

SIZWE MEDICAL FUND

RULES

Effective from 1 January 2013

1. NAME

The name of the Scheme is "Sizwe Medical Fund", hereinafter referred to as the "Scheme".

The translated name of the Scheme is "Sizwe Mediese Fonds".

The abbreviated name of the Scheme is "SIZWE"

2. LEGAL PERSONA

The Scheme, in its own name, is a body corporate, capable of suing and being sued and of acquiring, holding and alienating property, movable and immovable, and doing all such things as may be necessary for or incidental to the exercise of its powers in terms of the Medical Schemes Act and Regulations and these Rules.

3. REGISTERED OFFICE

The registered address of the Scheme is situated on the 3rd Floor at Ten Sixty Six Building, 35 Prichard Street, Johannesburg, but the Board may change such address to any other location in the Republic of South Africa, should circumstances so dictate.

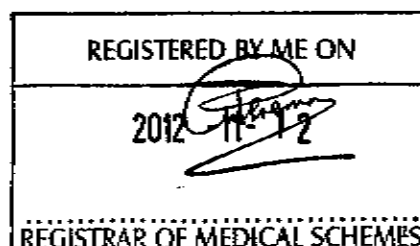
4. DEFINITIONS

In these Rules, words and expressions defined in the Medical Schemes Act (Act 131 of 1998) bear the meanings thus assigned to it and, unless inconsistent with the context -

(a) a word in the singular number includes the plural, and vice versa; and

(b) the following expressions have the following meanings:

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4.1 "Act"

the Medical Schemes Act (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 "Auditor"

an auditor registered in terms of the Public Accountants' and Auditors' Act, 1991, (Act No 80 of 1991).

4.4 "Authorisation"

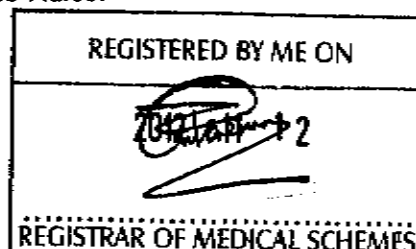
- (i) in the case of hospitalisation – the authorisation by or on behalf of the Scheme for a case to be managed under the hospital benefit management programme and for which application has been made by or on behalf of a beneficiary prior to admission to a hospital or day clinic or for such other specific services and or procedures as may be determined by the Scheme from time to time and such authorisation shall be deemed to authorise all procedures and services as may be necessary during the stipulated period;
- (ii) in the case of medication; the authorisation of a medicine prescribed for a chronic sickness condition based on the reimbursement guidelines set by the chronic medication programme or disease management programme.

4.5 "Beneficiary"

a member or a person admitted as a dependant of a member.

4.6 "Board"

the Board of Trustees constituted to manage the Scheme in terms of the Act and these Rules.



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4.7 Deleted

4.8 "Case"

the treatment of a sickness condition required on an admission of a beneficiary to a hospital or day clinic and for any ongoing treatment stipulated under the hospital benefit management programme.

4.9 "Child"

a member's natural child, or a stepchild or legally adopted child or a child in the process of being legally adopted or a child who has been placed in the custody of the member or his/her spouse or partner and who is not a beneficiary of any other medical scheme.

4.10 "Chronic medication programme"

programme adopted by the Scheme for containing costs and/or the use of medicines used by a beneficiary on a long-term basis or for an incurable or life-threatening disease.

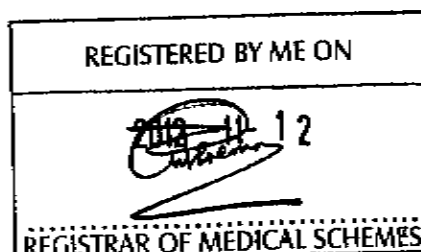
4.11 "Chronic sickness condition"

a sickness condition requiring ongoing medicine or injection material for a period in excess of three months and in which the treatment of such condition has become stabilised.

4.12 "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.

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4.13 "Continuation member"

a member who retains his membership of the Scheme in terms of Rule 6.3 or a dependant who becomes a member of the Scheme in terms of Rule 7.1.

4.14 "Contracted fee"

the fee determined in terms of an agreement between the scheme and a service provider or group of providers in respect of the payment of relevant health services.

