

**TRANSMED MEDICAL FUND
CONSTITUTION AND RULES**

RULE	TABLE OF CONTENTS	PAGE
1	ESTABLISHMENT OF THE MEDICAL FUND	3
2	LEGAL PERSONA	3
3	REGISTERED OFFICE	3
4	DEFINITIONS	4
5	OBJECTIVES	10
6	MEMBERSHIP	11
7	REGISTRATION AND DE-REGISTRATION OF DEPENDANTS	13
8	TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP	15
9	MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP	19
10	CHANGE OF ADDRESS AND BANKING ACCOUNT DETAILS OF MEMBERS	20
11	TERMINATION OF MEMBERSHIP	20
12	CONTRIBUTIONS	22
13	LIABILITY OF EMPLOYER AND MEMBER	25
14	CLAIMS PROCEDURE	26
15	BENEFITS	28
16	PAYMENT OF ACCOUNTS	29
17	GOVERNANCE OF THE FUND	30
18	DUTIES OF THE BOARD	36
19	POWERS OF THE BOARD	38
20	DUTIES OF THE PRINCIPAL OFFICER AND STAFF	40
21	INDEMNIFICATION AND FIDELITY GUARANTEE	42

22	FINANCIAL YEAR OF THE FUND	42
23	BANKING ACCOUNT	43
24	SAFE CUSTODY OF SECURITIES	43
25	AUDITOR AND AUDIT COMMITTEE	44
26	GENERAL MEETINGS	46
27	REPRESENTATION AND VOTING AT GENERAL MEETINGS OF MEMBERS	48
28	SETTLEMENT OF COMPLAINTS AND DISPUTES	49
29	DISSOLUTION	50
30	AMALGAMATION AND TRANSFER OF BUSINESS	50
31	PERUSAL OF DOCUMENTS	50
32	AMENDMENT OF RULES	51
ANNEXURE		
A	CONTRIBUTION TABLES	52
B1:	BENEFITS: ALL MEMBERS OTHER THAN SATS CONTINUATION MEMBERS	58
B2 :	BENEFITS: SATS CONTINUATION MEMBERS	94
C	EXCLUSIONS	114
D	NETWORK BENEFITS : STATE PLUS NETWORK OPTION	116
E	CHRONIC DISEASE LIST(CDL) CONDITIONS	132
F	FORMULARIES : CONDITIONS LIST	133
G	ORTHOPAEDIC, SURGICAL AND MEDICAL APPLIANCES	141
H	INTERNAL PROSTHESES	143

1. ESTABLISHMENT OF THE MEDICAL FUND

The Sick Fund established in terms of section 32(1)(g) of the Railways and Harbours Service Act, 1960 (Act No. 22 of 1960), shall continue to exist with separate legal personality under the name of the **TRANSMED MEDICAL FUND** hereinafter referred to as **the Fund**. The Fund is deemed to be a registered medical scheme in terms of the Medical Schemes Act, 1998, (Act No 131 of 1998) with effect from 1 February 1999.

2. LEGAL PERSONA

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

3. REGISTERED OFFICE

The registered office of the Fund shall be situated at 101 De Korte Street, Braamfontein, Gauteng, but the Board shall have the right to transfer such office to any other location in the Republic of South Africa, should circumstances so dictate.

4. DEFINITIONS

In these Rules, the singular includes the plural and vice versa, and words and expressions defined in the Medical Schemes Act, 1998, (Act No 131 of 1998) bear the meanings thus assigned to them and, unless inconsistent with the context, the following expressions shall have the following meanings:-

- 4.1 **"ACT"** the Medical Schemes Act, 1998 (Act No 131 of 1998), and the Regulations framed thereunder.
- 4.2 **"APPROVAL"** prior written approval of the Board or its authorised representative.
- 4.3 **"ADMISSION DATE"** the date on which a person becomes a member, or in respect of a dependant, the date upon which such dependant is admitted as a dependant in terms of these Rules.
- 4.4 **"AUDITOR"** an auditor registered in terms of the Public Accountants' and Auditors' Act, 1991 (Act No 80 of 1991) and who meets with the requirements of the Act.
- 4.5 **"BENEFICIARY"** a member or his/her registered dependants.
- 4.6 **"BENEFIT YEAR"** a period of 12 months which shall coincide with the financial year of the Fund.
- 4.7 **"BOARD"** the Board of Trustees who manage the Fund in terms of the Act and these Rules.
- 4.8 **"BROKER"** a person whose business or part thereof entails providing a service or advice in respect of the introduction of prospective members to a medical scheme.

- 4.9 **"CHILD"** a member's natural child including a posthumus child, stepchild, an legally adopted child, an illegitimate child or a child in process of being legally adopted or in the process of being placed in foster care or a child for whom the member has a duty of support or a child placed in the custody of the member or his/her spouse or partner and who is not a beneficiary of any other scheme.
- 4.10 **"COMPANY"** the company Transnet Limited referred to in section 1 of the Legal Succession to the South African Transport Services Act, 1989 (Act No.9 of 1989).
- 4.11 **"CONDITION-SPECIFIC WAITING PERIOD"** a period 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.
- 4.12 **"CONTINUATION MEMBER"** a member who retains membership of the Fund in terms of rule 6.2 or a dependant who becomes a member of the Fund in terms of rule 6.3.
- 4.13 **"CONTRIBUTION"** in relation to a member, the amount exclusive of interest, payable by or in respect of a member, as membership fees and shall include contributions to personal medical savings accounts.
- 4.14 **"COST"** in relation to a benefit, the net amount payable in respect of a relevant health service.
- 4.15 **"COUNCIL"** the Council for Medical Schemes as contemplated in the Act.
- 4.16 **"DATE OF SERVICE"**
- 4.16.1 in the event of a consultation, visit or treatment, the date on which such consultation, visit or treatment took place;

- 4.16.2 in the event of an operation, procedure or confinement, the date on which such operation, procedure or confinement occurred;
- 4.16.3 in the event of hospitalisation, the date of discharge from a hospital or nursing home, or the date of cessation of membership, whichever date occurs first;
- 4.16.4 in the event of any other service, the date on which such service was rendered or requirement obtained.

4.17 **“DEPENDANT”**

4.17.1 for the purposes of membership -

- 4.17.1.1 a member’s spouse or partner, who is not a member or a registered dependant of a member of a medical scheme;
- 4.17.1.2 a member’s child who is not a member or a registered dependant of a medical scheme; and
- 4.17.1.3 the immediate family of a member and/or the member’s spouse or partner in respect of whom the member or the member’s spouse or partner is liable for family care and support.

4.17.2 for the purposes of calculating contributions payable –

- 4.17.2.1 an adult dependant is –
 - 4.17.2.1.1 a member’s spouse or partner;
 - 4.17.2.1.2 a dependant who is 21 years of age and older; and
 - 4.17.2.1.3 a dependant who is married and is still dependent on the member or the member’s spouse or partner
- 4.17.2.2 a child dependant is a dependant who is single and younger than 21 years of age.

