



**MEDSHIELD**

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- **MINUTES OF THE 45<sup>TH</sup> ANNUAL GENERAL MEETING HELD ON 26 JULY 2014**
- **MINUTES OF THE SPECIAL GENERAL MEETING HELD ON 02 AUGUST 2014**
- **MINUTES OF THE CONTINUATION ANNUAL GENERAL MEETING HELD ON 02 AUGUST 2014**



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**MINUTES OF THE MEDSHIELD MEDICAL SCHEME**

**45<sup>th</sup> ANNUAL GENERAL MEETING**

**HELD ON SATURDAY, 26 JULY 2014 AT 14:00,**

**WANDERERS CLUB, NORTH ROAD, ILOVO, JOHANNESBURG**

**PRESENT:** **Dr Tebogo Phaleng** **Chairperson**  
Persons present as per Attendance Register - 27

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**1. NOTICE OF MEETING**

Dr Tebogo Phaleng welcomed the attendees to Medshield Medical Scheme's (the Scheme) 45<sup>th</sup> Annual General Meeting (AGM) and acknowledged the special guests as follows: The Chairman of the Audit Committee, Mr Malcolm Brown; representing the external auditors PwC, Mr Johannes Grove'; the executive team, General Manager Finance, Mr Rob Bennett; Medshield's Chief of Operations, Mrs Angela Blackburn; and from the Communications Office and part of the organising committee, Mrs Setsooto Sihawu, General Manager Communications and Marketing; and the Head of the Legal Office, Mr Manus Kruger.

Dr Tebogo Phaleng also acknowledged Advocate Jaco Lubbe from the Council for Medical Scheme's office of compliance.

Dr Tebogo Phaleng introduced himself as the Curator of Medshield appointed by the North Gauteng High Court to take over the Curatorship of the Scheme on the 1st March 2014. The Scheme was placed under curatorship in 2012. Mr Themba Langa, the previous Curator, resigned at the end of February 2014. The Medical Schemes Act section 56.1 and the Financial Institutions Act section 5.1 and 5.2 guided Dr Phaleng's appointment.

The Chairperson confirmed that the Notice of the AGM was issued to members timeously and in compliance with the Rules of the Scheme.

In terms of Rule 26.1.7 which requires that at least fifteen members must be present to represent a quorum, this was confirmed and the meeting was subsequently convened.

The Chairperson confirmed that the Curator's Report was distributed as part of the highlights document and was circulated as part of the AGM pack. The Curators report, item 5 on the agenda; focused on mainly the Scheme and where it stands currently in 2014 year and looking forward towards the rest of the year. The Curator requested whether it is acceptable and members agreed.

Mr Bernard Hlakola and Advocate Malaka raised a concern about item 6 on the Agenda (Proposed Amendments to Scheme Rules), and made a motion to defer this item to another date. Andries Labuschagne requested that the meeting follows the Agenda and discuss these details once the meeting reaches the specific item. The Chairperson called for direction from the House and proposed that the Agenda is accepted and item 6 is discussed in due course. The House seconded this motion and the Chairman confirmed the adoption of the Agenda.

**2. CONFIRMATION OF THE MINUTES OF THE 44<sup>TH</sup> ANNUAL GENERAL MEETING**

The Chairperson requested that the minutes of the 44<sup>th</sup> AGM held on 31 July 2013, be confirmed, and adopted as a true reflection of the meeting.

The ADOPTION of the minutes of the 44<sup>th</sup> AGM held on 31 July 2014, were proposed by the Chairman and seconded by Ms Setsooto Sihawu and ACCEPTED as a true record of the meeting.

**3. ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS (AFS) AS AT 31 DECEMBER 2013**

The Chairperson indicated that the AFS were circulated on the 23rd June 2014 as part of the Highlights document. The Audit Committee confirmed and recommended the statements to the Curator's office that the Audit Committee signed off the financials. The Chairman of the Audit Committee, Mr Malcolm Brown confirmed that the Audit Committee met and went through the annual financial statements in detail and made whatever editing requirements needed to be made and they recommended to the Curator that he recommends to this meeting that the Annual Financial statements be approved.

Mr Johannes Grove', PwC confirmed that an audit on the Annual Financial Statement in terms of financial standards of auditing have been performed and PwC issued an unqualified audit opinion on the financial statements. There were certain matters identified during the audit which were reported, but it was an unqualified audit opinion that was issued.

