted as a Member of the Scheme in terms of these Rules;

4.37 **"Member Family"** shall mean a Member and all his/her registered Dependants;

4.38 **"Officer"** shall mean any Trustee of the Board, manager, Principal Officer, treasurer, clerk or other employee of the Scheme, but does not include the Auditor;

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4.39 **"Option"** shall mean a particular set of Benefits or a benefit option offered to Members and Dependants by the Scheme in accordance with the options set out in the annexures to these Rules;

4.40 **"Partner"** shall mean a person with whom the Member has a committed and serious relationship akin to a marriage based on objective criteria of mutual dependency and a shared and common household, irrespective of the gender of either party;

4.41 **"Pensioner"** shall mean a Member who has retired from the service of his/her employer or whose employment is terminated by his/her employer on account of age, ill-health or other disability, a retrenched employee 55 years and older, entitled to, and who takes up the option for the Post-Retirement Medical Aid Subsidy, and who has continued his/her Membership of the Scheme by reason of the provisions of Rule **6.2;**

4.42 **"Personal Medical Savings Account"** shall mean a savings account provided to a Member within a benefit option, which the Scheme allocates an amount not exceeded 25% (twenty-five percent) of total Contributions to a Member at the beginning of the year where after the Member repays the amount back to the Scheme through a portion of his/her monthly Contributions;

4.43 **"Prescribed Minimum Benefits"** shall mean the benefits contemplated in section 29 (1) (o) of the Act and consists of the provision of the diagnosis, treatment and care costs of:

4.43.1 the diagnosis and treatment pairs listed in Annexure A of the regulations, subject to any limitations specified therein; and

4.43.2 any Emergency Medical Condition;

4.44 **"Prescribed Minimum Benefit Condition"** shall mean a condition contemplated in the diagnosis and treatment pairs listed in Annexure A of the regulations or Emergency Medical Condition;

4.45 **"Pre-existing Sickness Condition"** shall mean a condition for which

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medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made;

4.46 **"Preferred Provider"** shall mean a provider of services or a group of providers of services nominated by the Scheme and paid for the services as determined by the Scheme;

4.47 **"Pre-authorisation"** shall mean the Scheme's prior authorisation of the rendering of a health service to a Beneficiary;

4.48 **"Principal Officer"** shall mean the Principal Officer of the Scheme appointed in terms of these Rules and the Act, or a person acting in that capacity by direction of the Board;

4.49 **"Registrar"** shall mean the Registrar or deputy Registrar/s of Medical Schemes appointed under section 18 of the Act;

4.50 **"Single Exit Price or SEP"** – shall mean the price set by the manufacturer or importer of a medicine or scheduled substance in terms of the Medicine Pricing Regulations combined with the logistics fee (as defined in the Medicine Pricing Regulations) and value-added tax, and is the price of the lowest unit of the medicine or scheduled substance within a pack multiplied by the number of units in the pack, in terms of the Medicines and Related Substances Act, No. 101 of 1965, as amended from time to time;

4.51 **"Specialist Network"** shall mean a specialist or a group of specialists contracted to the Scheme to provide quality health care services to its Members and to participate in the Scheme's managed health care process.

4.52 **"Spouse"** shall mean the person to whom the Member is married in terms of any law or custom;

4.53 **"Stipulated Period"** shall mean a period commencing on the date of application for admission to a private hospital or day clinic, or re-admission for the same sickness condition, to the date of discharge from a private hospital or day clinic; provided that where transfer from one private hospital to another takes place for continuation of the treatment of the sickness

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condition for which the beneficiary was admitted, "date of discharge" shall be the date on which the beneficiary was finally discharged from a private hospital for the sickness condition in question;

4.54 **"Subject to Hospital Management Programme"** when applied to hospitalisation in a private hospital or admission to a private day clinic, shall mean that approval granted for admission, also covers all recognised services associated with that admission, and excludes services which are included in the hospital benefit management programme but are not associated with admission to a private hospital or day clinic as per the Scheme protocols and policies and as may be determined by the Board; and

4.55 **"Supplier of Service"** shall mean the registered healthcare providers and institutions for the provision of relevant health services, as defined in the Act.

5 BUSINESS OF THE SCHEME

5.1 The objects of the Scheme are to:

5.1.1 undertake liability, in respect of members and their dependants, in return for a Contribution;

5.1.2 to make provision for the obtaining of any health service;

5.1.3 to grant assistance in defraying expenditure in connection with the rendering of any health service; and/or

5.1.4 where applicable, to render a health service, either itself, or by any Supplier of Service or by any person in association with or in terms of an agreement with the Scheme.

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6 MEMBERSHIP

6.1 Eligibility

Subject to Rule **8**, membership of the Scheme is restricted to employment or former employment of the member by the Employer or his/her predecessor or successor in title as defined in these Rules, and is either voluntary or compulsory, depending on the Employee's conditions of employment.

6.2 Retirees

6.2.1 A Member shall retain his/her membership of the Scheme with his/her registered Dependants, if any, in the event of his/her retiring from the service of his/her Employer, or his/her employment being terminated by his/her Employer on account of age, ill-health or other disability, or a retrenched employee 55 years and older, entitled to, and who takes up the option for the Post-Retirement Medical Aid Subsidy.

6.2.2 The Scheme shall inform the Member of his/her right to continue his/her membership and of the Contribution payable from the date of retirement or termination of his/her employment. Unless such member informs the Scheme in writing of his/her desire to continue his/her membership, his/her membership shall be terminated.

6.3 Dependants of deceased Members

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

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

6.3.3 Such a Member's membership terminates if he/she becomes a member or a dependant of a member of another medical scheme.

6.3.4 If a Member dies and leaves a child who, at the date of the Member's death, was registered as a Dependant, such child will be admitted as a Member of the Scheme. In the case of more than one child, the eldest eligible child will be admitted as the Member of the Scheme and the other child or children will be accepted as Dependants;

7 REGISTRATION AND DEREGISTRATION OF DEPENDANTS

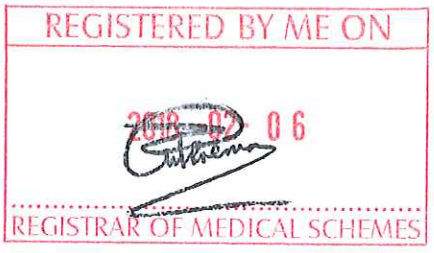
7.1 Registration of Dependants

7.1.1 A Member may apply for the registration of his/her dependants at the time that he/she applies for membership in terms of Rule **8**.

7.1.2 If a Member applies to register a new born or newly adopted child as the Member's registered dependant, such child shall thereupon be registered by the Scheme as a Child Dependant. Increased contributions shall be due as from the first day of the month following the month of birth, adoption or guardianship and Benefits will accrue as from the date of birth or adoption.

7.1.2 A Member whose marital status changes subsequent to joining the Scheme and who elects to register or withdraw dependants as a result of such change or who withdraws any other registered Dependant, is required to notify the Scheme within 30 days thereof. Contributions at the amended rates shall be payable from the first day of the month following such registration or withdrawal. Benefit limits will be adjusted from the date of registration of an additional Dependant. Where a Dependant is withdrawn, Benefit limits will be adjusted on 1 January following the date of such withdrawal. Members who marry subsequent to joining the Scheme who fail to notify the Scheme in terms of this rule will not be entitled to any Benefits in respect of their additional Dependant/s until they have given the required notice and paid the applicable Contribution.