4.18 **“DESIGNATED SERVICE PROVIDER”** a health care provider or group of providers selected as the preferred provider or providers to provide to members diagnosis, treatment and care in respect of one or more prescribed minimum benefit conditions.

- 4.19 **“DOMICILIUM CITANDI ET EXECUTANDI”** the member’s chosen physical address at which notices in terms of any applicable rule as well as any legal process or any action arising therefrom, may be validly delivered and served.
- 4.20 **“EMERGENCY MEDICAL CONDITION”** 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.
- 4.21 **“EMPLOYEE”** a person in the permanent employment of the employer, or persons employed by the employer in a temporary contracted capacity subject to approval by the Board.
- 4.22 **"EMPLOYER"** Transnet Limited or any company which forms part of the group of companies as defined in section 10(11) of the Legal Succession to the South African Transport Services Act, 1989 (Act No 9 of 1989) or any other employer which previously formed part of the group of companies.
- 4.23 **“GENERAL WAITING PERIOD”** a period in which a beneficiary is not entitled to claim any benefits.
- 4.24 **“IMMEDIATE FAMILY”** the blood relations of the member or the member’s spouse or partner in the first degree i.e a brother, sister or parent in respect of whom the member or the member’s spouse or partner is liable for family care and support.
- 4.25 **"INCOME"** for purposes of determining the contribution payable in respect of a member shall be:
- 4.25.1 that part of a member’s monthly remuneration as is taken into account in the determination of the contributions payable by an employee or employer to the Transnet Pension Fund; or

- 4.25.2 the gross monthly pension payable to a continuation member by the Transnet Pension Fund; or
- 4.25.3 in the case of a continuation member who does not receive a monthly pension from the Transnet Pension Fund, 75 (seventy five) per cent of the last month's salary the member received prior to retirement. The income so determined shall be increased annually by one per cent effective 1 January of each year.
- 4.26 **“MARRIED”** includes joined together in a union recognized as a marriage in accordance with any law or custom; and shall, for purposes of these Rules, also include a permanent union of cohabitation between two persons of the same or opposite sex.
- 4.27 **“MEDICAL SCHEME”** any medical scheme registered in terms of the Act.
- 4.28 **“MEDICINE”** any medicine preparation published in the Ethical Price List.
- 4.29 **“MEMBER”** any person who is enrolled as a member of the Fund in terms of these Rules.
- 4.30 **“NATIONAL HEALTH REFERENCE PRICE LIST (NHRPL)”** the reference price list for health services published by the Department of Health.
- 4.31 **“NETWORK HOSPITAL”** a hospital contracted by the Board as such to render hospital services at preferential tariffs to members.
- 4.32 **“PARTNER”** someone engaged in a permanent union of cohabitation as provided for in rule 4.26.

- 4.33 **“PREFERENTIAL TARIFFS”** the tariffs fixed by agreement between the Fund and a hospital or preferred provider, to apply in respect of the applicable services rendered to members.
- 4.34 **“PREFERRED PROVIDER”** a supplier of Major Medical Benefits contracted by the Board as such to render major medical services at preferential tariffs to members.
- 4.35 **“PRESCRIBED MINIMUM BENEFITS”** the benefits contemplated in section 29(1) (0) of the Act, and consist of the provision of the diagnosis, treatment and care costs of –
- (a) the Diagnosis and Treatment Pairs listed in and subject to any limitations specified in, Annexure A of the Regulations issued in terms of the Act; and
 - (b) any emergency medical condition.
- 4.36 **“PRESCRIBED MINIMUM BENEFIT CONDITION”** a condition contemplated in the Diagnosis and Treatment Pairs listed in Annexure A of the Regulations issued in terms of the Act or any emergency medical condition.
- 4.37 **“REGISTRAR”** the Registrar or Deputy Registrar/s of Medical Schemes appointed in terms of section 18 of the Act.
- 4.38 **"SATS CONTINUATION MEMBER"** any member who on 1 April 1990 qualified for continued membership through his/her employment with the South African Transport Services or qualified for continued membership through being a dependant of a deceased SATS employee and the registered dependants of such a member who subsequently qualify for membership due to the death of such member.

- 4.39 **"SCALE OF BENEFITS"** the tariff to be paid in respect of benefits, as provided for in the NHRPL.
- 4.40 **"SHORTFALL"** the difference between the amount paid by the Fund in respect of the claim of a member and the amount of benefit to which that member is entitled in terms of the Rules.
- 4.41 **"SOUTH AFRICAN TRANSPORT SERVICES (SATS)"** the South African Transport Services referred to in section 2 of the South African Transport Services Act, 1981 (Act No. 65 of 1981).
- 4.42 **"SPOUSE"** a person married to a member.
- 4.43 **"SUPPLIER OF SERVICE"** a person registered in terms of any applicable act or law who renders a relevant health service as contemplated in the Act.
- 4.44 **"TRADE UNION"** a trade union which is recognized by the employer.
- 4.45 **"TRUSTEE"** a member of the Board.

5. OBJECTIVES

- 5.1 The objectives of the Fund are to establish and maintain a fund by contributions, donations or otherwise and thereby to make provision for:
- 5.1.1 The obtaining by members thereof of any relevant health service as provided for and in accordance with the Rules of the Fund;

- 5.1.2 The granting of assistance to members in defraying expenditure incurred in connection with the rendering of any relevant health service as provided for and in accordance with the Rules of the Fund; and
 - 5.1.3 The rendering of a relevant health service, contemplated in these Rules, to members, either by the Fund itself or by any supplier, or group of suppliers of a relevant health service or by any person in association with or in terms of an agreement with the Fund.
- 5.2 The Fund shall assume liability for and guarantee the benefits offered to members and their dependants in terms of the Rules of the Fund.

6. MEMBERSHIP

6.1 Employees

- 6.1.2 Membership of the Fund is restricted to employment or former employment by the employer and is voluntary to any employee.
- 6.1.3 If both husband and wife are employed by the employer, they may individually become members of the Fund in their own right.

6.2 Retirees

- 6.2.1 A member shall, retain membership of the Fund in the event of retirement from the service of the employer or if employment is terminated by the employer on account of age, ill-health or other disability.
- 6.2.2 The Fund shall inform the member of the right to continue membership and the contribution payable from the date of retirement or termination of employment. Unless such member informs the Fund in writing of the desire to terminate membership, such person shall continue to be a member.

6.3 Dependants of deceased Members

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

6.3.2 For the purposes of calculation of contributions payable, the registered spouse/partner or if there is no registered spouse/partner, the oldest dependant, may be regarded as the member. Where child dependants have been orphaned, the eldest child may be regarded as the member and any younger siblings, the dependants.

6.3.2.1 The spouse/partner referred to in Rule 6.3.2 above, shall be allowed to register additional dependants as provided for elsewhere in these Rules.

6.3.3 The Fund shall inform such dependant of the right to membership and of the contributions payable in respect thereof.