Advocate Malaka posed the concern on which issues have been noted on the financial statements whether these findings were addressed. Mr Johannes Grove' from PwC responded that as part of any audit, matters are identified which are reported to the audit committee as the governing framework. If any of those matters were not addressed in the financial statements or if they have a material effect on the financial statements and were not addressed, from an auditing point of view, then the auditing opinion would have been amended. Mr Johannes Grove' indicated that PwC is comfortable that the financial statements required an unqualified audit opinion so in the terms of materiality the unqualified opinion was issued. Advocate Malaka requested whether an unqualified opinion are with or without the noted findings and can those finding effect the audit opinion. Mr Johannes Grove' confirmed that PwC did not deem these findings to be material and therefore did not disclose it in the financial statements.

Mr Michael Brown, Chairman of the Audit Committee commented that they received the report, noticed that the findings were not material, otherwise the Audit Committee would have required them to be stated in the financials. The process is the internal auditors, in turn, prepare follow up reports, and those reports deal with each one of the issues that were raised by the external auditors. When the Audit Committee meets again on Wednesday next week (30 July 2014), they will receive a full report from the internal auditors as to whether management has dealt with the issues identified. Member can be assured that issues are not just stated and then are left, they are in fact under control.

Advocate Malaka agreed that that the above answers his questions and the Chairperson indicated that the panel is available after the meeting for more detailed discussions if necessary.

The ADOPTION of the Annual Financial Statements for the year ended 31 December 2013, were proposed by Dr Tebogo Phaleng, and seconded by Mr Andries Labuschagne and Mr Richard Peacock. The Annual Financial Statements for Medshield Medical Scheme for the year ended 31 December 2013 was agreed to and adopted.

#### **4. THE CURATOR'S REPORT**

The Chairperson confirmed that the Curator and the management team of Medshield Medical Scheme are committed to ensure that the Scheme is sustainable for the membership and intend to place proper governance structures in place and control measures within the Scheme.

The key focus areas for the Curatorship are:

- **Governance.** Curatorship at Medshield was largely a governance and internal controls issue rather than issues around the financial or operating performance of the Scheme. The Curator of the Scheme is tasked with putting into place a governance framework for the Scheme and the new Board of Trustees would then receive, operate, and use as a guiding framework.

- **Conduct an electoral process** to put into place a new Board of Trustees that will be elected on Saturday the 2nd July 2014. The Board has to be functional as there is a specific requirement that the Board be functional so it is not just an elected group of leadership but there has to be a governance framework in place, proper processes, and structures defined, and there must be proper handover from the Curator to the members of the Board. This also includes that the Board consists of nine people, consisting of five elected and four co-opted board members. The elected Trustees need to co-opt the additional four trustees, which is a task that the Curator will assist the elected Board of Trustees with.
- **Ensure that the Scheme delivers on its mandate** to its membership and that the Scheme's business continues on a day-to-day basis.
- **To resolve all major contractual and legal matters** facing the Scheme.
- **To conduct a retrospective review.** There are few matters that have come up in papers from the Courts about the previous curatorship and the time before that. Medshield has decided in fairness to the members, to obtain an independent view of matters. KPMG was commissioned to review the affairs of the Scheme and provide an unbiased and independent view of matters. This review is yet to be completed, and those matters will be acted on by the Scheme as and when the findings are finalised.

The Curator confirmed that the Scheme currently has 78 513 and 166 000 beneficiaries. There has been an issue around growth and what is encouraging is that the quantum of membership losses has been decreasing. There is a promising growth pipeline for the 2014 year and there are measures in place, products, and services that were launched in 2013 and 2014 to retain members, attract new members and to keep brokers engaged with the Scheme.

As far as the financial strength and stability of the Scheme is concerned, the contribution income in total is R1.32bn for the first 5 months of 2014 and it is projected to finish at R2.53bn annualised. Net surplus of just over R16m for the period against an expected deficit of R64m, therefore the Scheme had budgeted for losses and came out with a surplus of R16m so far.