7.1.4 In the event of any person becoming eligible for registration as a dependant other than in the circumstances set out in Rules **7.1.1** to **7.1.3**, the Member may apply to the Scheme for the registration of such person as a Dependant, whereupon the provisions of Rule **8** shall apply *mutatis mutandis.*



7.1.5 In the event of a Dependant being handicapped, the child rate will apply until the age of 25. Thereafter, the adult rate will apply.

7.2 **De-registration of Dependants**

7.2.1 A Member shall inform the Scheme within 30 days of the occurrence of any event which results in any one of his/her Dependants no longer satisfying the conditions in terms of which he/she may be a dependant.

7.2.2 When a Dependant ceases to be eligible to be a dependant, he/she shall no longer be deemed to be registered as such for the purpose of these Rules or entitled to receive any Benefits, regardless of whether notice has been given in terms of these Rules or otherwise.

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7.2.3 He/she will be deemed to have been de-registered from the beginning of the month following the one in which he/she ceased to be eligible, and he/she will no longer be entitled to receive any Benefits. The Board may, in its discretion, de-registered a registered Dependent who is found guilty of any misconduct in terms of the Rules.

8 TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP

8.1 No person may be a member or a dependant of a member of more than one registered medical scheme; or claim or accept benefits in respect of himself/herself or any of his/her dependants from any medical scheme in relation to which he/she is not a member or a dependant of a member, and no person may be a dependant of:

8.1.1 more than one member of a particular medical scheme; or

8.1.2 members of different medical schemes.

8.2 Prospective members shall, prior to admission, complete and submit the application forms required by the Scheme, together with satisfactory evidence in respect of himself/herself and his/her dependants, of age, income, state of health and of any prior membership or admission as a dependant of any other

medical scheme. The Scheme may require an applicant to provide the Scheme with a medical report in relation to any proposed beneficiary in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the 12 month period ending on the date on which application for membership to the Scheme was made. The costs of any medical tests or examinations required to provide such medical report will be paid for by the Scheme. The Scheme may, however, designate a provider to conduct such tests or examinations.

8.3 Waiting periods

8.3.1 The Scheme may impose upon a person in respect of whom an application is made for membership or admission as a dependant, and who was not a beneficiary of a medical scheme for a period of at least 90 days preceding the date of application:

8.3.1.1 a general waiting period of up to three months; and

8.3.1.2 a condition-specific waiting period of up to 12 months.

8.3.2 The Scheme may impose upon any person in respect of whom an application is made for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme for a continuous period of up to 24 months, terminating less than 90 days immediately prior to the date of application:

8.3.2.1 a condition-specific waiting period of up to 12 months, except in respect of any treatment or diagnostic procedures covered within the prescribed minimum benefits; and

8.3.2.2 in respect of any person contemplated in this sub-rule, where the previous medical scheme has imposed a general or condition-specific waiting period, and such waiting period had not expired at the time of termination, a general or condition-specific waiting period for the unexpired duration of such waiting period imposed by the former medical scheme.

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8.3.3 The Scheme may impose upon any person in respect of whom an application is made for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme for a continuous period of more than 24 months, terminating less than 90 days immediately prior to the date of application, a general waiting period of up to three months, except in respect of any treatment or diagnostic procedures covered within the prescribed minimum benefits.

8.3.4 No waiting periods may be imposed on:

8.3.4.1 a person in respect of whom application is made for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme, terminating less than 90 days immediately prior to the date of application, where the transfer of membership is required as a result of:

8.3.4.2 change of employment; or

8.3.4.3 an Employer changing or terminating the medical scheme of its employees, in which case such transfer shall occur at the beginning of the financial year, or reasonable notice must have been furnished to the scheme to which an application is made for such transfer to occur at the beginning of the financial year.

8.3.4.4. where the former medical scheme had imposed a general or condition specific waiting period in respect of persons referred to in this rule, and such waiting period had not expired at the time of termination of membership, the Scheme may impose such waiting period for the unexpired duration of a waiting period imposed by the former medical scheme;

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8.3.4.5 a beneficiary who changes from one benefit option to another within the Scheme unless that beneficiary is

subject to a waiting period on the current benefit option in which case the remaining period may be applied; and

8.3.4.6 a Child Dependant born during the period of membership, provided such child is added as a dependant within 90 days (three calendar months) of birth.

8.3.5 The waiting periods contemplated in Rules 8.3.1, 8.3.2 and 8.3.3 shall be waived in the event of a member joining the Scheme within 90 days (three calendar months) of taking up employment with the Employer or, in the case of a Dependant, within 90 days of becoming eligible to join the Scheme as a Dependant.

8.4 If the members of a medical scheme who are members of that scheme by virtue of their employment by a particular Employer, terminate their membership of such scheme with the object of obtaining membership of this Scheme, the Board will admit as a Member, without a waiting period, any member of such first-mentioned scheme who is a continuation member by virtue of his/her past employment by the particular employer and register as Dependant, any person who has been a registered dependant of such employee of the particular employer.

8.5 The registered Dependants of a Member must participate in the same benefit option as the Member.

8.6 Every Member will, on admission to membership, receive a detailed summary of these Rules which must include contributions, benefits, limitations, rights and obligations. Payment of any Contribution is deemed to constitute the Member's acknowledgement that he/she is, on behalf of himself/herself and his/her Dependants, bound by these Rules and by any amendment thereto.

8.7 A Member may not cede, transfer, pledge or hypothecate or make over to any third party any claim, or part of a claim or any right to a benefit which he/she may have against the Scheme. The Scheme may withhold, suspend or discontinue the payment of a Benefit to which a Member is entitled under these rules, or any right in respect of such Benefit or payment of such Benefit to such Member, if a Member attempts to assign or transfer, or otherwise cede or to pledge or hypothecate such Benefit.

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8.8 Nothing in these Rules shall be construed as altering in any way an Employer's right to terminate the service of an Employee who is a Member of this Scheme or altering any agreement between the Employer and such Employee with regard to conditions of service.

9 MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP

9.1 Every Member will be furnished with a membership card, containing such particulars as may be prescribed. This card must be exhibited to the Supplier of Service on request. It remains the property of the Scheme and must be returned to the Scheme, or destroyed upon termination of membership.

9.2 The utilisation of a membership card by any person other than the Member or his/her registered Dependants, with the knowledge or consent of the Member or his/her Dependants, is not permitted and is construed as an abuse of the benefits of the Scheme, in which case Rule **11.5** will be instituted by the Scheme.

9.3 On termination of membership or on de-registration of a Dependant, the Scheme will, within 30 days of such termination or at any time on request, furnish such person with a certificate of membership cover, containing such particulars as may be prescribed.

10 CHANGE OF ADDRESS OF MEMBER

A Member must notify the Scheme within 30 days of any change of address. The Scheme shall not be held liable if a Member's rights are prejudiced or forfeited as a result of neglect to comply with the requirements of this Rule.

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11 TERMINATION OF MEMBERSHIP

11.1 Resignation

11.1.1 A Member who, in terms of his/her conditions of employment is required to be a Member of the Scheme, may not terminate his/her membership while he/she remains an Employee without the prior written consent of his/her Employer.

11.1.2 Subject to any provision to the contrary contained in these Rules, a Member who resigns from the service of the participating Employer shall, on the date of such termination, cease to be a Member and all rights to Benefits shall thereupon cease, except for claims in respect of services rendered prior thereto.