6.3.4 Membership shall terminate if such dependant:

6.3.4.1 Is accepted as a member or a dependant of a member of another medical scheme; or

6.3.4.2 Elects in writing not to continue his/her membership; or

6.3.4.3 Membership is terminated in terms of another provision of these Rules.

7. REGISTRATION AND DE-REGISTRATION OF DEPENDANTS

7.1 Registration of dependants

- 7.1.1 A member may apply for the registration of dependants when applying for membership of the Fund.
- 7.1.2 A member may apply to register a new born or newly adopted child within thirty (30) days of the date of birth or adoption of the child and such child shall thereupon be registered by the Fund as a dependant. Increased contributions shall be due as from the first day of the month following the month of birth or adoption and benefits will accrue as from the date of birth or adoption.
- 7.1.3 A member who marries or forms a permanent union of cohabitation subsequent to joining the Fund may apply within thirty (30) days of the date of such marriage or union to register his/her spouse/partner as a dependant and such spouse/partner shall thereupon be registered by the Fund as a dependant. Increased contributions shall be due as from the first day of the month following the month of marriage or union and benefits will accrue as from the date of marriage or union. No such spouse or partner shall qualify for benefits until such time as the member qualifies for benefits.
- 7.1.4 Should a member not register eligible dependants as provided for above, then upon future application for registration such admission shall be subject to rule 8.
- 7.1.5 In the case of a child dependant who becomes an adult dependant, the increased contributions shall be due from the first day of the month following the month during which the dependant becomes an adult dependant.

7.2 De-registration of dependants

7.2.1 A member shall inform the Fund within thirty (30) days of the occurrence of any event which results in any dependants no longer satisfying the conditions in terms of which such person may be a dependant.

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

7.2.3 A member may de-register a qualifying dependant by giving one calendar month's written notice. All rights to benefits in respect of such dependant shall thereupon cease except for claims in respect of services rendered prior to the last day of being a registered dependant.

7.3 Re-admission of dependants

7.3.1 Any dependant who was de-registered, may, subject to the provisions of rule 8 be re-admitted as dependant.

7.3.2 On re-admission a waiting period of three (3) months shall be applicable subject to rule 8. This proviso shall not apply to the re-admission of dependants whose application for re-admittance is necessitated as a result of the fact that such person is no longer eligible for membership of a medical scheme.

8. TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP

- 8.1 A minor may become a member with the consent of his/her parent or guardian.
- 8.2 No person may be a member of more than one medical scheme or a dependant:
- 8.2.1. of more than one member of a particular medical scheme; or
 - 8.2.2. of members of different medical schemes or;
 - 8.2.3. 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.
- 8.3 Prospective members shall, prior to admission, complete and submit the application forms required by the Fund, 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 dependant of any other medical scheme.
- 8.3.1 The Fund may require an applicant to provide the Fund with a medical report in respect of any proposed beneficiary 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.
 - 8.3.2 The Fund shall pay to the applicant or relevant health care provider, the costs of any medical tests or examination required by the Fund for the purposes of compilation of the medical report referred to in Rule 8.3.1.
- 8.4 Waiting periods
- 8.4.1 The Fund 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 –
 - 8.4.1.1 a general waiting period of up to three months; and

- 8.4.1.2 a condition-specific waiting period of up to 12 months.
- 8.4.2 The Fund 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 –
- 8.4.2.1 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;
 - 8.4.2.2 in respect of any person contemplated in this rule, where the previous medical scheme had imposed a general or condition-specific waiting period, and such waiting period had not expired at the time of termination of membership, a general or condition-specific waiting period for the unexpired duration of such waiting period imposed by the former medical scheme.
- 8.4.3 The Fund 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.
- 8.5 No waiting periods may be imposed on:
- 8.5.1 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 –

- 8.5.1.1 change of employment; or
- 8.5.1.2 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 Fund for such transfer to occur at the beginning of the financial year.
- 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 Fund may impose such waiting period for the unexpired duration of a waiting period imposed by the former medical scheme.
- 8.5.2 a beneficiary who changes from one benefit option to another within the Fund unless that beneficiary is subject to a waiting period on the current benefit option in which case the remaining period may be applied;
- 8.5.3 a child dependant born during the period of membership.
- 8.6 Every member and dependant shall be deemed to have authorized the disclosure to the Fund and the Principal Officer or his/her delegate by a medical practitioner or hospital authority concerned, the nature of the condition for which such a member/dependant is treated or admitted. Information so disclosed shall be utilised only for the purpose of applying these Rules and shall be treated as confidential.
- 8.7 The registered dependants of a member shall be entitled to the same benefits as the member and shall be registered on the same benefit option as the member.

- 8.8 Every member shall, on admission to membership, receive a detailed summary of these rules which shall include contributions, benefits, limitations, the member's rights and obligations. Members and their dependants, and any person who claims any benefit under these Rules or whose claims is derived from a person so claiming are bound by these Rules as amended from time to time.
- 8.9 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 Fund. The Fund 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.
- 8.10 An ex-member of the Fund shall on application be re-admitted as a member of the Fund subject to rules 8.4, and 8.5.
- 8.11 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 the Fund, 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 past employment by the particular employer and admit, any person who has been a registered dependant of such member, as a dependant.

9 MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP

- 9.1 Every member shall be issued with a membership card, containing the particulars prescribed by the Act. This card must be exhibited to the supplier of a relevant health service on request. It remains the property of the Fund and shall be returned to the Fund on cessation of membership, or when a new card is issued. A fee as determined by the Board from time to time shall be payable by the member for additional membership cards required by the member or for the replacement of a lost card or a card not returned on cessation of membership.
- 9.2 The utilisation of a membership card by any person other than the member or registered dependants, with the knowledge or consent of the member or dependant, shall be construed as a serious abuse of the benefits of the Fund entitling the Board in its sole and absolute discretion, to terminate the membership of that member or to take such other action, or actions, as it may deem fit.
- 9.3 On termination of membership, a member shall, within thirty (30) days, be furnished with a certificate of membership containing the information prescribed by the Act. Such certificate of membership shall also be furnished to any former member, at the request of the member.
- 9.4 It shall be the responsibility of the member to ensure that all the information on the membership card are correct. The Fund must immediately be advised of any discrepancies.

10. CHANGE OF ADDRESS AND BANKING ACCOUNT DETAILS OF MEMBERS

A member/employer shall notify the Fund within thirty (30) days of any change of address including his/her domicilium citandi et executandi and banking account details. The Fund shall have no responsibility or liability in respect of a member's rights which are prejudiced or forfeited as a result of failure to comply with the requirements of this rule.

11. TERMINATION OF MEMBERSHIP

11.1 Ceasing Employment

Except for a member who takes up continuation membership, a member who ceases to be an employee shall, on the date of such termination of employment, cease to be a member and all rights to benefits shall thereupon cease, except for claims in respect of services rendered prior to the date of termination of employment.