The Global Credit rating and independent study looks at the overall sustainability of the Scheme. The focus of this study is to look at the ability of the Scheme to continue to honour its mandate e.g. paying out claims and covering healthcare in the long term. The rating for this year is an AA- and the Curator confirmed that it is the 2nd highest rating of all medical scheme's in the country. The Scheme has R1, 35bn in reserves and a solvency ratio of R53.9%.

The outlook of the Scheme, independently reviewed, is stable and as quoted by the Global Credit Rating Report: *"The placement of Medshield under Curatorship is positively considered as it is anticipated to strengthen the Governance structure of the Scheme going forward. This view takes in cognisance the absence of any material negative impact on the financial condition of the Scheme."*

There are targeted investments to be made, some of them are ongoing, and these investments are to enhance two key aspects of the Scheme:

- Gathering Technical Marketing Intelligence to enable greater awareness of the market and its competitive positioning within the Medical Schemes' market;
- Secondly a Clinical Risk Management capability. This is a non-negotiable since the Scheme is required to manage a population of people. People cannot merely be underwritten out. Therefore, the Scheme has to manage the risk from within and it is imperative for the Scheme to understand that risk so the Scheme is in a better position to provide for the membership.

The non-healthcare costs are tracking at just over 10% of gross contribution income for the period Jan - May 2014. There is a savings yield of R9m on Operations.

As part of the outlook, Medshield is now subjecting itself to an ISO9000 accreditation in June 2015. This process involves introspection and benchmarking and continuous improvement on its performance. Once Medshield achieves accreditation based on current performance, then we will be able to benchmark across industries and internationally. Medshield has a very ambitious management team who want to be able to know how Medshield compares with similar business and medical healthcare funders in other countries.

There are 4 strategic priorities pillars in the strategy for 2014: The Governance Framework; Focussing on growth and managing stakeholder sentiment; Coordinated execution from an operations aspect and lastly improving on our risk management capability.

To ensure that the Scheme focus on Governance, there will be a Board of Trustees, a Board sub-committee structure and have already proposed committees e.g. the Audit and Finance Committee; the Operational Risk and Compliance Committee; the Investments Committee; Remuneration and Nomination Committee; Clinical Governance Committee and Product Pricing and Benefit Review Committee. These Committee structures are still recommendations, which will, during August and with the incoming Board, a final recommendation will be made.

Contribution increases coming into 2014 averaged at 7.3% and this was within the CPI+3/CPI+4 healthcare inflation corridor. In addition, on the claims experience, the Scheme has managed to perform 2% better on the claims accounts than what was expected based on the budgets. It is important to remember that budgets are based on demographics, plan movement, and various other actuarial projections. Based on this the contracting capability of the Scheme is driving the performance on the claims experience.

## **5. APPOINTMENT OF THE INDEPENDENT EXTERNAL AUDITORS FOR THE ENSUING YEAR**

The Audit Committee has conducted interviews and assessments. Based on the performance of PricewaterhouseCoopers (PwC's) and their understanding of the Scheme, the Audit Committee recommended the re-appointment of PwC to the Curator, for the ensuing year.

Advocate Malaka questioned whether the Audit Committee was satisfied with the assessment that they conducted with the external auditors and whether they would give members the mandate for the reappointment. Mr Michael Brown responded positively stating that the Audit Committee was completely satisfied with the performance and assessment of the external auditors and recommend their appointment for the 2014 year.

Mr Andries Labuschagne requested details of the processes that are normally followed for the reappointment of the external auditors and whether the members need to agree year on year. Mr Michael Brown responded that the Council for Medical Schemes and their regulations and the Act requires that the auditors be appointed at the Annual General Meeting every year. The Audit Committee makes a recommendation to the Curator and the Curator then in conjunction with the auditors than prepare a document, which is submitted, to the Council for Medical Schemes.

The Council for Medical Schemes then responds by approving that appointment. Normally the appointment would go from the Curator to the Board meeting, and then the Board would make their approval, but that approval is still subject to the Council for Medical Schemes. Members can rest assure that the Audit Committee received a plan, received the management letter, received the report on the prior year's management letters to the effect of whether the management of the Scheme had in fact done what they said they were going to do.