11.1.3 Provided further that a Member whose membership terminates after the 15th day of a calendar month shall be entitled to Benefits up to the end of that calendar month.

11.2 Voluntary termination of membership

11.2.1 A Member, who is an Employee, shall not, except with the prior approval of his/her Employer, be permitted to resign from the Scheme whilst the Member remains an Employee.

11.2.2 A Member who resigns from the Scheme may at a later date rejoin the Scheme in accordance with the provisions of Rule **8**.

11.2.3 A continuation member in terms of Rules **6.2** and **6.3** may, on one month's written notice, be permitted to withdraw from membership.

11.2.4 A participating Employer may terminate his/her participation with the Scheme on giving three months' written notice.

11.3 Death

Membership of a Member terminates on his/her death.

11.4 Failure to pay amounts due to the Scheme

Subject to the provision of Rule **12**, if a Member fails to pay amounts due to the Scheme, his/her membership may be terminated as provided in these Rules.



11.5 **Abuse of privileges, fraudulent claims, misrepresentation and non-disclosure of factual information**

11.5.1 The Board may exclude from Benefits or terminate the membership of a Member or Dependant whom the Board finds guilty of abusing the benefits and privileges of the Scheme by presenting false claims or making a material misrepresentation or non-disclosure of factual information. In such event he/she may be required by the Board to refund to the Scheme any sum which, but for his/her abuse of the Benefits or privileges of the Scheme, would not have been paid or disbursed to him/her or on his/her behalf.

11.5.2 Fraudulent acts referred to in Rule **11.5** shall include, without limitation:

11.5.2.1 the use of a membership card by any person other than the Member or his/her registered Dependants, where the Member or Dependant knows, or ought reasonably to have known of such use, it being deemed, unless the Member or Dependant proves to the contrary, that any use of a membership card by any person other than the Member or his/her registered Dependants was with the knowledge of the Member or Dependant;

11.5.2.2 where the Member or Dependant makes or causes to be made any claim for the payment of any Benefit allegedly due in terms of the Rules, and the Member or Dependant knows, or ought reasonably to have known, such claim to be false, the onus being on the Member to prove that the claim is true and correct;

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11.5.2.3 where the Member or Dependant, makes or causes to be made a false representation of any fact that is material to the Scheme, in determining whether any right to a Benefit is due in terms of the Rules, the onus being on the Member to prove that the representation is true and correct;

11.5.2.4 where the Member or Dependant renders a false statement, account or invoice to the Scheme, and knows or ought reasonably to have known, that such statement, account or invoice is false, the onus being on the Member of Dependant at all times to prove that he/she had no such knowledge; and/or

11.5.2.5 any other act or omission which, in the circumstances, amounts to a fraudulent act or omission.

12 CONTRIBUTIONS

12.1 The monthly Contributions payable to the Scheme by or in respect of a Member are as stipulated in **Annexure A**.

12.2 Contributions shall be paid monthly in arrears by not later than the 3rd day of the succeeding calendar month. Where Contributions or any other amounts have not been paid by the 5th day of the calendar month following the calendar month in respect of which the Contribution was payable, the Scheme shall have the right to suspend all Benefit payments for claims that arose during the period of default, and to give the Member and/or Employer written notice by prepaid registered post to the Member at his/her domicilium citandi et executandi or by means of an electronic means agreed upon, that if Contributions or such other amounts are not paid up to date within fourteen (14) days of such notice, membership may be cancelled.

12.3 In the event that Contributions are brought up to date, Benefits shall be reinstated without any break in continuity. If Contributions are not brought up to date, no Benefits shall be due to the Member from the date such Contributions were due and any benefit paid after such date may be recovered by the Scheme from the Member.

12.4 A Member shall be liable to pay any amount becoming due by him/her to the Scheme immediately on receipt of a notice from the Scheme setting out the amount due. Payment shall be made to such place and in such manner as the Scheme shall, from time to time, determine. A Member shall be in arrears with payment of amounts owing if payment is not received in full by the Scheme:

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12.4.1 in the case of a Member effecting payment personally, within 30 days of the date upon which notice of the amount owing is posted to him/her; or

12.4.2 in the case of a Member whose payment is deducted from his/her remuneration by his/her Employer, within 30 days of the date upon which payment was due.

12.5 If payment of any amount owing by a Member is in arrears, the Scheme shall have the right to suspend all Benefits which may have accrued to such member during the period of default and to give the Member and/or Employer notice that if shortfall payment is not made within 14 days, membership may be cancelled.

12.6 Unless specifically provided for in the Rules in respect of Personal Medical Savings Accounts, no refund of any assets of the Scheme or any portion of a Contribution shall be paid to any person where such Members' membership, or cover in respect of any Dependant, terminates during the course of a calendar month.

12.7 Continuation members

Contributions in respect of a continuation Member shall be paid monthly in arrears. The monthly Contribution due by a continuation Member shall be payable by a debit order, stop order or EFT and will be collected on the last day of the calendar month to which the Contribution relates.

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13 LIABILITIES OF EMPLOYER AND MEMBER

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

13.2 The liability of a Member is limited to the amount of his/her unpaid Contributions together with any sum paid or disbursed by the Scheme to him/her or on his/her behalf or to his/her Dependants or on their behalf, which exceeds the Benefits to which the Member or Dependant is entitled, or is otherwise repayable, and which has not been repaid to the Scheme.

13.3 In the event of a Member ceasing to be a Member, any amount still owing by such Member is a debt due to the Scheme and recoverable by it.

13.4 **Accidents and injuries, including motor vehicle accidents (MVA's)**

The Scheme will pay medical costs/expenses relating to accidents/injuries and motor vehicle accidents at 100% of cost subject to PMB classification. Members must submit a claim relating to motor vehicle accidents to the Road Accident Fund. Payment of these Benefits is subject to an undertaking, accident injury report/police report. Any amounts recovered from a third party for medical expenses paid by the Scheme must be refunded to the Scheme.

14 CLAIMS PROCEDURE

14.1 Every claim submitted to the Scheme in respect of the rendering of a health service as contemplated in these Rules, shall be accompanied by an account or statement and shall contain the following particulars:

14.1.1 the surname and initials of the Member;

14.1.2 the surname, first name and other initials (if any) of the patient;

14.1.3 the name of the Scheme;

14.1.4 the membership number of the Member;

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14.1.5 the practice code number, group practice number and individual provider registration number issued by the registering authorities for providers, if applicable, of the Supplier of Service and, in the case of a group practice, the name of the practitioner who provided the service;

14.1.6 the relevant diagnostic and such other item code numbers that relate to such health service. It is recorded that the Council has designated the ICD-10 diagnostic code standard as the standard of choice under regulation 5(F) of the Regulations to the Act. The account or statement referred to in this Rule shall be required to reflect such ICD-10 code;

14.1.7 the date on which each health service was rendered;

14.1.8 the nature and cost of each health service rendered, including the supply of medicine to the Member concerned or to a Dependant of that Member; and the name, quantity, dosage of and net amount payable in respect of the medicine;

14.1.9 where a pharmacist supplies medicine according to a prescription to a Member or a Dependant, a copy of the original prescription or a certified copy of such prescription, if the Scheme requires it;

14.1.10 where mention is made in such account or statement of the use of a theatre:

14.1.10.1 the name and relevant practice number and provider number contemplated in Rule **14.1.5** of the medical practitioner or dentist who performed that operation;

14.1.10.2 the name or names and the relevant practice number and provider number contemplated in Rule **14.1.5** of every medical practitioner or dentist who assisted in the performance of the operation; and

14.1.10.3 the name or all procedures carried out together with the relevant item code number contemplated in Rule **14.1.6**; and

14.1.11 in the case of a first account or statement in respect of orthodontic treatment, or other advanced dentistry, a treatment plan indicating:

14.1.11.1 the expected total amount in respect of treatment;

14.1.11.2 the expected duration of the treatment;

14.1.11.3 the initial amount payable; and

14.1.11.4 the monthly amount payable.