11.2 Resignation

A member may terminate membership of the Fund by giving one (1) calendar month's written notice. Such termination will also terminate the registration of any registered dependants of such member. All rights to benefits shall thereupon cease except for claims in respect of services rendered prior to the last day of membership.

11.3 Death

Membership shall cease as a result of the death of a member except for a dependant who in terms of the Rules qualifies for continuation membership.

11.4 Failure to Pay

Membership may be terminated by the Fund as a result of non-payment of amounts due to the Fund as provided for in the Rules.

11.5 Abuse of Privileges, False Claims, Misrepresentation and Non-disclosure of Factual Information

The Board may exclude from benefits or terminate the membership of a member or dependant whom the Board finds guilty of submitting fraudulent claims, committing any fraudulent act, making a material misrepresentation, the non-disclosure of factual information, or abusing the benefits and privileges of the Fund. In such event, such member may be required by the Board to refund to the Fund any sum which, but for the fraud or abuse of the privileges of the Fund, would not have been disbursed together with interest at the prime overdraft rate charged by the Fund's banker at that time as calculated from the date such sum was disbursed.

12. CONTRIBUTIONS

- 12.1 The total monthly contributions payable to the Fund are set out in Annexure A hereto. It shall be the responsibility of the Employer/member to notify the Fund of changes in income that may necessitate a change in contributions in terms of Annexure A.
- 12.2 Contributions shall be due monthly in arrears and shall be payable on the date on which salaries are payable to employees and the date on which pensions are payable to continuation members. Where contributions have not been paid within three (3) days of the due date, they shall be in arrear and the Fund shall have the right to suspend all benefit payments in respect of claims which arose during the period of default, and to give the member at his/her domicilium citandi et executandi and/or employer (who pays contributions in respect of a member) notice that if contributions are not paid up to date within fourteen (14) days of posting such notice, membership may be cancelled. Such notice may be given by personal delivery or registered post.
- 12.2.1 A notice sent by prepaid registered post to the member at his/her domicilium citandi et executandi shall be deemed to have been received on the 7th day after the date of posting. In the event that the member fails to nominate a domicilium citandi et executandi the member's postal or residential address on his/her application form shall be deemed to be his/her domicilium citandi et executandi.
- 12.3 In the event that payments are brought up to date benefits shall be reinstated without any break in continuity subject to the right of the Fund to levy a reasonable fee and/or interest at the prime overdraft rate of the Fund's bankers to cover any expenses associated with the default. If contributions are not brought up to date no benefits shall be due to the member from the date of default and any such benefit paid together with interest at the prime overdraft rate of the Fund's bankers shall be recovered

12.4 Unless specifically provided for in the rules in respect of personal medical savings accounts, no refund of any assets of the Fund, or any portion of a contribution shall be paid to any person where membership of a member or a dependant terminates during the course of a calendar month.

Payment of shortfalls

12.5 The member / employer shall be liable to pay any shortfall becoming due in respect of such member or his/her dependants to the Fund immediately on receipt of a notice from the Fund setting out the amount due. Payment shall be made to the Fund at such place and in such manner as the Fund shall, from time to time, determine.

12.5.1 in the case of a member effecting payment personally, no more than three (3) months instalments will be allowed for shortfall payments, except where approved by the Principal Officer or his delegate. Amounts less than R100 (One Hundred Rands) will not qualify for installments but will be deducted once-off.

12.6 A member shall be in arrear with a payment of shortfalls due if payment is not received in full by the Fund;

12.6.1 in the case of a member effecting payment personally, within thirty (30) days of the date upon which notice of the shortfall is posted to the member; or

12.6.2 in the case of a member whose payment should be deducted from the member's remuneration by the employer, within thirty (30) days of the date upon which payment was due.

12.6.3 in the case where the member defaults on his/her installments as per 12.5.1, on the date upon which payment was due, then Rule 12.7 will apply.

- 12.7 If payment of shortfalls in respect of a member is in arrear the Fund shall have the right to suspend all benefits which may have accrued to the member in respect of the period for which such shortfall payments are in arrear and to give the member at his/her domicilium citandi et executandi and/or employer notice that if shortfall payments are not brought up to date within fourteen (14) days of posting such notice, membership may be cancelled. Such notice may be given by personal delivery or registered post.
- 12.8 In the event that payments are brought up to date within the fourteen (14) day period the suspension of benefits shall cease without any break in continuity subject to the right of the Fund to levy a reasonable fee and/or interest at the prime overdraft rate of the Fund's bankers to cover any expenses associated with the default. If shortfall payments are not brought up to date within the fourteen (14) day period no benefits shall be due to the member from the date of default and any such benefit paid together with interest at the prime overdraft rate of the Fund's bankers shall be recovered.

13. LIABILITY OF EMPLOYER AND MEMBER

- 13.1 The liability of the employer shall be the total of unpaid contributions together with any other amounts the employer is obliged to pay to the Fund in terms of any agreement with the Fund.
- 13.2 The liability of a member shall include the amount of the member's unpaid contributions together with any sum disbursed by the Fund in respect of the member or his/her dependants which has not been repaid by the member to the Fund.
- 13.3 In the event of a member ceasing to be a member, any amount still owing by such member / employer shall be a debt due to the Fund and recoverable by the Fund. The Board shall establish guidelines regarding the recovery of any amounts owing to the Fund.
- 13.4 Nothing in these Rules shall be interpreted in such a way as to alter any employer's right to terminate the service of an employee who is a member of the Fund or to terminate or amend any agreement between the employer and the employee in regard to conditions of service.

14. CLAIMS PROCEDURE

- 14.1 Every claim submitted to the Fund in respect of the rendering of a relevant health service as contemplated in these Rules, shall be accompanied by an account or statement which shall comply with the provisions of the Act.
- 14.2 In order to qualify for benefits, any claim by a member, shall be signed and certified as correct, or shall conform to such alternative procedures and requirements as may be defined by the Board, and shall be submitted to the Fund not later than the last day of the fourth month following the month in which the service was rendered.
- 14.3 If an account, statement or claim is correct or where a corrected account, statement or claim is received, as the case may be, the Fund shall 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:
- (a) The name and the membership number of the member;
 - (b) The name and practice number of the supplier of service;
 - (c) The final date of service rendered by the supplier of service on the account or statement which is covered by the payment;
 - (d) The total amount charged for the service concerned; and
 - (e) The amount of the benefit awarded for such service.

- 14.4 Where an account has been paid by a member, the member shall, in support of the claim, submit a receipt.
- 14.5 Accounts for treatment of injuries shall be supported by a statement setting out particulars of the circumstances in which the injury was sustained.
- 14.6 Where the Fund is of the opinion that an account, statement or claim is erroneous or unacceptable for payment, the Fund shall notify both the member and the relevant health care provider accordingly within thirty (30) days after receipt thereof. The Fund shall state the reasons why the account, statement or claim is erroneous or unacceptable. The member and relevant health care provider shall return a corrected account, claim or statement within a period of sixty (60) days following the date from which it was returned for correction.