Therefore, the Audit Committee have gone through an appropriate process of satisfaction of their performance. Additionally, the Council regularly requests the Audit Committee to make sure that they have tested the market. The Audit Committee then put out Request for Proposals to audit firms and then evaluate whether the external auditors are appropriately appointed or not. The last Request for Proposal process was done 2 years ago. Andries Labuschagne thanked Mr Michael Brown and indicated that the information received from Mr Michael Brown is of utmost importance since this indicated that above board and due process were followed in getting to a decision or a recommendation.

Advocate Malaka requested that before the house votes, the representatives of PwC recuse themselves from the meeting and Mr Michael Brown seconded. The Chairperson noted Advocate Malaka's request and the representatives of PwC recused themselves from the meeting.

The re-appointment of PwC as the Independent External Auditors for 2014 was proposed by Mr Andries Labuschagne and seconded by Mr Charles Akeroyd.

Mr Johannes Grove' and his team from PwC re-entered the meeting.

## **6. AMENDMENTS TO THE SCHEME RULES**

The Chairperson indicated that according to Scheme Rule 32.2, all proposed amendments to the Scheme Rules require an Annual General Meeting to effect changes.

Mr Patrick indicated his preference to remove this item from the Agenda to enable the membership ample time to review the proposed changes. Mr Marnus Kruger the Head of Legal indicated that there should be a vote by show of hands on whether to proceed or not. Members that hold proxy votes may show two hands. The Curator confirmed that there is a proposal that the issues under Item 6 on the Agenda is deferred.

Marnus Kruger commented that the house may decide to defer this point, but the most cost effective option would be to postpone the discussion to the Special General Meeting scheduled for the 2<sup>nd</sup> August, which will give members the opportunity to have a week to go through the proposed amendments. The Chairperson commented that the Rule Changes do require a presentation to the membership at a specified meeting of members. The next opportunity to discuss these proposed amendments would have to be either the Special General Meeting next week or the next AGM.

The Curator confirmed that there is a proposal that the issues under Point no 6 on the Agenda is deferred. Mr Bernard Hlakola and Mrs Antea Fourie-Van Zyl seconded the motion for deferral and Mr Bernard Hlakola made the motion to defer the discussion to the Special General Meeting scheduled for the 2<sup>nd</sup> August.

The decision to defer point 6 of the agenda: Proposed Amendments to Scheme Rules was adopted. Mr Ernesto Furlong seconded the proposal to defer the discussion to the SGM scheduled for the 2<sup>nd</sup> August, subject to an AGM quorum, and the decision was adopted by the meeting.

Mr Stanley Rothbart posed a question about the proxy amendments to the Scheme Rules that were amended in 2013, and whether these were ever brought to an AGM? Marnus Kruger responded that the Rules requiring that proposed amendment be brought to an AGM was only incorporated after those amendments were made and adopted. Mr Stanley Rothbart commented that members should have 3 weeks' notice and in this case notice was given upon arrival and he recommended a new process in which 3 weeks' notice are given to every member of the Scheme and not just members currently present since 1 weeks' notice is not constitutional . Manus Kruger responded that there is no provision in the Rules that an advance notice of 3 weeks should be given to members on proposed amendments to the Rules of the Scheme. The Rules merely provide that the Rules be discussed at a General Meeting. The Rule Amendments were published on the Agenda and I suggest that if the members present today agree that the amendments be tabled at the SGM it will not be in contravention of the Rules of the Scheme.

Ms Alet Opperman requested whether the Scheme Rules are on the website and requested that members have access to these. The Curator confirmed that the Rules are available on the website.

Mr Ernesto Furlong requested whether the external and/or the internal auditors supports the proposed amendments to the Rules as a guideline to members. The Chairman responded that the requirement of the Rules is that the proposed amendments have to be tested by the membership and the membership has the final say. The Scheme will abide by what the members decide. It is therefore up to the members and academic whether the auditors agree.

The Chairman welcomed the suggestions from Advocate Malaka that the members provide suggestions to the Curators office before the SGM, and these suggestions will be put to the membership at the discussion on the 2<sup>nd</sup> August 2014.

Mr Jonathan Phillips posed a question in terms of the Scheme Rules regarding the eligibility of members who wanted to stand for election as a Board member, if the members reject these rules or the members request an amendment, and yet the eligibility of the candidates for election are based on those specific rules?