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14.2 If an account, statement or claim is correct or where a corrected account, statement or claim is received, as the case may be, the Scheme must, in addition to the payment contemplated in section 59(2) of the Act, dispatch to the Member a statement containing at least the following particulars:

14.2.1 The name and the membership number of the Member;

14.2.2 The name of the Supplier of Service;

14.2.3 The final date of service rendered by the Supplier of Service on the account or statement which is covered by the payment;

14.2.4 The total amount charged for the service concerned; and

14.2.5 The amount of the Benefit awarded for such service.

14.3 In order to qualify for benefits, any claim must, unless otherwise arranged, be signed and certified as correct and must be submitted to the Scheme not later than the last day of the fourth calendar month following the month in which the service was rendered.

14.4 Where a Member has paid an account, he/she shall, in support of his/her claim, submit a receipt.

14.5 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.

14.6 Where the Scheme is of the opinion that a claim is incorrect or unacceptable for payment, the Scheme must notify the Member and the health care provider, whichever is applicable, accordingly within 30 days after receipt thereof. The Scheme must state the reasons why such claim is incorrect or unacceptable and afford such Member and health care provider the opportunity to return such corrected claim to the Scheme within sixty days following the date from which it was returned for correction. Claims received by the Scheme subsequent to the date of any alteration in Benefits available

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to Members shall be paid at the rates provided for in the Rules in force at the date on which the service was rendered.

15 BENEFITS

15.1 Members are entitled to Benefits during a financial year, as set out in Annexure B, and such Benefits extend through the Member to his/her registered Dependants. A Member shall on admission elect to participate in any one of the available options detailed in Annexure B.

15.2 A Member may change from one Option to another subject to the following conditions:

15.2.1 the change may be made only with effect from 1 January of any Financial Year provided that the Board may, in its absolute discretion, permit a Member to change from one to another Option on any other date;

15.2.2 the application to change from one option to another must be in writing and lodged with the Scheme within the period notified by the scheme provided that the Member has had at least 30 days prior notification of any intended changes in benefits or contributions for the next year.

15.3 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 health service who rendered the account within 30 days of receipt of the claim pertaining to such Benefit.

15.4 Any benefit option in **Annexure B** covers the cost of services rendered in respect of the Prescribed Minimum Benefits in accordance with **Annexure E.**

15.5 The Scheme may exclude services from Benefits as set out in **Annexure C.**

15.6 Benefits as per **Annexure B** may be increased in the case of Preferred or Designated Providers subject to the approval of the Board.

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15.7 The Benefit for any valid claim accepted by the Scheme in terms of these Rules in respect of services provided outside the Republic of South Africa will be determined in accordance with the scales of benefit or at the cost of services whichever the lower is and payment will be made in terms of Rule **15.5.**

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16 PAYMENT OF ACCOUNTS

16.1 The Scheme may, at its discretion, pay (whether by agreement or not with any Supplier of Service or group of suppliers of a service), the Benefit to which the Member is entitled, directly to the Supplier of Service who rendered the service or directly to the Member concerned.

16.2 Payment of accounts is restricted to the maximum amount of the Benefit entitlement in terms of the applicable Benefit and Option elected. Any confirmation that a Beneficiary is in benefit does not constitute an undertaking to pay the Supplier of Service. It is an indication given in good faith that according to the Scheme's records at the time of enquiry the benefit is available, but such benefits remain subject to Scheme rules and procedures, including adjustments for benefits and payments not reflecting on the system, membership status and policy restrictions on direct payments to Suppliers of Service.

Where the Scheme has confirmed that a Beneficiary is in benefit, payment may be made in terms of such agreement or confirmation, but the Scheme shall nevertheless at all times have the right to review the benefit status of the Beneficiary concerned and the available benefits. It may in its discretion pay any benefit directly to the Member including, for good reason, a benefit confirmed to a provider as being due. Where a Member submits a receipted account the Benefit will be paid to the Member or a person to whom the Member requests that payment be made.

16.3 Where the Scheme has paid an account or portion of an account or reimbursed or credited to a Member or Supplier of Service any benefit to which a Member is not entitled, whether payment is made or credit passed to the Member and/or to the Supplier of Service, the amount of any such overpayment is recoverable by the Scheme, at its election, from the Member and/or the Supplier of Service (but not exceeding the Benefit received by the

Supplier of Service) including by way of set-off against any current and/or future entitlements of the Member or Supplier of Service, by arrangement for payment by the Member's Employer, or in any other way that the Scheme may consider appropriate.

16.4 Notwithstanding the provisions of rule **16.1,** the Scheme has the right to pay any Benefit to the Member concerned.

16.5 The Scheme shall under no circumstances be liable to pay any Benefit, whether to the Supplier of Service or the Member, where the Member is in breach of his/her obligations in terms of these Rules and, in particular, where any Contribution or part thereof is in arrears. Where any such account has been paid by the Scheme, the Member shall be liable to repay the Scheme the amount so paid.

16.6 The Scheme shall not be obliged to pay any Benefit to a Supplier of Service or a Member unless the Scheme has been furnished with a copy of the Supplier's account and such account complies with the provisions of the Act and the Member has complied with the requirements of these Rules and any other requirements of the Board.

16.7 Where any account has been paid by a Member, he/she shall, in support of his/her claim, submit a receipt with the account referred to him/her in line with Rule **16.6.**

16.8 The Scheme may, in the Scheme's sole discretion, refuse payment of any Benefit to a Member for any health service where the claim relating to such health service has not been submitted to the Scheme before the last day of the fourth month following the month during which the health service was rendered.

16.9 Where a claim is received by the Scheme within the four month period referred to in Rule **16.8** and the Scheme is of the opinion that the said claim is erroneous or unacceptable for payment, the Scheme shall notify the Member or the Supplier of Service, whichever is applicable, within 30 days after receipt of such claim, that such claim is erroneous or unacceptable for payment and the Scheme shall give the reasons why such claim is erroneous or unacceptable. The Member or the Supplier of Service, as the case may be,

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shall thereafter be allowed within sixty days following the date from which it was for correction failing which the provisions of Rule **16.8** shall apply mutatis mutandis.

16.10 No Benefits shall be payable to or for:

16.10.1 a Member whose membership has terminated in relation to the service date of the submitted claim; and/or

16.10.2 who submits an account later than the period specified in Rule **16.8**. If, for any reason whatsoever, the Scheme is legally compelled to pay a Supplier of Service for any such account, the Scheme will be entitled to recover the full amount thereof from the Member, whether or not he/she is still a Member.

16.11 The Scheme shall not be bound to pay any claim made by a Member or by a Supplier of Service unless such claim contains the Supplier of Service's Practice Code Number.

16.12 The Member shall use his/her best endeavours to procure that the Supplier of Service furnishes the Member with an account or statement complying with the provisions of the Act.