15. BENEFITS

15.1 Subject to the limitations and exclusions imposed by these Rules :-

15.1.1 members, other than SATS continuation members, shall on admission elect to participate in respect of him-/herself and his/her dependants in one of the benefit options set out in Annexure B1; and

15.1.2 SATS continuation members and their dependants shall participate in the benefits set out in Annexure B2.

15.2 A member shall be entitled to change from one to another benefit option subject to the following conditions :

15.2.1 The change shall be made only with effect from 1 January of any financial year. The Board may, in its absolute discretion permit a member to change from one to another benefit option on any other date; provided that the member may change to another option in the case of a midyear contribution increase or benefit changes.

15.2.2 Application to change from one benefit option to another must be in writing and lodged with the Fund within the period notified by the Fund; 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 Should a member not exercise a choice as prescribed, the member's benefit option shall remain unchanged.

15.4 Any benefit option offered in Annexure B1 and B2 covers in full the cost of the prescribed minimum benefits rendered by a State Hospital. In those instances where the state hospital service is not reasonably available, the Fund remains liable to cover the prescribed minimum benefits in whichever setting the member is compelled to seek treatment.

15.5 The Fund may exclude services from the benefits as set out in Annexure C.

16. PAYMENT OF ACCOUNTS

- 16.1 The Fund shall, where an account which conform with all requirements has been rendered, pay any benefit due to a member, either to that member or the supplier of the relevant health service who rendered the account, within thirty (30) days of receipt of the claim pertaining to such benefit.
- 16.2 The Fund may, by mutual agreement with any supplier or group of suppliers of a health service, pay the benefit to which the member is entitled in respect of a service rendered, direct to such supplier.
- 16.3 Where the Fund has paid any amount bone fide in accordance with this Rules, which a member or a supplier of a health service is not entitled to or sustained any loss through theft, fraud, negligence or any misconduct which comes to the notice of the Fund, the Fund may deduct such amount from any benefit payable to such a member or supplier of a health service.
- 16.4 Payment of accounts or reimbursement of claims is restricted to the nett amount payable in respect of such benefit and the maximum amount of the benefit to which the member is entitled in terms of the applicable benefit.
- 16.5 Any discount, whether on an individual basis or bulk discount received in respect of a relevant health service shall be for the benefit of the member in determining the nett amount payable for the service and appropriate deduction from the applicable benefit limit or personal medical savings account, as the case may be.

17. GOVERNANCE OF THE FUND

The following Rules regarding the governance of the Fund, shall take effect at the first meeting of the Board of Trustees referred to in rule 17.1.

17.1 The affairs of the Fund shall be managed according to these Rules by a Board of Trustees consisting of –

17.1.1 Nine (9) Trustees elected by members of the Fund from amongst members of the Fund, subject to the stipulations in Rule 17.2 and provided that such Trustees shall comprise of the following:

- Five (5) trade union representatives with a maximum of not more than one(1) Trustee per Trade Union;
- Three(3) continuation members; and
- One (1) additional trustee who shall not be a continuation member or a member nominated by a trade union.

17.1.2 The Employers participating in the Fund shall appoint a number of Trustees equal to the number of Trustees elected in terms of rule 17.1.1.

17.2 The following conditions shall apply to the Trustees referred to in rule 17.1.1:

17.2.1 The election of the Trustees shall be conducted in a manner which is in compliance with the Rules and in accordance with conditions as decided by the Board from time to time.

17.2.2 Such a Trustee shall be a member of the Fund.

17.2.3 The Trade Unions which participated on the Board immediately prior to this rule coming into effect, shall nominate candidates to stand in the election whereafter all the members of the Fund shall elect one Trustee per Trade Union.

17.2.4 All the other candidates shall be nominated in an open nomination process by all members of the Fund whereafter all members of the Fund, shall elect the required number of Trustees.

- 17.2.5 In the event that a Trade Union referred to in Rule 17.1.1 is disbanded, or is no longer recognised by the Employer in terms of Rule 4.44 the representation for such Trade Union on the Board shall lapse.
- 17.2.6 If two or more Trade Unions referred to in Rule 17.1.1 amalgamate with each other or with any other Trade Union/s, the newly formed Trade Union, if recognised by the Employer in terms of Rule 4.44, shall be entitled to one (1) Trustee on the Board.
- 17.3 The Trustees elected by members of the Fund as well as Trustees appointed by the Employers, shall serve terms of office of five (5) years and shall be eligible for re-election/re-appointment.
- 17.4 A vacancy on the Board shall be dealt with in the following manner:
- 17.4.1 In the case of a Trustee representing the Employers, the Employer who appointed such person shall fill the vacancy as soon as is practically possible.
- 17.4.2 In the case of a Trustee elected by the members of the Fund in terms of rule 17.1.1 and 17.2, the vacancy shall be filled by the next person who obtained the most votes in the member election prior to the date the vacancy occurred. The Board may in exceptional cases call for a special election which shall be held in a manner which is in compliance with the Rules and in accordance with conditions as decided by the Board from time to time.
- 17.5 The following persons are not eligible to serve as members of the Board:
- 17.5.1 a person under the age of 21 years;
- 17.5.2 an employee, director, officer, consultant, or contractor of the Administrator of the Fund or the holding company, subsidiary, joint venture or associate of that administrator;
- 17.5.3 a broker;
- 17.5.4 the Principal Officer of the Fund; and
- 17.5.5 the auditor of the Fund.

- 17.6 The Board may co-opt such additional experts to the Board as it considers necessary for the functioning of the Board or any committees of the Board. Such additional experts shall not be entitled to vote.
- 17.7 A Trustee may resign at any time by giving written notice to the Board or the Employer responsible for appointing that Trustee may give written notice of his/her removal.
- 17.8 A Trustee shall cease to hold office if the Trustee:
- 17.8.1 Becomes mentally incompetent or incapable of managing his/her affairs;
 - 17.8.2 Is declared insolvent or has surrendered his/her estate for the benefit of his/her creditors;
 - 17.8.3 Is convicted, whether in the Republic of South Africa or elsewhere, of theft, fraud, forgery or uttering of a forged document or perjury, any offence under the Corruption Act, 1992 (Act No. 94 of 1992) or any offence involving dishonesty;
 - 17.8.4 Is removed by a Court from any office of trust on account of misconduct;
 - 17.8.5 Is disqualified under any law from carrying on his/her profession;
 - 17.8.6 Is not permanently resident in the Republic of South Africa;
 - 17.8.7 Ceases to be an appointee by a participating Employer or if a Trustee elected by the members of the Fund, ceases to be a member of the Fund;
 - 17.8.8 Absents himself/herself from three consecutive meetings of the Board without the permission of the Chairperson; or
 - 17.8.9 Is removed by the Council for Medical Schemes in terms of section 46 of the Act.
- 17.9 Trustees may be paid such remuneration as decided upon by the Board from time to time.
- 17.9.1 Such reimbursement shall be disclosed to the members at the Annual General Meeting.