4.15 "Contribution"

in relation to a member, the amount, exclusive of interest, paid by or in respect of the member and his/her registered dependants if any, as membership fees and shall include contributions to personal medical savings accounts. The balance outstanding to the credit of a member in terms of any option which provides for personal medical savings accounts shall, at all times remain the property of the member

4.16 "Council"

the Council for Medical Schemes as contemplated in the Act.

4.17 "Cost"

in relation to a benefit, the net or final amount payable in respect of a relevant health service rendered or material obtained.

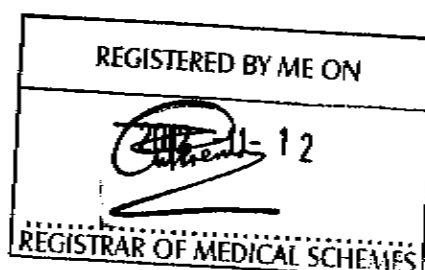
4.18 "Creditable coverage"

any period during which a late joiner was –

4.18.1 a member or a dependant of a medical scheme;

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

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

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

4.19 "Dependant"

4.19.1 a member's spouse or partner who is not a member or a registered dependant of a member of a medical scheme;

4.19.2 a member's dependant child, who is not a member or a registered dependant of a member of a medical scheme; and

4.19.3 the immediate family of a member in respect of whom the member is liable for family care and support.

4.20 "Dependent"

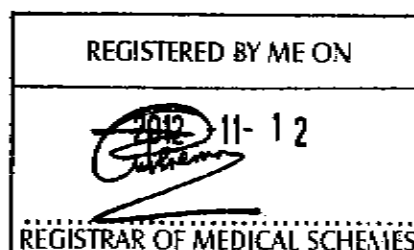
4.20.1 a child under the age of 25 who is not in receipt of a regular remuneration of more than the maximum social pension per month, or

4.20.2 a child who, due to a mental or physical disability, is totally dependent on the member, or

4.21 "Designated service provider"

a healthcare provider or group of providers selected by the scheme as preferred provider/s to provide to the members, diagnosis, treatment and care in respect of one or more prescribed minimum benefit conditions.

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4.22 "Disease management programme"

a programme adopted by the scheme incorporating such clinical protocols as defined in relevant annexures to the contract between the scheme and the institution contracted to perform such disease management for containing costs and/or ongoing review and monitoring of patients with a defined medical condition, including but not restricted to HIV infection and AIDS;

4.23 "Domicilium citandi et executandi"

the member's chosen physical address at which notices in terms of rules 11 and 13 as well as legal process, or any action arising there from, may be validly delivered and served.

4.24 "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.

4.25 "Employee"

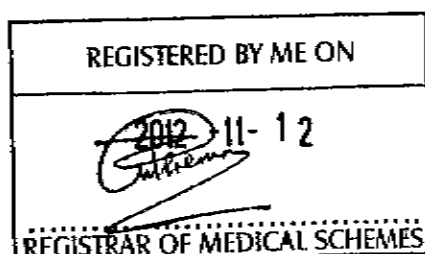
a person in the employment of an employer.

4.26 "Employer"

a participating employer who has contracted with the Scheme for purposes of admission of its employees as members of the Scheme.

4.27 "General waiting period"

a period during which a beneficiary is not entitled to claim any benefits.



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4.28 Gap Cover

This benefit is applicable to Full Budget Option and only applies to the cost of surgical procedures whilst hospitalised. It covers the difference between the NRPL rates and the higher rates, as determined by the Board of Trustees from time to time.

Gap Cover comes into effect when beneficiaries are hospitalised for three days or longer, after which it covers the excess costs for medical procedures from day one. If hospitalisation has been pre-authorised, Gap Cover is also applicable where beneficiaries are hospitalised for less than three days.

4.29 "Hospital benefit management programme"

the ongoing monitoring, by or on behalf of the scheme, for a stipulated period for the treatment of a sickness condition of a beneficiary, and shall include a sickness condition which might occur whilst the beneficiary is in a private/provincial hospital or day clinic or a sickness condition for which the beneficiary was admitted in the first instance and which may extend beyond the period of hospitalisation;

4.30 "Income"


for the purposes of calculating contributions in respect of –

4.30.1 a member who is an employee – his/her gross monthly salary/pensionable earnings subject to annual verifications;

4.30.2 an individual member – his/her gross monthly earnings subject to an annual verification;

4.30.3 a member who registers his/her spouse or partner as a dependant – the higher of member, his/her spouse's or partner's salary or earnings;

4.30.4 continuation member – his/her gross monthly income from retirement.