16.13 The Scheme may recover from a Member or Supplier of Service any amount which has been paid bona fide by the Scheme and to which the Member or Supplier of Service is not entitled, or the amount of any loss which has been sustained by the Scheme through theft, fraud negligence or any misconduct, and the Scheme shall be entitled to deduct such amount from any other Benefit payable to the Member or Supplier of Service.

16.14 Accounts for health services rendered shall, when required by the Scheme in its sole discretion, be supported by a statement setting out the particulars or the circumstances giving rise to the need for the rendering of the health services, as are adequate to enable the Scheme to assess its liability in terms of the relevant Option. The Scheme shall be entitled to call for such further information and evidence as it may deem necessary in the circumstances.

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16.15 The Scheme may require that, a claim be confirmed in writing or certified as correct by the Member in order to qualify for Benefits.

16.16 When an examination has been required in terms of Rule **16.14** the Scheme's obligation, if any, to pay any such Benefit or future Benefits shall be suspended until the Member/Dependant has been so examined and the Scheme has had the opportunity of considering the Medical Assessor's report.

16.17 Any valid claim accepted by the Scheme in terms of these Rules in respect of services provided outside the Republic of South Africa will be paid in the currency of the Republic of South Africa into a bank account registered in the Republic of South Africa.

17 GOVERNANCE

The composition of the Board

17.1 The affairs of the Scheme shall be managed according to these Rules by a Board consisting of ten persons of whom:

17.1.1 five (of whom three must be Members of the Scheme), shall be appointed by the Employer; and

17.1.1 five (who shall be Members of the Scheme), shall be elected by Members. The results of the Member-elected trustees will be confirmed at the annual general meeting of the Board

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

17.2.1 a person under the age of 21 years;

17.2.2 an employee, director, officer, consultant, or contractor of the Administrator of the Scheme or of the holding company, subsidiary, joint venture or associate of that Administrator;

17.2.3 a broker;

17.2.4 the Principal Officer of the Scheme; and/or

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17.2.5 the Auditor of the Scheme.

17.3 A member of the Board shall cease to hold office if:

17.3.1 he/she becomes mentally ill or incapable of managing his/her affairs;

17.3.2 he/she is declared insolvent or has surrendered his/her estate for the benefit of his/her creditors;

17.3.3 he/she is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering of a forged document or perjury;

17.3.4 he/she is removed by the Court from any office of trust on account of misconduct;

17.3.5 he/she is disqualified under any law from carrying on his/her profession;

17.3.6 he/she ceases to be an appointee of the Company, or being a Board member elected by Members of the Scheme, he/she ceases to be a Member of the Scheme;

17.3.7 he/she absents himself/herself from three consecutive meetings of the Board without the permission of the chairperson; and/or

17.3.8 he/she is removed from office by the Council in terms of Section 46 of the Act.

17.4 A member of the Board who acts in a manner which is seriously prejudicial to the interests of the Beneficiaries of the Scheme may be removed by the Board, provided that:

17.4.1 before a decision is taken to remove the trustee, the Board shall furnish him/her with full details of the evidence which the Board has at its disposal regarding the conduct complained of, and allow him/her a period of no less than thirty (30) days in which to respond to the allegations;

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17.4.2 the resolution to remove a trustee is taken by at least two thirds of the members of the Board; and

17.4.3 .the trustee shall have recourse to disputes procedures of the Scheme or complaints and appeals procedures provided for in the Act.

17.5 All Board members shall hold office for a period of four (4) years following his/her election and shall thereon retire; provided that such representative could be available for re-election. It is recorded that the first term commenced in 2010;

Election of trustees

17.6 A nomination to fill a vacancy in respect of Member elected trustees must be signed by a proposer, a seconder and the candidate (who shall all be Members of the Scheme). The nomination shall be sent to the Principal Officer within the timeline stipulated by the Board;

17.7 The election of Member representatives shall be carried out by a ballot of all Members of the Scheme.

17.8 The voting of the elected Members shall be declared in favour of those nominees, who receive the highest number of votes sufficient to fill the vacancies.

17.9 For Member representative Trustees, two nominees who have not filled a trustee seat in terms of the Rules, and in whose favour the next highest number of votes has been cast, shall be considered "reserve" Member trustees. If, after a scheduled election, a Member trustee ceases to hold office for any reason, the reserve trustee with the highest number of votes shall fill the vacancy until the completion of the next scheduled election.

17.10 The Board may fill by appointment by the remaining members of the Board, any casual vacancy which occurs during its terms of office after the two reserve trustee options have been utilised. A person so appointed shall retire at the first ensuing annual general meeting and that meeting shall fill the

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vacancy for the unexpired period of office of the vacating member of the Board.

17.11 A Trustee may resign at any time by giving written notice to that effect to the Scheme.

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Board procedures

17.12 Members of the Board may be reimbursed for all reasonable expenses incurred by them in the performance of their duties as trustees. Such costs related to trustees must be disclosed in the Scheme's Annual Financial Statements. In this regard:

17.12.1 Members of the Board shall be paid such remuneration as may be determined by the Board from time to time. Such remuneration shall be payable when agreed. All remuneration paid to members of the Board shall be disclosed in the Scheme's Annual Financial Statements.

17.13 The Board shall, at its first meeting after the annual general meeting, appoint from its number a chairman and vice-chairman to preside over meetings of the Board.

17.14 The Board shall meet at least four times a year. Three clear days' notice of a Board meeting, unless otherwise agreed by the Board, shall be given to each member of the Board and such notice shall, as far as possible, contain a statement of the business to be transacted at such meeting. The non-receipt of any notice by any member shall not affect the proceedings at any meeting of the Board.

17.15 In the absence of the chairperson and the vice-chairperson at a meeting of the Board, the Board members present shall elect one of their number to preside at that meeting.

17.16 The chairperson may convene a special meeting of the Board should the necessity arise. Any three members of the Board may request the chairperson to convene a special meeting of the Board; provided the matters to be discussed at the meeting are clearly stated in the request. Upon receipt

of the request the chairperson shall within seven days after such receipt convene a special meeting of the Board to deal with the matters stated therein.

17.17 The Board may co-opt up to three persons to assist it in its deliberations. A person so co-opted may participate in the deliberations of the Board but shall have no vote.

17.18 The Trustees' total remuneration must be established through an independent process and be approved by Members at the annual general meeting.

Quorum at Board Meetings

17.19 Half of the members of the Board plus one shall constitute a quorum for a meeting of the Board.

17.20 Matters serving before the Board shall be decided by a majority vote and in the event of an equality of votes the chairperson of the meeting shall have a casting vote in addition to his/her deliberative vote.

17.21 Notwithstanding any vacancy on the Board, the remaining Trustees may continue to act: provided that if and, for so long as their numbers are reduced below the quorum the Trustees may act only for the purpose of:-

17.21.1 appointing further Trustees to increase their numbers to at least the number required for a quorum; or

17.21.2 summoning a special general meeting of Members to ensure compliance with Rule 17.1.2.

Resolutions of the Board

17.22 A resolution signed by not less than the number of Trustees required for a quorum and a majority vote of Trustees at a Board meeting shall be as valid and effective as if it had been passed at a meeting of the Board duly called and constituted. Any such resolution may consist of several identical documents, each signed by one or more of the trustees or alternates, or assented to by electronic mail transmitted by the Trustee in question. A fax of a Trustee's or alternate's signed resolution or a printed electronic mail

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of a Trustee's or alternate's signed resolution or a printed electronic mail message assenting to the resolution shall be acceptable evidence that such resolution has been signed or agreed to by the trustee or alternate whose signature appears on the fax or who has transmitted the electronic mail.