Chairperson and Vice-chairperson

- 17.10 The Board shall elect a Chairperson and Vice–Chairperson from its number, to hold office for a period of twelve (12) months or to the conclusion of the next annual general meeting, whichever occurs first.
- 17.11 Whenever for whatever reason the Chairperson and/or Vice-Chairperson vacates his/her position prior to the expiration of the period for which elected, the Board shall, at the next Board meeting, elect another Trustee as Chairperson/Vice-Chairperson.
- 17.12 In the absence of the Chairperson and Vice-Chairperson, the Trustees present shall elect one of their number to preside.
- 17.13 The Chairperson shall preside over and preserve due and proper conduct at meetings.

Meeting procedures and voting

- 17.14 Subject to rule 17.17 the Board may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they see fit.
- 17.15 A quorum of the Board shall comprise of a number of Trustees physically present at a meeting, which number shall not be less than 50 per cent of the members of the Board plus one. For the purposes of constituting a quorum, the calculation shall not include suspended Trustees or vacancies.
- 17.15.1 In the case of committee meetings, a quorum shall comprise of 50 per cent plus one of the committee members (trustees) appointed by the Board. The requirement of a quorum to be present shall be applicable for meetings of the following committees:
- Audit;
 - Disputes;

- Ex-gratia;
- Finance & Investment; and
- Suppliers.

- In the case of the Suppliers committee, a quorum shall only be required when matters in respect of tenders and/or the appointment of suppliers, are discussed / decided upon.

17.15.2 If a quorum of the Board or a committee referred to in Rule 17.15.1 is not present after the lapse of thirty (30) minutes from the time fixed for the commencement of the meeting, the meeting shall be postponed to a date not later than seven (7) days after the date of the original meeting and Trustees, or committee members in the case of a committee meeting, then present shall form a quorum. All Trustees/committee members involved shall be advised in writing of the time and date of the postponed meeting, not later than 24 hours prior to the time fixed for the commencement of the postponed meeting.

17.16 Matters before the Board shall be decided by consensus. Should consensus not be reached within a reasonable period of time as determined by the Chairperson, the matter shall be put to the vote by secret ballot and shall be decided by a majority vote (50 per cent plus one) of the Trustees present at the meeting.

17.16.1 Each Trustee shall have one vote.

17.16.2 The Chairperson shall only have an ordinary vote, except in the event of an equality of votes, in which case the chairperson shall have a casting vote in addition to his/her deliberative vote.

17.17 The Board shall meet at least three (3) times per year. A minimum of five (5) Trustees acting together, may, in writing setting out the matter they wish to raise, direct the Chairperson to call a special meeting of Trustees in which event the Chairperson shall arrange by the notice for such meeting within fourteen (14) days.

17.18 The Board may, subject to participation by sufficient number of members to form a quorum, discuss and resolve matters by telephone or electronic conferencing means and may adopt resolutions on that basis.

- 17.18.1 Meeting by telephone or electronic conferencing shall only be permitted if –
- the subject matter/s of the meeting originate from and were discussed at a previous Board meeting;
 - all Trustees present at the Board meeting where the subject matter/s were previously discussed, participate;
 - arrangements for such meetings are done through the knowledge and involvement of both the Chairperson (subject to the provisions of Rule 17.12) and Principal Officer, subject to the conditions laid down in Rule 17.17; and
 - official minutes of the meeting are kept, approved and distributed to all members of the Board.
- 17.19 A member of the Board who acts in a manner which is seriously prejudicial to the interests of beneficiaries of the Fund, may be removed by the Board, provided that-
- 17.19.1 before a decision is taken to remove the member of the Board, the Board shall furnish that member with full details of the evidence which the Board has at its disposal regarding the conduct complained of and allow such member a period of not less than thirty (30) days in which to respond to the allegations;
- 17.19.2 the resolution to remove that member is taken by at least two thirds of the members of the Board; and
- 17.19.3 the member shall have recourse to the disputes procedures of the Fund or complaints and appeal procedures provided for in the Act.

18. DUTIES OF THE BOARD

The duties of the Board shall be to –

- 18.1 apply sound business principles and ensure the financial soundness of the Fund;
- 18.2 appoint a principal officer who is a fit and proper person to hold such office and shall within thirty (30) days of such appointment give notice thereof in writing to the Registrar;
- 18.3 appoint any other clerical or other necessary personnel for the proper execution of the business of the Fund. The terms and conditions of service of the Principal Officer and other personnel employed by the Fund, shall be determined by the Board from time to time;
- 18.4 ensure that proper registers, books and records of all operations of the Fund are kept and that proper minutes are kept of all resolutions passed by the Board;
- 18.5 ensure that proper control systems are employed by or on behalf of the Fund;
- 18.6 ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits , contributions and duties in terms of the Rules;
- 18.7 take all reasonable steps to ensure that contributions are paid timeously to the Fund in accordance with this Rules and the Act;
- 18.8 take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance;
- 18.9 obtain expert advice on legal, accounting and business matters as required or on any other matter of which the members of the Board may lack sufficient expertise;

- 18.10 ensure that the Rules, operation and administration of the Fund comply with the provisions of the Act and all other applicable laws;
- 18.11 take all reasonable steps to protect the confidentiality of medical records concerning any beneficiary's state of health;
- 18.12 take all reasonable steps to ensure that the interests of beneficiaries in terms of the Rules of the Fund and the provisions of the Act are protected at all times;
- 18.13 act with due care, diligence, skill and good faith;
- 18.14 take all reasonable steps to avoid conflicts of interest; and must declare any interest they may have in any particular matter serving before the Board;
- 18.15 act with impartiality in respect of all beneficiaries; and
- 18.16 approve all disbursements.
- 18.17 The Board shall disclose annually in writing to the Registrar any payment or considerations made to members of the Board in that particular year by the Fund in the manner as prescribed by the Act.

19. POWERS OF THE BOARD

The Board has the power –

- 19.1 to cause the termination of the services of any employee of the Fund;
- 19.2 to take all necessary steps and to sign and execute all necessary documents to ensure and secure the due fulfilment of the Fund's obligations;
- 19.3 to appoint a duly accredited administrator on such terms and conditions as it may determine, for the proper execution of the business of the Fund. The terms and conditions of such appointment shall be contained in a written contract which complies with the Act and Regulations;
- 19.4 to delegate any of its powers to the Administrator, the Principal Officer or to a committee consisting of such persons as it deems fit; and any committee so formed shall in the exercise of its powers conform to any rules or instructions that may be imposed on or issued to it by the Board;
- 19.5 to contract with and compensate any accredited managed health care organisations subject to the provisions of the Act and Regulations;
- 19.6 to provide such relief, maintenance, benefits or aid to members as is provided for in these Rules;
- 19.7 to buy, build, improve, manage, develop, exchange, mortgage or otherwise deal with movable and immovable property for the use of the Fund or otherwise;
- 19.8 to sell movable and immovable property of the Fund subject to sound business practice and fair value principles;
- 19.9 to let or hire movable or immovable property;