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4.31 "Late joiner"

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

4.32 "Managed care organisation"

an organisation appointed by the Scheme in accordance with the Act to provide managed health care.

4.33 "Managed health care"

a health care delivery arrangement designed to reduce unnecessary utilisation of services, to contain cost and to measure performance while providing accessible, quality and effective health care and as referred to in the preamble to Annexure B.

4.34 "Member"

any person who is admitted as a member of the Scheme in terms of these Rules.

4.35 "Member family"

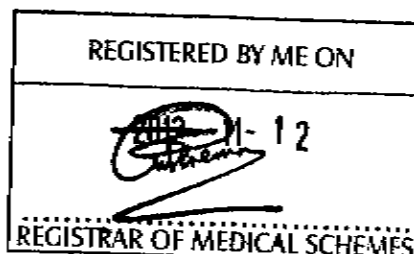
the member and all the registered dependants.

4.36 "Minimum benefits"

the benefits in respect of relevant health services as prescribed by the Minister in terms of section 67(1)(g) of the Act.

4.37 "Partner"

a person with whom the member has a committed relationship based on objective criteria of mutual dependency irrespective of the gender of either party.



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4.38 "PMSA"

Means a Personal Medical Savings Account.

4.39 "Pre-existing sickness condition"

means a sickness 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.

4.40 "Prescribed minimum benefits"

the benefits contemplated in section 29(1)(o) of the Act and consist of the provision of the diagnosis, treatment and care costs of-

- (a) the Diagnosis and Treatment Pairs listed in Annexure A of the regulations, subject to any limitations specified therein; and
- (b) any emergency medical condition.

4.41 "Prescribed minimum benefit condition"

a condition contemplated in the Diagnosis and Treatment Pairs listed in Annexure A of the Regulations or any emergency medical condition.

4.42 "Registrar"

the Registrar or Deputy Registrar of Medical Schemes appointed in terms of section 18 of the Act.

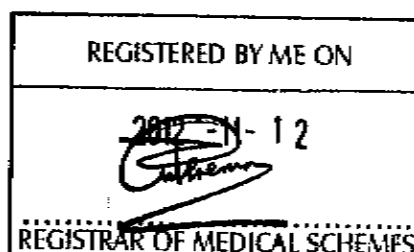
4.43 "Sizwe Rates"

National Health Reference Price List for health services published in 2006 and adjusted annually per inflation

4.44 "Social pension"

the appropriate maximum basic social pension prescribed by the Social Pension Act, 1992 (Act No. 59 of 1992).

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4.45 "Spouse"

the person to whom the member is married in terms of any law or custom.

4.46 "Stipulated period"

a period commencing on the date of application for admission to hospital or day clinic or re-admission for the same sickness condition to the date of discharge from hospital or day clinic; provided that when transferred from one hospital to another for continuation of the treatment of the sickness condition for which the beneficiary was admitted "date of discharge" shall be the date on which the beneficiary was finally discharged from hospital;

4.47 "Subject to hospital management programme"

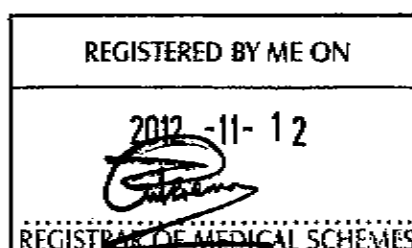
when applied to hospitalisation or admission to a day clinic shall imply that approval which is granted for admission and care covers all recognised services associated with that admission to a hospital or day clinic which cannot be approved on a global basis, and application must be made for each and every eligible service;

5. OBJECTS

The objects of the Scheme are to:

- (a) undertake liability, in respect of its members and their dependants, in return for a contribution or premium;
- (b) make provision for the obtaining of any relevant health service;
- (c) grant assistance in defraying expenditure incurred in connection with the rendering of any relevant health service; and/or
- (d) render a relevant health service, either by the Scheme 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 Scheme.