17.23 The Board may participate in and act at any Board meeting through the use of a conference telephone or other communication equipment by means of which all persons participating in the meeting can speak to and hear each other. Such participation shall constitute attendance and presence in person at the meetings by the person or persons so participating.

18 COMMITTEES

18.1 The Board may delegate any of its activities to a committee consisting of such Trustees and/or experts as it may nominate.

18.2 A committee shall in the exercise of its powers conform to these Rules and any instructions that may from time to time be issued by the Board.

18.3 The chairman shall be an ex-officio member of all committees, but shall not be taken into account in calculating whether a quorum of committee members is present at any meeting of the committee.

18.4 The role of the committees is to provide recommendations and feedback to the Board regarding matters within its terms of reference. The Board will remain the decision making structure of the Scheme.

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19 MINUTES

19.1 The Board shall cause the proceedings of all Annual and Special General Meetings to be properly minuted and the minutes of such meetings shall be laid before the next annual general meeting.

19.2 The Board shall cause the proceedings of all Board and committee meetings to be properly minuted and the minutes of such meetings shall be laid before the next Board meeting.

19.3 If the minutes of any meetings are accepted and confirmed as correct by a majority of Trustees present at the next Board meeting they shall be signed

as correct by the chairman and shall, in the absence of proof to the contrary, be deemed to be a true reflection of the meeting in respect of which they were prepared.

20 FIDUCIARY DUTIES OF BOARD OF TRUSTEES

20.1 The Board is responsible for the proper and sound management of the Scheme, at arm's length and in terms of these rules.

20.2 The Board must act with due care, diligence, skill and in good faith.

20.3 The Board must ensure that the interests of members are protected at all times including the provision of appropriate and adequate systems to accommodate timeous settlement of claims and the prompt response to inquiries, complaints and disputes.

20.4 Members of the Board must avoid conflicts of interests, and must declare any interest they may have in any particular matter serving before the Board.

20.5 The Board must apply sound business principles and ensure the financial soundness of the Scheme.

20.6 The Board must appoint a Principal Officer who is fit and proper to hold such office and may appoint any other staff which in its opinion are required for the proper execution of the business of the Scheme, and shall determine the terms and conditions of service of the Principal Officer and of any person employed by the Scheme.

20.7 The chairperson must preside over and ensure due and proper conduct at meetings.

20.8 The Board must cause to be kept such minutes, accounts, entries, registers and records as are essential for the proper functioning of the Scheme.

20.9 The Board shall ensure that proper control systems are employed by and on behalf of the Scheme.

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20.10 The Board must ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions and duties in terms of the Rules.

20.11 The Board must take all reasonable steps to ensure that contributions are paid timeously to the Scheme in accordance with the Act and the Rules.

20.12 The Board must take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance.

20.13 The Board must obtain expert advice on legal, accounting, clinical and business matters as required, or on any other matter of which the members of the Board may lack sufficient expertise.

20.14 The Board must ensure that the Rules and the operation and administration of the scheme comply with the provisions of the Act and all other applicable laws.

20.15 Where relevant, the Board must take steps to ensure the integrity of all documents, data and information transferred to a new administrator and/or managed care organisation. The change in administrator must comply with the Board Notice (BN) 73 of 2004.

20.16 The Board must take all reasonable steps to protect the confidentiality of medical records concerning any member or dependant's state of health.

20.17 The Board must approve all payments to be made by the Scheme. Such approval may be delegated.

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

20.19 The Board must make such provision as it deems desirable, and with due regard to normal practice and recommended guidelines pertaining to retention

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of documents, for the safe custody of the books, records, documents and other effects of the Scheme.

20.20 The Board shall disclose annually in writing to the Registrar, any payment or considerations made to them in that particular year by the Scheme.

20.21 The Board shall cause to be done a "Board effectiveness self-assessment" on an annual basis and an independent assessment every 3 (three) years with due regard to normal practice and recommended guidelines pertaining to improving the Board's effectiveness.

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21 POWERS OF THE BOARD

The Board has the power:

21.1 to cause the termination of the services of any employee of the Scheme;

21.2 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 under such appointments;

21.3 to appoint a committee consisting of such Board members and other experts as it may deem appropriate;

21.4 to appoint a professional and duly accredited administrator on such terms and conditions as it may determine, for the proper execution of the business of the Scheme. The terms and conditions of such appointment must be contained in a written contract which complies with the requirements of the Act and regulations;

21.5 to appoint, compensate and contract with any accredited broker for the introduction or admission of a member to the Scheme;

21.6 to contract with managed health care organisations subject to the provisions of the Act and the regulations;

21.7 to appoint advisors or consultants to assist it in the performance of its duties;

21.8 to purchase movable and immovable property for the use of the Scheme or otherwise, and to sell it or any of it;

21.9 to let or hire movable or immovable property;

21.10 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, invest or otherwise deal with such moneys upon security and to realise, re-invest or otherwise deal with such moneys and investments;

21.11 with the prior approval of the Council, 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;

21.12 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;

21.13 to donate to any hospital, clinic, nursing home, maternity home, infirmary or home for aged persons in the interests of all or any of the beneficiaries;

21.14 to grant repayable loans to members or to authorise *Ex Gratia* awards on behalf of members in order to assist such members to meet commitments in regard to the obtaining of a health care

21.15 to contribute to any fund conducted for the benefit of the employees of the Scheme;

21.16 to reinsure obligations in terms of the benefits provided for in these rules;

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

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21.18 to contribute to any association instituted for the furtherance, encouragement and co-ordination of medical schemes; and

21.19 in general, do anything, which it deems necessary or expedient to perform its functions in accordance with the provisions of the Act and these rules.

22 DUTIES OF PRINCIPAL OFFICER AND STAFF

22.1 The staff of the Scheme must, in terms of the applicable data protection and privacy laws, including the Protection of Personal Information Act, No.4 of 2013, ensure the confidentiality of all information regarding its Members.

22.2 The Principal Officer is the executive officer of the Scheme and as such shall ensure that:

22.2.1 the decisions and instructions of the Board are executed without unnecessary delay;

22.2.2 where necessary, there is proper and appropriate communication between the Scheme and those parties, affected by the decisions and instructions of the Board;

22.2.3 he keeps the Board sufficiently and timeously informed of the affairs of the Scheme which relate to the duties of the Board as stated in section 57(4) of the Act;

22.2.4 he/she keeps the Board sufficiently and timeously informed concerning the affairs of the Scheme so as to enable the Board to comply with the provisions of section 57(6) of the Act; and

22.2.5 he/she does not take any decisions concerning the affairs of the Scheme without prior authorisation by the Board and that he/she at all times observes the authority of the Board in its governance of the Scheme.

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22.3 The Principal Officer is the accounting officer of the Scheme charged with the collection of and accounting for all moneys received and payments authorised by and made on behalf of the Scheme.

22.4 The Principal Officer is responsible for the statutory and administrative functions of the Scheme and must ensure the carrying out of all duties as are necessary for the proper execution of the business of the Scheme. He/she must attend all meetings of the Board and any other duly appointed committee where his/her attendance may be required, and ensure proper recording of the proceedings of all meetings.