- 19.10 in respect of any moneys not immediately required to meet current charges upon the Fund and subject to the provisions of the Act, to lend, invest or otherwise to deal with such moneys upon such security and in such manner as the Board may from time to time decide and to realise, re-invest or otherwise deal with such moneys and investments in such manner as it may from time to time determine.
- 19.11 with the prior approval of the Council for Medical Schemes, to borrow money for the Fund;
- 19.12 subject to the provision of any law, to cause the Fund, 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 beneficiaries of the Fund;
- 19.13 to make donations to any hospital, clinic, nursing home, maternity home, infirmary or home for aged persons in the interests of all or any of the beneficiaries;
- 19.14 to reinsure obligations in terms of benefits provided for in these rules;
- 19.15 to authorise the Principal Officer, and other officers of the Fund or any committee members to sign any contract or other document binding or relating to the Fund or any document authorising the performance of any act on behalf of the Fund;
- 19.16 to make ex-gratia payments in its absolute discretion; and
- 19.17 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.

20. DUTIES OF PRINCIPAL OFFICER AND STAFF

- 20.1 The staff of the Fund must ensure the confidentiality of all information regarding its members.
- 20.2 The Principal Officer is the executive officer of the Fund and as such shall ensure that:
- 20.2.1 he/she acts in the best interest of the members of the Fund at all times;
 - 20.2.2 the decisions and instructions of the Board are executed without unnecessary delay;
 - 20.2.3 where necessary, there is proper and appropriate communication between the Fund and those parties, affected by the decisions and instructions of the Board;
 - 20.2.4 the Board is sufficiently and timeously kept informed of the affairs of the Fund which relate to the duties of the Board as stated in section 57(4) of the Act;
 - 20.2.5 the Board is sufficiently and timeously kept informed concerning the affairs of the Fund so as to enable the Board to comply with the provisions of section 57(6) of the Act;
 - 20.2.6 he/she does not take any decisions concerning the affairs of the Fund without prior authorisation by the Board and that he/she at all times observes the authority of the Board in its governance of the Fund.
- 20.3 The Principal Officer shall be the accounting officer of the Fund charged with the collection of and accounting for all moneys received and payments authorised by and made on behalf of the Fund.
- 20.4 The Principal Officer shall ensure the carrying out of all his/her duties as are necessary for the proper execution of the business of the Fund. He/she shall attend all meetings of the Board, and any other duly appointed committee where his/her attendance may be required, and shall ensure proper recording of the proceedings of all meetings.

- 20.5 The Principal Officer shall be responsible for the supervision of the staff employed by the Fund.
- 20.6 The Principal Officer shall keep full and proper records of all monies received and expenses incurred by, and of all assets, liabilities and financial transactions of the Fund.
- 20.7 The Principal Officer shall prepare annual financial statements and shall ensure compliance with all statutory requirements pertaining thereto.
- 20.8 The following persons are not eligible to be a principal officer:
- 20.8.1 an employee, director, officer, consultant or contractor of the Administrator of the Fund or of the holding company, subsidiary, joint venture or associate of that administrator;
- 20.8.2 a broker.
- 20.9 The provisions of rule 17.8.1 to 17.8.5 apply mutatis mutandis to the Principal Officer.

21. INDEMNIFICATION AND FIDELITY GUARANTEE

21.1 The Board, the Principal Officer, the Administrator, any officer of the Fund and any person employed by or on behalf of the Fund, shall be indemnified by the Fund against all proceedings, damages, claims, costs and expenses incurred by reason of any claim in connection with the Fund, not arising from gross negligence, dishonesty or fraud.

21.2 The Board shall cause the Fund to be insured against losses due to dishonesty or fraud of persons engaged in the administration of the Fund, including Trustees of the Board, and of persons who receive and handle the money of the Fund in terms of the provisions in this regard contained in section 57(4)(f) of the Act.

22. FINANCIAL YEAR OF THE FUND

The financial year of the Fund shall run from 1 January to 31 December of each year.

23. BANKING ACCOUNT

23.1 The Fund shall establish and maintain a bank account in the name of the Fund and under its direct control with a registered commercial bank into which shall be paid every amount-

23.1.1 received as contribution paid by or in respect of a member; and

23.1.2 received as income, discount, interest, accrual or payment of whatsoever kind.

23.2 All moneys received shall be deposited directly to the credit of such account not later than the business day following the receipt thereof and all payments shall be made either by electronic transfer, tape exchange or by cheque under the joint signature of not less than two persons duly authorised by the Board.

23.3 Moneys contemplated in Rules 23.1.1 and 23.1.2 shall at no time be deposited in any bank account other than that of the Fund.

24. SAFE CUSTODY OF SECURITIES

24.1 Any mortgage bond, title deed or other security belonging to or held by the Fund shall, except when in the temporary custody of another person for the purposes of the Fund, be kept in safe custody in a safe or strong-room at the registered office of the Fund or with any financial institution approved by the Board.

24.2 The Board shall make such provision as it deems desirable for the safe custody of the books, documents and other effects of the Fund.

25. AUDITOR AND AUDIT COMMITTEE

- 25.1 An auditor who must be approved by the Registrar in terms of section 36 of the Act, shall be appointed by the Board at each annual general meeting to hold office from the conclusion of that meeting to the conclusion of the next annual general meeting. Such auditor shall submit to the Registrar the information / reports as required in terms of section 36 of the Act.
- 25.2 If the Board fails to appoint an auditor at an annual general meeting, the Board must make such appointment within thirty (30) days after the annual general meeting. If the Board fails to do so, the Registrar may at any time make such appointment.
- 25.3 The following persons are not eligible to serve as an auditor of the Fund:
- 25.3.1 a member of the Board;
 - 25.3.2 an employee, officer or contractor of the Fund;
 - 25.3.3 an employee, director, officer or contractor of the Fund's administrator or of the holding company, subsidiary, joint venture or associate of the administrator;
 - 25.3.4 a person not engaged in public practice as an auditor;
 - 25.3.5 a person who disqualified from acting as an auditor in terms of the Companies Act, 1973.
- 25.4 Whenever for any reason an auditor vacates the office prior to the expiration of the period for which appointed, the Board shall within thirty (30) days appoint another auditor to fill the vacancy for the unexpired period.

- 25.5 The auditor of the Fund shall be entitled to attend any general meeting of the Fund and to receive all notices of and other communications relating to any general meeting which any member of the Fund is entitled to receive and to make at such meetings any statement in relation to any return, account or balance sheet examined or report made.
- 25.6 The auditor shall at all time have a right of access to the books, records, accounts, documents and other effects of the Fund, and shall be entitled to require from the Board, the Administrator and the officers of the Fund such information and explanations as he/she deems necessary for the performance of his/her duties.
- 25.7 The auditor shall make a report to the members of the Fund on the accounts examined and on the financial statements laid before the Fund in general meeting.
- 25.8 The Board shall appoint an audit committee consisting of at least five (5) members of whom at least two (2) shall be members of the Board.