The Curator confirmed that the current list of 13 nominees has been vetted through a process and the proposed rule amendments provide clarity more than changes. Mr Kruger also confirmed that these Rules amendments are still proposed amendments and the elections and the process of the elections was undertaken under the guidance of the current approved Rules.

## **7. GENERAL {ANY OTHER BUSINESS OF WHICH DUE NOTICE HAS BEEN GIVEN}**

Members were requested to submit motions to be addressed at the AGM. The Scheme received six submissions of which three were apologies for non-attendance of the meeting, two were confirmations of attendance of this meeting, and Mr Ernesto Furlong submitted one motion.

The Curator read the motion, which indicated the following:

- That a procedure be made available to members to escalate queries beyond the call centre when the call centre is unable to satisfy the query. The Scheme responded that there is an escalation process in place that is published on the website allowing members to escalate queries to the executive team. However, we will explore additional means to enhance communication to members about this process.
- The Scheme has Rules to manage just about every possibility however; there will always be exceptions to the Rules. The Scheme responded that it has an appeals process through which members can apply for special case consideration or via an ex-gratia process. This can be facilitated directly through the Scheme or via the Scheme's managed care service providers. Member's submissions are presented to the Special cases and ex-gratia committee for consideration and the process for ex-gratia submission are published on the website.
- With medical queries, particularly there is a need for a person with higher qualifications and authority to consider special cases. At present, if that person exists, he or she is not accessible. The Scheme responded that they are in the process of appointing a specialist medical advisor but currently these queries are escalated to medically trained personnel within the Scheme, which include the Scheme's Clinical Risk Executive and the Scheme's third party managed care service providers.
- Members deserve better than the endless frustration of receiving typically meaningless replies even if the person does give details of persons to escalate the query to, these details are useless because they do not answer calls or respond to emails. It is standard practice that all emails sent to the Scheme automatically generates an auto-response acknowledging receipt of the email and providing a reference number with which to track and follow-up on the query.

The Chairperson suggested that the Head of Communication and Head Operations discuss any further requirements directly with Mr Ernesto Furlong. Mr Ernesto Furlong agreed and indicated that there are people attending to this specific query.

There being no further business to discuss, the Chairperson thanked everyone for their attendance and participation and closed the meeting at 16h00.



Appraised by the Curator of Medshield Medical Scheme, Dr Tebogo Phaleng.

SIGNED AS A TRUE RECORD

CHAIRPERSON:

\_\_\_\_\_

DATE:

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**MINUTES OF THE MEDSHIELD MEDICAL SCHEME  
SPECIAL GENERAL MEETING HELD ON SATURDAY,  
2 AUGUST 2014 AT 14:00,  
HOGAN LOVELLS ATTORNEYS, 22 FREDMAN DR, SANDTON**

**PRESENT:**                    **Dr Tebogo Phaleng**                    **Chairperson**  
   **Ms Anneke Viljoen**                    **Independent Electoral Officer (IEO)**

Persons present as per Attendance Register - 86

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Dr. Tebogo Phaleng welcomed the attendees to MEDSHIELD Medical Scheme's (the Scheme) Special General Meeting (SGM), and indicated that this meeting is the continuance of the meeting that was deferred from the 26th July SGM meeting where the meeting was not quorate.

Dr. Tebogo Phaleng introduced himself as the Curator of MEDSHIELD Medical Scheme and declared the meeting open. Dr. Tebogo Phaleng provided the meeting with the following background: The Scheme was placed under curatorship in October 2012, the then Curator, Mr. Themba Langa resigned at the end of February 2014 and Dr. Tebogo Phaleng was appointed as Provisional Curator of the Scheme effective 1 March 2014. The appointment is guided by the Medical Schemes Act Section 56.1 and the Financial Institutions Act Section 5.1 and Section 5.2. Dr. Tebogo Phaleng was granted the full authority of the Board of Trustees in its absence and the full authority of the Principal Officer of the Scheme and thus holds full authority to conduct an electoral process to elect a new Board of Trustees that will continue to guide the Scheme.

Dr. Tebogo Phaleng welcomed the members of the Scheme and specifically the MEDSHIELD auditors, PwC represented by Ms. Josette Sheira; the Independent Electoral Officer, Ms. Anneke Viljoen and her team from Shepstone & Wylie Attorneys (jointly referred to as the Independent Electoral Body (IEB)); the Electoral Steering Committee and the MEDSHIELD Management team representatives to the meeting. Dr. Tebogo Phaleng also thanked the members of the Scheme who were in attendance and stressed the importance of members being involved in the management and activities of their Scheme.