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6. MEMBERSHIP

6.1 Employer participation

- (a) The Board may, in its entire discretion, on application by any company, corporation or institution admit such company, corporation or institution as an employer and extend participation in the Scheme to the employees of such company, corporation or institution on the same terms and conditions as apply to the employees of existing employers participating in the Scheme.
- (b) An employer may, on giving one months written notice to the Board, be permitted to terminate its participation in the Scheme: Provided that on the expiration of the period of notice the Scheme shall have no liability for benefits for services incurred by the relevant members after that date.


6.2 Classes of member

6.2.1 Ordinary members

Employee

6.2.1.1 Subject to rule 8 where the membership of the Scheme is a condition of service it shall be compulsory for all employees of an employer:

Provided that the Board shall have the right to exempt from membership such employee or category of employees nominated by an employer and in respect of whom it is deemed undesirable to require membership as a condition of service: Provided further that where an employee whose spouse is a member of another medical scheme and the employee elects to be registered as a dependant on the spouse's medical scheme, the employee shall not, during the period of such membership of that scheme, be registered as a member of the Scheme;

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6.2.1.2 An employee who elected to be registered as a dependant of the employee's spouse/partner on another medical scheme may, if that spouse's membership is terminated through loss or change of employment be admitted to membership of the Scheme.

6.2.2 Individual

Subject to the provisions of Rules 8.1 and 8.2 membership is open to any person or group of persons.


6.3 Retirees

6.3.1 A member shall retain his membership of the Scheme with his registered dependants, if any, in the event of his retiring from the service of his employer or his employment being terminated by his employer on account of age, ill-health or other disability.

6.3.2 The Scheme shall inform the member of his/her right to continue his/her membership and of the contribution payable from the date of retirement or termination of his/her employment. Unless such member informs the Scheme in writing of his/her desire to terminate his/her membership, he/she shall continue to be a member.

6.4 Dependants of deceased members

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

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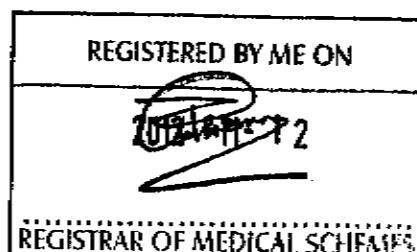
- 6.4.2 The Scheme shall inform the dependant of his/her right to membership and of the contribution payable in respect thereof. Unless such person informs the Board in writing of his/her intention not to become a member, he/she shall be admitted as a member of the Scheme.
- 6.4.3 Such a member's membership terminates if he/she becomes a member or a dependant of a member of another medical scheme.
- 6.4.4 Where a child dependant/s has been orphaned, the eldest child may be deemed to be the member, and any younger siblings, the child dependant/s.

7. REGISTRATION AND DEREGISTRATION OF DEPENDANTS

7.1 Registration of Dependants

- 7.1.1 A member may apply for the registration of his dependants at the time that he applies for membership in terms of rule 8.
- 7.1.2 If a member applies to register a newborn or newly adopted child within 30 days of the date of birth or adoption of the child, such child shall thereupon be registered by the Scheme as a dependant. Increased contributions shall then 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 If a member, who marries subsequent to joining the Scheme, applies within 30 days of the date of such marriage to register his/her spouse as a dependant, his/her spouse shall thereupon be registered with the Scheme as a dependant. Increased contributions shall then be due as from the first day of the month following the month of marriage and benefits will accrue as from the date of marriage.

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- 7.1.4 In the event of any person becoming eligible for registration as a dependant other than in the circumstances set out in rules 8.2.1 to 8.2.3, the member may apply to the Scheme for the registration of such person as a dependant, whereupon the provisions of rule 8 shall apply *mutatis mutandis*.

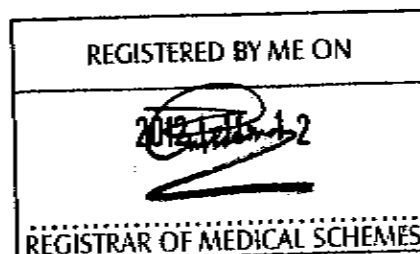
7.2 De-registration of Dependants

- 7.2.1 A member shall inform the Scheme within 30 days of the occurrence of any event which results in any one of his dependants no longer satisfying the conditions in terms of which he may be a dependant.
- 7.2.2 When a dependant ceases to be eligible to be a dependant, he 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.

8. TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP

- 8.1 A minor may become a member with the consent of his parent or guardian.
- 8.2 No person shall be a member of more than one registered 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 registered medical schemes or;
 - 8.2.3 claim or accept benefits in respect of himself or any of his dependants from any medical scheme in relation to which he is not a member.

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8.3 Prospective members shall, prior to admission, complete and submit the application forms required by the Scheme, together with satisfactory evidence in respect of himself and his/her dependants, of age, income, state of health and of any prior membership or admission as dependant of any other medical scheme. The Scheme may require an applicant to provide the Scheme 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. The costs of any medical tests or examinations required to provide such medical report will be paid for by the Scheme. The Scheme may however designate a provider to conduct such tests or examinations.

8.4 Waiting periods

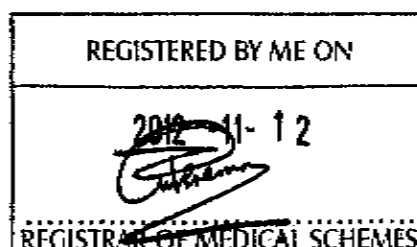
8.4.1 The Scheme may impose upon a person in respect of whom an application is made for membership or admission as a dependant, and who was not a beneficiary of a medical scheme for a period of at least 90 days preceding the date of application –

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

8.4.2.1 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;



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

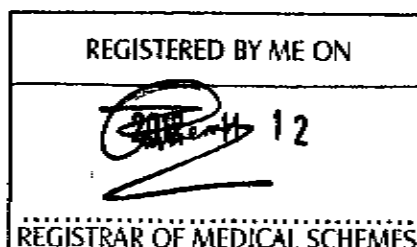
8.5 No waiting periods may be imposed on:

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

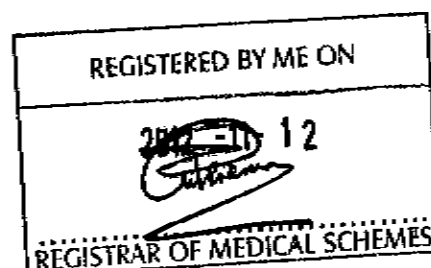
8.5.1.2 an employer changing or terminating the medical scheme of its employees, in which case such transfer shall occur at the beginning of the financial year, or reasonable notice must have been furnished to the scheme to which an application is made for such transfer to occur at the beginning of the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

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

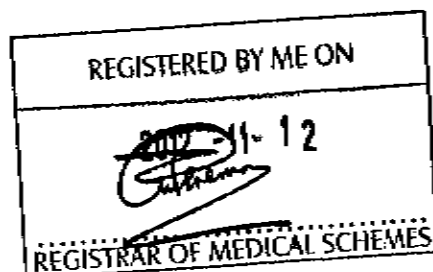
- 8.5.2 a beneficiary who changes from one benefit option to another within the scheme unless that beneficiary is subject to a waiting period on the current benefit option in which case the remaining period may be applied;
- 8.5.3 a child dependant born during the period of membership;
- 8.6 No waiting periods or new restrictions shall be imposed on account of the state of health of any member who has been a member or a dependant of a member of another medical scheme for a continuous period of at least two years and whose membership has been terminated because of a change of employment and who applies for membership within three months after termination of membership from the other medical scheme.
- 8.7 Subject to rule 8.6 a waiting period of not more than 12 months shall apply to a member and his dependants, from the date of admission, in respect of a pre-existing sickness condition, other than a condition which qualifies for treatment within the prescribed minimum benefits: Provided that no new waiting period shall be applied to any member or dependant who is moving between benefit options within the same medical scheme.
- 8.8 The registered dependants of a member must participate in the same benefit option as a member.