26. GENERAL MEETINGS

26.1 Annual General Meeting

- 26.1.1 The annual general meeting of members shall be held not later than 30 June of each year on a date which may be shown to permit reasonable attendance by members.
- 26.1.2 Notice of the meeting, which shall specify the place, the day and the hour of the annual general meeting and information containing the agenda, the annual financial statements, auditor's report and annual report, shall be given to members at least twenty one (21) days before the date of the meeting. The non-receipt of such notice and information by a member shall not invalidate the proceedings at such a meeting provided that the notice procedure followed by the Board was reasonable.
- 26.1.3 Twenty five (25) members of the Fund present in person shall form a quorum. If a quorum is not present after the lapse of thirty (30) minutes from the time fixed for the commencement of the meeting, the meeting shall be postponed to a date determined by the Board with notice of such postponed meeting being reissued in terms of rule 26.1.2 and members then present shall constitute a quorum.
- 26.1.4 The financial statements and auditor's report and chairperson's report shall be laid before the meeting.
- 26.1.5 Notices of motions to be placed before the annual general meeting must reach the Principal Officer not later than seven (7) days prior to the date of the meeting.

26.2 **Special General Meeting**

- 26.2.1 A special general meeting of members may be called at the discretion of the Board, or in terms of rule 26.2.2.
- 26.2.2 At the written request of at least a 1000 members of the Fund, the Board shall call a special general meeting within thirty (30) days of receipt of such request. Such a request shall set out the objects of the proposed meeting and shall be signed by all the persons requesting the meeting and delivered to the registered office of the Fund. Only the matters forming the objects of the meeting may be discussed.
- 26.2.3 The notice of the special general meeting, which shall specify the place, day, time and the agenda shall be given to members at least fourteen (14) days before the date of the meeting. The non-receipt of such notice by a member shall not invalidate the proceedings at such a meeting provided that the notice procedure followed by the Board was reasonable.
- 26.2.4 500 members present in person shall form a quorum. If a quorum is not present at a special general meeting after the lapse of thirty (30) minutes from the time fixed for the commencement of the meeting, the meeting shall be regarded as cancelled.

27. REPRESENTATION AND VOTING AT GENERAL MEETINGS OF MEMBERS

- 27.1 Every member who is present at a general meeting of the Fund, shall be entitled to vote at the meeting or to appoint, subject to the provisions of rule 27.2 another person who is a member of the Fund as a proxy to attend, speak and to vote in his/her stead.
- 27.2 The instrument appointing the proxy shall be in writing, in a form determined by the Board and shall be signed by the member and the other person who is appointed as proxy. The proxy form shall be deposited not later than two (2) days before the time for holding the meeting at the registered office of the Fund or at such other place or places as the Board shall decide and of which notice has been given in the notice of the meeting.
- 27.3 Failure to comply with the provisions of rule 27.2 shall render any proxy invalid.
- 27.4 The Chairperson's decision as to whether or not any proxy is valid shall be final and binding.
- 27.5 The Chairperson shall determine whether voting shall be by ballot or by show of hands. In the event of the votes being equal, the Chairperson shall, if he/she is a member, have a casting vote in addition to his/her deliberative vote.

28. SETTLEMENT OF COMPLAINTS AND DISPUTES

28.1 Members may lodge their complaints in writing to the Fund. All complaints received in writing shall be responded to by the Fund or its Administrator within thirty (30) days of receipt thereof.

28.2 A disputes committee of at least three (3) persons, who shall not be members of the Board, employees or officers of the Fund or the administrator, shall be appointed by the Board to serve a term of office of three (3) years. At least one of such persons shall be a person with legal expertise.

28.2.1 Any dispute which may arise between a member, prospective member, former member or a person claiming by virtue of such member, and the Fund or an officer of the Fund must be referred by the Principal Officer to the disputes committee for adjudication.

28.3 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 twenty one (21) days notice in writing to the complainant, and all the members of the disputes committee, stating the date, time and venue of the meeting and particulars of the dispute.

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

28.5 The parties to any dispute shall have the right to be heard before such committee either in person or through a representative.

28.5.1 The decision of the disputes committee shall be in writing and an aggrieved person has the right to appeal to the Council for Medical Schemes against the decision of the disputes committee. Such appeal must be in the form of an affidavit directed to the Council and shall be furnished to the Registrar not later than three (3) months after the date on

which the decision concerned was made or such further period as the Council may for good cause shown allow, after the date on which the decisions concerned was made.

- 28.6 The parties to any dispute may appeal against a decision of the Council to the Appeal Board established in terms of section 50 of the Act.
- 28.7 Such appeal shall be lodged within sixty (60) days after the date on which the decision concerned was made and shall be subject to all the conditions as set out in section 50 of the Act.

29. DISSOLUTION

The Fund shall only be dissolved by order of a competent court in terms of the provisions of section 51 to 56 of the Act.

30. AMALGAMATION AND TRANSFER OF BUSINESS

- 30.1 The Fund may, subject to the provisions of section 63 of the Act, amalgamate with, transfer its assets and liabilities to or take transfer of assets and liabilities of any other medical scheme or person in which event the Board shall arrange for members to decide by ballot whether the proposed amalgamation should be proceeded with or not.
- 30.2 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 amalgamation or transfer then, the amalgamation or transfer may be concluded in the prescribed manner.
- 30.3 The Registrar may on good cause shown ratify a lower percentage.

31. PERUSAL OF DOCUMENTS

- 31.1 A beneficiary may on request and on payment of R1.00 per page obtain from the Fund copies of the following documents:
- 31.1.1 The Rules;
 - 31.1.2 The most recent audited annual financial statements, returns, Trustees report, a report by the auditor of the Fund; and
 - 31.1.3 the management accounts in respect of every benefit option offered by the Fund.
- 31.2 A beneficiary shall be entitled to inspect, free of charge, at the registered office of the Fund any of the documents referred to above and to make extracts therefrom.
- 31.3 This rule shall not be construed to restrict a person's rights in terms of the Promotion of Access to Information Act, Act 2 of 2000.

32. AMENDMENT OF RULES

- 32.1 The Board shall be entitled to alter or rescind any Rule or Annexure or to make any additional Rule or Annexure, provided that:
- 32.1.1 No alteration, rescission or addition of the Rules shall be valid unless it has been approved and registered by the Registrar in terms of the Act.
 - 32.1.2 The Board shall, on the request and to the satisfaction of the Registrar amend any rule that is inconsistent with the provisions of the Act.
 - 32.1.3 Members shall be notified of such amendment within 14 days of registration thereof and shall be furnished with advance written notice of at least thirty (30) days regarding amendments affecting their contributions, benefits or any other condition affecting their membership.
- 32.2 The Rules of the Fund and any amendment thereof shall be binding on the Fund, the members and officers of the Fund and on any person who claims any benefit under the Rules or whose claim is derived from a person so claiming.