22.5 The Principal Officer is responsible for the supervision of the staff employed by the Scheme unless the Board decides otherwise.

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

22.7 The Principal Officer must prepare annual financial statements and must ensure compliance with all statutory requirements pertaining thereto.

22.8 The following persons are not eligible to be a Principal Officer;

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

22.8.2 a broker.

22.9 Any person who, immediately prior to commencement of the Medical Schemes Amendment Act, 2001, was a Principal Officer of a medical scheme in contravention of section 57(7) of this Act, will be deemed to comply with that section for the period terminating on 1 January 2004.

22.10 The provisions of Rules **17.3** apply *mutatis mutandis* to the Principal Officer, except for Rule **17.3.6**.

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23 INDEMNIFICATION & FIDELITY GUARANTEE

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

23.2 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) having the receipt or charge of moneys or securities belonging to the Scheme.

24 FINANCIAL YEAR OF THE SCHEME

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

25 BANKING ACCOUNT

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

26 AUDITOR & AUDIT COMMITTEE

26.1 An auditor (who must be approved in terms of section 36 of the Act) must be appointed by resolution at each annual general meeting, to hold office from the conclusion of that meeting to the conclusion of the next annual general meeting.

26.2 The following persons are not eligible to serve as Auditor of the Scheme:

26.2.1 a member of the Board;

26.2.2 an employee, officer or contractor of the Scheme;

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26.2.3 an employee, director, officer or contractor of the Scheme's administrator, or of the holding company, subsidiary joint venture or associate of the administrator;

26.2.4 a person not engaged in public practice as an auditor; or

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

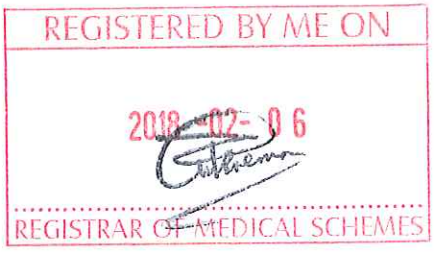
26.3 Whenever for any reason an Auditor vacates his/her office prior to the expiration of the period for which he/she has been appointed, the Board must within 45 days appoint another auditor to fill the vacancy for the unexpired period.

26.4 If the Members of the Scheme at a general meeting fail to appoint an auditor required to be appointed in terms of this rule, the Board must within 30 days make such appointment, and if it fails to do so, the Registrar may at any time do so.

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

26.6 The Auditor must report to the members of the Scheme on the accounts examined by him/her and on the financial statements laid before the Scheme in general meeting.

26.7 The Board must appoint an audit committee of at least five members of which at least two shall be members of the board of trustees. The majority of members including the chairman of the audit committee shall be persons who are not officers of the medical scheme or the administrators of the medical scheme. A quorum will consist of the majority of the serving audit committee members.



27 GENERAL MEETINGS

27.1 Annual General Meeting

27.1.1 The annual general meeting of Members shall be held before the 30th of June of each year at such time and place as the Board shall determine for the purpose of:

27.1.1.1 receiving and adopting the annual financial statements together with the Auditor's report and the report of the Board on the past year's transaction;

27.1.1.2 the confirmation of the member representatives to the Board;

27.1.1.3 the appointment or reappointment of the Auditor; and

27.1.1.4 any other business of which due notice has been given.

27.1.2 The notice convening the annual general meeting shall contain the agenda and a fair summary of the salient features of the annual financial statements, auditors report and annual report and shall be given to Members 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.

27.1.3 Notices of motion to be placed before the annual general meeting shall reach the Principal Officer no later than seven days prior to the date of the meeting.

27.1.4 The notice convening the annual general meeting shall state that the audited annual financial statements together with a copy of the Auditor's and the Board's reports shall be laid before the meeting and that they are available at the Scheme's offices for inspection during normal office hours.

27.1.5 The financial statements and reports specified in Rule **28.1.4** shall be laid before the meeting.

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27.1.6 The Chairman at the annual general meeting may in his/her discretion permit the informal discussion of relevant matters after the formal conclusion of the annual general meeting but the same shall not form part of the business of the annual general meeting and shall not be recorded in the minute thereof.

27.2 **Quorum at Annual General Meetings**

27.2.1. Thirty persons who are Members present in person shall form a quorum at an annual general meeting. If a quorum is not present at the time fixed for the commencement of the meeting, the chairman shall adjourn such meeting for 15 minutes. The Members present at such adjourned meeting shall be a quorum.

27.3 **Special General Meeting**

27.3.1 A special general meeting of Members may be called at any time by the Board.

27.3.2 On the requisition of at least 50 members, the Board shall cause a special general meeting to be called within 21 days of the date of receipt of the requisition. The requisition shall state clearly the matters to be discussed at the meeting and shall be signed by all the Members requisitioning the same. It shall be delivered to the registered office of the Scheme. Only those matters stated in the requisition may be discussed at the meeting.

27.3.3 Notice of a special general meeting containing the agenda shall be dispatched to the members at least 7 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.

27.4 **Quorum at Special General Meetings**

27.4.1 Fifteen persons who are Members shall form a quorum at a Special General Meeting.

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27.4.2 If a quorum is not present at the time fixed for the commencement of the meeting at a special general meeting, the meeting shall be cancelled.

27.5 **Voting at General Meetings**

27.5.1 Every Member who is present at a general meeting of the Scheme and whose Contributions are not in arrears shall have the right to vote.

27.5.2 The chairman of the Board shall be chairman at all general meetings: provided that, if he/she is absent, the vice-chairman of the Board shall chair the meeting in his/her place. If the vice-chairman is also absent, the Trustees present shall elect an acting chairman from amongst themselves, for the purpose of the meeting.

27.5.3 The chairman of the meeting shall determine whether voting on any issue is to be by ballot or by a show of hands.

27.5.4 In the event of the votes on a ballot being equal the chairman (provided he/she is a Member) shall have a casting vote in addition to a deliberative vote.

27.5.5 Resolutions adopted at all general meetings shall be considered by the Board of the Scheme in line with the Scheme Rules and the Act.

27.6 **Proxies**

27.6.1 At all meetings of members, a Member may appoint a proxy to represent him/her at such meeting.

27.6.2 The instrument appointing a proxy shall be in writing under the hand of the person granting such proxy or his/her attorney duly authorised in writing.

27.6.3 A member may not appoint more than one proxy to attend on the same occasion.

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27.6.4 A proxy:

27.6.4.1 needs to be a Member of the Scheme. Only a Member of the Scheme is entitled to attend and vote at Scheme meeting;

27.6.4.2 shall be entitled to vote on a show of hands and on a poll as per the form provied;

27.6.4.3 every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form and comply with such directions as the Board may decide, and the Trustees may, if they think fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting; and28.6.4.4 any power of attorney and any instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney shall be deposited at the office of the Scheme or at such other place within the Republic of South Africa as is specified for that purpose in the notice convening the meeting, not less than forty eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; and in default the instrument of proxy shall not be treated as valid. In determining the said period of forty eight hours, Saturdays, Sundays and public holidays shall not be taken into account. No instrument appointing a proxy shall be valid after the expiration of six months from its date except at an adjourned meeting held within the six months after the date of such instrument.

28 COMPLAINTS AND DISPUTES

28.1 Members may lodge their complaints, in writing, to the Scheme. The Scheme or its Administrators shall also provide a dedicated toll free telephone number which may be used for dealing with telephonic complaints.