Dr. Tebogo Phaleng indicated that there are key areas of focus and a set of tasks for the Curator's Office. The primary task is to ensure that a framework of good governance is implemented and he stated that work is almost completed in relation to that issue. The framework of good governance will be presented to the Board of Trustees as they come in. The next is to put in place a functional Board of Trustees to provide the leadership and to guide the Scheme. Additionally, we have to continuously ensure that the Scheme continue to operate and we have to work through all the contractual and legal challenges that the Scheme faces – present and historical and have commissioned and independent retrospective review of the conduct of the Scheme.

Dr. Tebogo Phaleng, at this stage handed over to Ms. Anneke Viljoen, the Independent Electoral Officer who will manage the rest of the Electoral process and after the voting process is completed, Dr. Tebogo Phaleng requested that the attendees reconvene to the venue to deal with the matter of the AGM that stood over from the AGM meeting on the 26th July.

Ms. Viljoen welcomed the members to the continuation of the SGM schedule for the 26th July 2014. Ms. Viljoen indicated that she, together with her team represented the Independent Electoral Body (IEB). Ms. Viljoen advised the meeting of the process followed to date, which resulted in 13 successful candidates for possible election to the Board of Trustees. The first call for nominations of candidates, dated 20 March 2014, were circulated to members of the Scheme and members were invited to nominate fellow members who are in good standing and who are willing to act as Trustees. Members were required to have the nominee complete a questionnaire and indicated his/her acceptance of such nomination by signing the form. Field nomination boxes were made available at designated addresses situated in Durban, Richards Bay, Cape Town, Pietermaritzburg and Johannesburg and these details were communicated to members. Members were afforded the opportunity to return the

nominations to a PO Box address and the details were communicated to the members. The results of the first call for nominations produced 4 successful nominees. In terms of the Scheme Rules, members are entitled to select five members to represent them on the Board of Trustees, so it was considered proper to call for a second round of nominations to ensure at least five nominees or more.

The second round of nominations were circulated on 23rd May 2014 and produced nine successful nominees. In total, there is 13 candidates standing for election to the Board of Trustees and five of the 13 will be elected to represent members on the Board. The results of the nominations were circulated to members on the 23rd June 2014, as abbreviated CVs were attached to the member circular. The elections were postponed to 2nd August 2014 as the initial meeting were inquorate.

Ms. Viljoen indicated that Scheme Rule 26.2.6 states, "50 members of the Scheme, present in person shall form a quorum", and although there might have been 50 votes present at the previous meeting, it is members present in person that constitutes a quorum, and not proxy votes. Ms. Viljoen also stated that the rules clearly indicates that "if a quorum is not present 30 minutes from the time fixed for the commencement of the meeting, the meeting shall be adjourned to the day and time of the next week and members then present shall constitute a quorum". Members were advised of the venue of this meeting in the previous meeting and by messages sent to all members' mobile numbers that MEDSHIELD has on their records.

Ms. Viljoen indicated that an election steering committee was appointed early in March and the IEB was able to consult the Steering Committee during the process of vetting the nominees. The Regulator, the Council for Medical Schemes, the Scheme itself and the Scheme's auditors PwC were all represented on the Steering Committee. Ms. Viljoen thanked the members of the Steering Committee for their commitment.

The IEB confirmed according to legislation, the Medical Scheme's Act requires a Trustee to be fit and proper to hold office. The Minister of Health and the Council for Medical Schemes have published regulations relating to the requirements and criteria for the determination of what constitutes a fit and proper status of Trustee and Ms. Viljoen announced that MEDSHIELD Medical Scheme fully subscribes to these regulations.