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- 8.9 Every member will, on admission to membership, receive a detailed summary of contribution rates, benefits and limitations. Members and their dependants, and any person who claims any benefit under these Rules or whose claim is derived from a person so claiming are bound by these Rules as amended from time to time. The Rules are available on a website for access by all members.
- 8.10 A member may not cede, transfer, pledge or hypothecate or make over to any third party any claim, or any right to a benefit which he may have against the Scheme. The Scheme may withhold, suspend or discontinue the payment of a benefit to which a member is entitled under these Rules, or any right in respect of such benefit or payment of such benefit to such member, if a member attempts to assign or transfer, or otherwise cede or to pledge or hypothecate such benefit.
- 8.11 The Scheme shall re-establish membership of a member whose membership has been terminated in terms of rule 12.4, unless such member proves to the scheme that they are fully rehabilitated.
- 8.12 Where a member is permitted to resign from the Scheme in terms of Rule 12.1.1, and is registered as a dependant on the spouse's medical Scheme, the member may only be re-admitted to membership of the Scheme subject to the Rules of the Scheme.
- 8.13 **Conditions of employment not affected by the Rules**
Nothing in these Rules shall be construed as altering in any way an employer's right to terminate the service of an employee who is a member of the Scheme or any agreement between the employer and the employee in regard to conditions of service.

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8.14 Requirements for payment of contributions

Every member admitted in terms of rule 6.2.2 or rule 6.3 shall, either at the time of admission or thereafter, make suitable arrangements for a particular method of payment to be effected of the monthly contributions payable in terms of these Rules. This is to ensure to the satisfaction of the Board that all payments of contributions are:

- 8.14.1 paid directly into the Scheme's nominated bank account or received at the registered office of the scheme; and
- 8.14.2 notified by the Scheme's banker and/or the member of the Scheme as payments made by the relevant member, in such a way that they are readily and immediately identifiable as such payments.

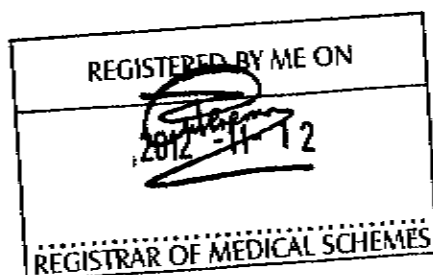
9. TRANSFER OF EMPLOYER GROUPS FROM ANOTHER MEDICAL SCHEME

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

10. MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP

10.1 Membership card

Every member shall be issued with a membership card containing such particulars as prescribed by the Act. This card shall be exhibited to the supplier of a service on request. It remains the property of the Scheme and shall be returned to the Scheme on termination of membership.



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An additional fee for lost or duplicate cards shall apply, the value of which shall from time to time be determined by the Board.

10.2 Misuse of membership card

The utilisation of a membership card by any person other than the member or his/her registered dependants, with the knowledge or consent of the member or his/her dependants is not permitted and is construed as an abuse of the privileges of membership of the Scheme and in particular the benefits of the Scheme.

10.3 Certificate of membership

On termination of membership or on de-registration of a dependant, the Scheme shall, within 30 days of such termination, furnish such person with a certificate of membership cover, containing such particulars as may be prescribed: Provided that such request reaches the Scheme within a period of two years after such termination.

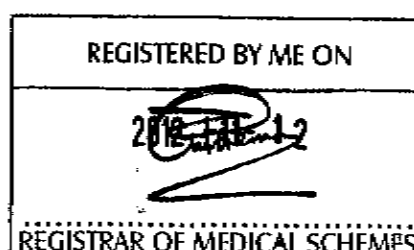
11. CHANGE OF ADDRESS OF MEMBER

A member must notify the Scheme within 30 days of any change of address including his/her domicilium citandi et executandi. The Scheme shall not be held liable if a member's rights are prejudiced or forfeited as a result of the member's neglecting to comply with the requirements of this rule.

12. TERMINATION OF MEMBERSHIP

12.1 Resignation

12.1.1 A member of the scheme who resigns from the service of his/her employer shall, on the date of such termination, be eligible to continue as an individual member without re-applying or the imposition of any new restrictions that did not exist at the time of his/her resignation.



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12.1.2 A member who by giving one calendar month's notice resigns from the service of the participating employer shall, on the date of such termination, cease to be a member and all rights to benefits shall thereupon cease, except for claims in respect of services rendered prior thereto.