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28.2 All complaints received in writing must be responded to by the Scheme in writing within 30 days of receipt thereof.

28.3 A disputes committee of three members, who may not be members of the Board, employees of the Administrator or officers of the Scheme, must be appointed by the Board annually. At least one of such members shall be a person with legal expertise.

28.4 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, must be referred by the Principal Officer to the disputes committee for adjudication.

28.5 On receipt of a request in terms of this Rule, the Principal Officer must convene a meeting of the disputes committee by giving not less than 21 days notice in writing to the complainant and all the members of the disputes committee, stating the date, time, and venue of the meeting and particulars of the dispute.

28.6 The disputes committee may determine the procedure to be followed.

28.7 The parties to any dispute have the right to be heard at the proceedings, either in person or through a representative.

28.8 An aggrieved person has the right to appeal to the Council against the decision of the disputes committee. Such appeal is in the form of an affidavit directed to Council and must reach the Registrar not later than three months after the date on which the decision concerned was made.

28.9 A member may appeal to the Council against a decision of a review panel established in terms of Chapter 5 of the regulations to the Act.

29 TERMINATION OR DISSOLUTION

29.1 The Scheme may be dissolved by order of a competent court or by voluntary dissolution. The Employer may, on giving six months written notice to the Board, reduce, suspend or terminate its contributions to the Scheme, or the Board may be of the opinion that the Scheme should be liquidated. The Board shall thereupon arrange for Members to decide by ballot whether the

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Scheme shall continue business without the Employer's contributions or with its reduced Contributions, or whether the Scheme shall be liquidated. Unless a majority of Members decide that the Scheme shall continue, the Scheme shall be liquidated in accordance with the provisions of Rule **29.2.**

29.2 Members in general meeting may decide that the Scheme shall be dissolved, in which event the Board shall arrange for Members to decide by ballot whether the Scheme shall be liquidated. Unless the majority of Members decide that the Scheme shall continue, the Scheme shall be liquidated in terms of section 64 of the Act.

29.3 Pursuant to a decision by Members taken in terms of Rules **29.1** and **29.2** the Principal Officer shall, 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 shall be requested to return 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 shall ensure compliance therewith and appoint, in consultation with the Registrar, a competent person as liquidator. The Registrar may, on good cause shown, ratify a lower percentage.

29.5 In the event that the Employer is wound up, whether voluntary or otherwise, or if the Employer ceases to carry on business, the Board shall dissolve the Scheme in accordance with Rule **29.3**.

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30 AMALGAMATION AND TRANSFER OF BUSINESS

30.1 The Scheme may, subject to the provisions of the Act, amalgamate the business or assets and liabilities of the Scheme with any other registered medical scheme or transfer any business or assets and liabilities from the Scheme to any other medical scheme or transfer any business or assets and liabilities from any other medical scheme or person to the Scheme.

30.2 If the Board decides that any transaction referred to in Rule **30.1** is in the

interests of the Scheme, the Board shall be entitled:-

30.2.1 to enter into agreements on behalf of the Scheme with other persons in respect of any transaction referred to in Rule **30.1**;

30.2.2 to draw up a detailed proposal of the proposed transaction and provide it to the Registrar;

30.2.3 to do all things reasonably necessary to comply with the lawful requirements of the Registrar and to achieve the confirmation of the detailed proposal, whether in its original form or as modified; and Council or Registrar may also modify the exposition prior to approval thereof.

30.2.4 to amend any agreements referred to in Rule **30.2.1**, to withdraw any proposal submitted to the Registrar and to appeal to the Council for confirmation of a proposal or to the Court if aggrieved by a decision of the Registrar or the Council.

31 SIGNATURE ON BEHALF OF THE SCHEME

31.1 Contracts and other documents binding the Scheme shall be signed by the Chairperson of the Board and by one other member of the Board.

31.2 Documents prepared by the Scheme and furnished to the Registrar in terms of the Act shall be signed by the Chairman, Principal Officer and any member of the Board.

32 RIGHT TO OBTAIN DOCUMENTS AND INSPECTION OF DOCUMENTS

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32.1 Any beneficiary must on request be supplied by the Scheme with a copy of the following documents:

32.1.1 the Rules of the Scheme;

32.1.2 the latest audited annual financial statements, returns, auditors report and annual report of the Scheme;

32.1.3 the management accounts in respect of the Scheme; and

32.1.4 protocols and formularies documents.

32.2 A beneficiary is entitled to inspect free of charge at the registered office of the Scheme any document referred to in Rule **32.1** and to make extracts therefrom.

32.3 This rule shall not be construed to restrict a person's rights in terms of the Promotion of Access to Information Act, 2 of 2000.

33 NOTICES

33.1 Any notice to a Member or an Employer shall be deemed to have been validly given if:

33.1.1 it has been mailed or e-mailed to his/her latest known address or e-mail address; or

33.1.2 it has been delivered to him/her personally; or

33.1.3 in the case of a Member who is an Employee, it has been delivered personally or sent by post to the secretary or other appropriate officer of his/her Employer.

33.2 Posted notices shall be deemed to have been received by the addressee on the day of their delivery to the post office for posting.

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34 AMENDMENT OF RULES

34.1 The Board shall be entitled to amend or rescind any Rule or to make any additional Rule or Annexure.

34.2 The Scheme shall provide the Registrar with a written notice setting out the particulars of any amendment or rescission referred to in Rule **34.1** certified by the Principal Officer, the Chairperson and one other member of the Board as having been adopted in accordance with the provisions of the Rules.

34.3 No amendment, rescission or addition of any Rule shall be valid until the necessary application has been made and it has been approved and registered

by the Registrar in terms of the Act.

34.4 The Board shall amend the Rules:-

34.4.1 to comply with any requirements prescribed by the Act or by regulation in terms of the Act; or

34.4.2 in the manner indicated by the Registrar where a Rule is, in the opinion of the Registrar, being applied in a manner inconsistent with the provisions of the Act; or

34.4.3 where the Registrar, being of the opinion that the Scheme is or may be rendered not financially sound, requires the Scheme by notice to amend the Rules; or

34.4.4 where the High Court orders that the Rules be amended; or

34.4.5 where the Registrar is of the opinion that an Option should be withdrawn as it is or may not be financially sound and the Registrar has given notice to the Scheme to that effect requiring such Option to be withdrawn.

34.5 Wherever reasonably practical, 30 days advance notice shall be given to Members of any change in Contributions, membership fees or subscriptions and Benefits or any other conditions affecting their membership and must be furnished with a copy of such amendment within 14 days of registration thereof.

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35 RECEIVING AND PROVIDING BENEFICIARIES' MEDICAL INFORMATION

35.1 The Scheme, or authorised staff or medical advisers of the Scheme's administrator, may request relevant medical and medical-related information regarding Beneficiaries they may deem necessary from any Service Provider who may have such information – and that Service Provider may disclose the information to the said parties with the approval of the Member in question.

35.2 The Scheme, or its administrator, may use or disclose medical or medical-related information they may obtain regarding Beneficiaries under these rules to a managed health care organisation to review the appropriateness and

quality of services; and for statistical purposes.

35.3 Information contemplated under Rules **35.1** and **35.2** may be requested and provided at any time, including after the death of a Beneficiary. However, it must always be dealt with confidentially, and may be used only for the purpose for which it was requested or provided.