Ms. Viljoen indicated that according to these regulations, the word "fit" refers to the competence of an individual, and the word "proper" refers to the character and integrity of the individual. The concept of "fit and proper" consists of three main categories as identified by the Minister of Health and the Regulator of the Council for Medical Schemes:

- Honesty, integrity; and a good reputation
- Competence and capability
- Demonstration of financial soundness

Ms. Viljoen briefly described the voting process to the meeting and requested that any questions are held over until she completed. The voting took place in the room adjacent to the venue and the voting was by ballot as required by the Scheme Rules. Every member present had the right to vote and the green armband entitled voters to a ballot paper on their own behalf. Members could vote for five candidates to serve on the Scheme's Board of Trustees. Members who could not be present could appoint another member to vote on his or her behalf, if each member present in person could only act as one proxy for one other member. A red armband affixed to members' left arms indicated that those members have a proxy vote and will be issued two ballot papers. Ms. Viljoen indicated that only proxy forms issued by the IEB may be used for such a proxy vote and the original proxy together

with a copy of the proxy givers' ID had to be present at the meeting. Candidates could vote for less than five candidates but not more than five. If there are more than five candidates the ballot will be invalid and deemed spoiled. The IEO encouraged members to make sure that their crosses are inside the block on the ballot paper to ensure clarity. Ms. Viljoen also reminded voters to place the completed ballot paper in the sealed ballot boxes provided.

Ms. Viljoen commented that the results of the elections will be made available as soon as possible and requested that the doors are closed and only the members who have registered will now be eligible to vote.

A member of the Scheme requested if all nominees are present and if the IEO could identify who is absent and if they are still eligible. The IEO responded that Mr. Mashudu Paul Netshandama, Ms. Violet Mafsike Tshetlo and Mr. Trevor Garth Wiblin were not present. They are still nominees and are still eligible to stand for elections.

With no other business to discuss, the meeting was adjourned and the voting process commenced.

**SIGNED AS A TRUE RECORD**



**CHAIRPERSON:** \_\_\_\_\_ **DATE:** 15 August 2014



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**MINUTES OF THE MEDSHIELD MEDICAL SCHEME CONTINUATION  
ANNUAL GENERAL MEETING HELD ON SATURDAY,  
2 AUGUST 2014 AT 14:00,  
HOGAN LOVELLS ATTORNEYS, 22 FREDMAN DR, SANDTON**

**PRESENT:**                      **Dr Tebogo Phaleng**                      **Chairperson**

Persons present as per Attendance Register - 65

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Dr Tebogo Phaleng who was the Chairperson of the meeting welcomed the attendees back into the venue after the voting for the Board of Trustees were completed. The Chairperson indicated that this meeting was scheduled to discuss the proposed amendments to the Rules of the Scheme and was deferred from the Annual General Meeting of 26 July 2014.

The Chairperson informed the meeting that the Independent Electoral Officer and the auditors are going through the ballots and will go through a counting process. The auditors are supervising to enable confirmation of process and numbers. The Curators' Office will await a report from the Independent Electoral Officer and confirmation from the auditors on the outcome of the electoral process. Once the Curator receives the report, they have 7 days within which to announce the successful candidates to the membership. Within that process the Curator will also inform the successful candidates and before informing the general membership, and, once again, obtain their confirmation to serve as Trustees of the Scheme. An induction board meeting with the Trustees will follow, where they will liaise regarding the governance framework and other responsibilities.

Since this meeting is subjected to the AGM rules, the meeting has to be quorate with more than 15 (fifteen) members present. The Chairperson requested that each person respond to his/her name as called to ensure attendance. 65 (sixty five) Members were confirmed to be in attendance.

The Chairperson revisited the four strategic priorities of the Scheme. The first priority is Governance; secondly making sure the Scheme continues to grow and we manage our stakeholder relationship appropriately; thirdly focusing on service and coordinated execution of all the Scheme's business; and lastly improving the risk management capability of the Scheme so that it can look after its assets, both financial and non-financial.

The Chairperson indicated that the focus today is on the Governance Framework - the first strategic priority. The Chairperson indicated that the objective of the meeting was to look at the proposed changes to the Scheme Rules and strengthening the governance and ensure protection of the Scheme's funds. The background is that there are certain parts of the Rules, not the Rules as a whole, where a majority vote is required from the membership in attendance at an AGM, before changes or amendments may be effected. In the case where a majority is not achieved the decision will be taken that the House has decided to retain those rules as they are.

Voting will be through a show of hands and PWC attended to supervise the process. The Council for Medical Schemes attended (Adv. Jaco Lubbe, observer status). The Chairperson informed the meeting that if there are proxy votes in attendance then members are allowed to show two hands.