12.2 Voluntary termination of membership

12.2.1 A member, who is not required in terms of his/her conditions of employment to be a member, may terminate his/her membership of the Scheme on giving one month's written notice. All rights to benefits cease after the last day of membership;

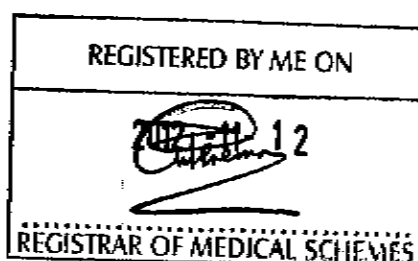
12.2.2 Such notice period shall be waived in substantiated cases where membership of another medical scheme is compulsory as a result of a condition of employment;

12.2.3 A participating employer may terminate its participation with the Scheme on giving one month's written notice;

12.2.4 An individual/continuation member may resign from the Scheme on giving one month's written notice and all rights and benefits shall thereupon cease on date of termination, except for claims in respect of service rendered up to and including the date of termination.

12.3 Termination by default

The Board shall have the right to terminate the membership of a member where the member fails to pay to the Scheme any amount due by the member to the Scheme in terms of these Rules or whose contributions are more than 30 days in arrears. The provisions of this Rule shall also apply where, in the case of an employee member, the member's employer fails to pay contributions to the Scheme as required in terms of the provisions of Annexure A.



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The Scheme shall give a member notice by registered post that if contributions are not paid up to date within 14 days after date of receipt, membership will be terminated retrospective to the end of the month for which contributions were last received.

12.4 Abuse of privileges, false claims, false representation and non-disclosure of factual information

Subject to rule 29 the Board may terminate the membership of a member or dependant whom the Board finds guilty of abusing the benefits and privileges of the Scheme, by presenting false claims, or making a material misrepresentation or non-disclosure of factual information the Board shall inform the member, in writing, of the reason for this decision. In such event he/she may be required by the Board to refund to the Scheme any sum which, but for his/her abuse of the benefit or privileges of the Scheme, would not have been disbursed on his/her behalf.

12.5 Death

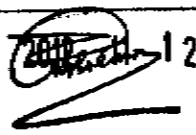
Membership of a principal member terminates on his/her death.

13. CONTRIBUTIONS

13.1 The total monthly contributions payable to the Scheme by or in respect of a member are as stipulated in Annexure A. Contributions shall be calculated on the basis set down in Annexure A.

13.2 Contributions shall be paid monthly in arrears and be payable by not later than the 3rd day of each month. Where contributions or any other debt owing to the scheme, have not been paid within 30 days of the due date, the Scheme shall have the right to:

13.2.1 suspend all benefit payments which have accrued to such member irrespective of when the claim for such benefit arose, and

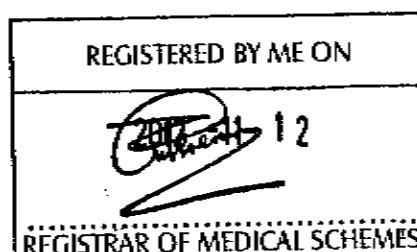
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- 13.2.2 to give the member and/or employer written notice by registered mail or that if contributions or such other debts are not paid up to date within 14 days after date of receipt thereof membership may be cancelled.
- 13.2.3 A notice sent by prepaid registered post to the member at his/her domicilium citandi et executandi shall be deemed to have been received by the member 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.
- 13.3 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 Scheme to levy a reasonable fee to cover any additional expenses associated with the default and to recover interest at the prime overdraft rate of the Scheme's bankers. If such payments are not brought up to date, no benefits shall be due to the member from the date of default and any such benefit paid may be recovered by the Scheme.
- 13.4 Unless specifically provided for in the rules in respect of savings accounts, no refund of any assets of the scheme or any portion of a contribution shall be paid to any person where such member's membership or cover in respect of any dependant terminates during the course of a month.
- 13.5 The balance standing to the credit of a member in terms of any option which provides for personal medical savings account shall, at all times remain the property of the member.

14. LIABILITY OF EMPLOYER AND MEMBERS

- 14.1 The liability of the employer towards the Scheme is limited to any amounts payable in terms of any agreement between the employer and the Scheme.