## **RULE AMENDMENTS APPROVED AT AGM ON 2 AUGUST 2014**

The Scheme proposed a number of Rule changes for approval at the AGM as required by accordance with Rule 32. The below amendments were approved by a majority of members.

1. Rule 18.3:

*"Within 2 (two) months of the election of the trustees, the elected trustees, as a Board, shall appoint 4 (four) additional trustees who possess skills and knowledge which may be strategically or practically beneficial to the Scheme. In making such appointments, the Board shall ensure that the individuals so appointed possess legal, financial, accounting, actuarial or industry-specific skills or such skills and expertise which may have the potential to grow and maintain membership, or which will enhance relationships with employer groups and other stakeholders, and which shall enhance the skills and expertise of the Board as a whole."*

It was agreed to change the rule to the following:

*"Within 2 (two) months of the election of the trustees, the elected trustees, as a Board, shall appoint 4 (four) additional trustees who possess skills and knowledge which may be strategically or practically beneficial to the Scheme. In making such appointments, the Board shall ensure that of the individuals so appointed possess legal, medical and financial, actuarial skills, or such skills and expertise which may have the potential to grow and maintain membership, or which will enhance relationships with employer groups and other stakeholders, and which shall enhance the skills and expertise of the Board as a whole."*

2. Rule 18.13:

*"In the event of vacancies arising on the Board such that the number of elected trustees falls below 50% (fifty percent), the Scheme shall cause a Special General Meeting to be convened for purposes of electing trustees to fill in the vacancies. The list of nominees and their CV's must be circulated to all members of the Scheme at least 30 (thirty) days before the holding of the Special General Meeting."*

It was agreed to change the rule to the following:

*"In the event of vacancies arising on the Board such that the Trustees elected by members fall below four, the Member or Members who received the next highest number of votes at the preceding election shall be appointed as Trustee (or Trustees), and hold office as such until the next Annual General Meeting or Special General meeting when their terms shall automatically lapse. In the absence of such people willing and able to become Trustees, the Board shall call an election in terms of rule 18.14 to fill such vacancy."*

3. Rule 18.25:

*"The Board may, subject to participation by sufficient members to form a quorum, discuss and resolve matters by means of telephonic conversations, exchanges of emails or through telephonic or video conferencing and may adopt any resolutions arising there from, which must be confirmed by the participating trustees in writing (which shall include email correspondence) within 7 (seven) days of the trustees taking such a resolution."*



It was agreed to change the rule to the following:

*"The Board may, under exceptional circumstances, and on notice to all members of the Board and subject to participation by sufficient members to form a quorum, discuss and resolve matters by means of telephonic conversations, exchanges of emails or through telephonic or video conferencing and may adopt any resolutions arising there from, which must be confirmed by the participating trustees in writing (which shall include email correspondence) within 7 (seven) days of the trustees taking such a resolution."*

4. It was agreed to insert a new rule, 19.19:

*"Neither a member of the Board or Executive Officer, nor any employee, co-director, co-shareholder, consultant, contractor, partner, family member or other connected person (as defined in the Income Tax Act 58 of 1962) of a member of the Board or Executive Officer of the Scheme shall render any consulting and/or other service to the Scheme in exchange for any form of compensation for any such service."*

5. Rule 32.2:

*"Notwithstanding anything contained in the Rules, no alteration, rescission or addition which affects the objects of the Scheme or which increases the rates of contribution or decreases the extent of benefits by more than twenty five percent (25%) during any financial year or any amendment to Rules 18, 19, 20, 21, 26, 27 or 32, shall be valid unless it has been approved by a majority of members present in a general meeting."*

It was agreed to change the rule to the following:

*"Notwithstanding anything contained in the Rules, no alteration, rescission or addition which affects the objects of the Scheme or which increases the rates of contribution or decreases the extent of benefits by more than twenty five percent (25%) during any financial year, any amendment to Rules 18, 19, 20, 21, 26, 27 or 32 or an increase in any remuneration payable to any Trustee(s) of more than CPI + 4% shall be valid unless it has been approved by a majority of members present in a general meeting."*

With no other business to discuss, the meeting was adjourned.

**SIGNED AS A TRUE RECORD**

**CHAIRPERSON:** \_\_\_\_\_

**DATE:** \_\_\_\_\_



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