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- 14.2 The liability of a member is limited to the amount of his unpaid contributions together with any sum disbursed by the Scheme on his behalf or on behalf of his dependants, which has not been repaid to the Scheme.
- 14.3 In the event of a member ceasing to be a member, any amount still owing by such member is a debt due to the Scheme and recoverable by it.
- 14.4 A member accepts liability to ensure that accounts rendered by a provider to a member or his dependant(s) are submitted for payment within the prescribed period as set out in rule 15.2 and Regulation 5.

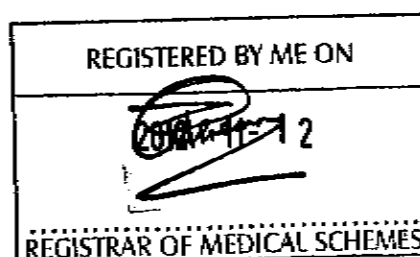
15. CLAIMS PROCEDURE

- 15.1 Every claim submitted to the Scheme in respect of the rendering of a relevant health service as contemplated in these Rules, must be accompanied by an account or statement as prescribed.

15.1.1 If an account, statement or claim is correct or where a corrected account, statement or claim is received, as the case may be, the Scheme must, in addition to the payment contemplated in Section 59 (2) of the Act, dispatch to the member a transaction advice containing at least the following particulars-

- (a) The name and the membership number of the member;
- (b) The name 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.

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



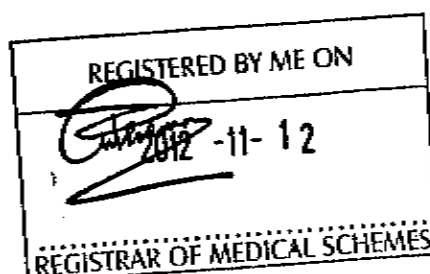
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- 15.3 Where a member has paid an account, he shall, in support of his claim submit a receipt.
- 15.4 Accounts for treatment of injuries or expenses recoverable from third parties, must be supported by a statement, setting out particulars of the circumstances in which the injury or accident was sustained.
- 15.5 If the Scheme is of the opinion that an account, statement or a claim is erroneous or unacceptable for payment, the Scheme shall notify the member and the relevant health care provider, within 30 days after receipt thereof and state the reason for such an opinion. The Scheme must state the reasons why such claim is incorrect or unacceptable and afford such member or provider the opportunity to return such corrected claim to the Scheme within 60 days.

16. BENEFITS

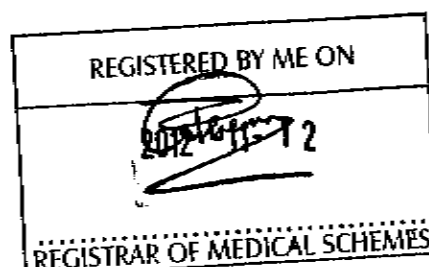
- 16.1 Members are entitled to benefits during a financial year, as per Annexure B, and such benefits extend through the member to his registered dependants. A member must on admission elect to participate in any available options, detailed in Annexure B.
- 16.2 A member is entitled to change from one to another benefit option subject to the following conditions:
- 16.2.1 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.
- 16.2.2 Application to change from one benefit option to another must be in writing and lodged with the principal officer by not later than 30 November prior to the year upon which it is intended that the change will take place: Provided that the member has had at least 30 days prior notification of any intended changes in benefits or contributions for the next year.

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- 16.3 The Scheme has the right to withhold payment of any benefit to which a member is entitled in the event that his contributions or any other payment to the Scheme are more than one month in arrears, and where accounts have been paid in accordance with these Rules, the member will be held liable for the amount so paid.
- 16.4 The Scheme shall, where an account has been rendered, pay any benefit due to a member, either to that member or to the supplier of the relevant health service who rendered the account, within 30 days of receipt of the claim pertaining to such benefit.
- 16.5 Any benefit option in Annexure B covers the cost of services rendered in respect of the prescribed minimum benefits.
- 16.6 No limitations or exclusions will be applied to the prescribed minimum benefits.
- 16.7 Unless otherwise provided for or decided by the Board, expenses incurred in connection with any of the following will not be paid by the Scheme:
- 16.7.1 All costs for operations, medicines, treatment and procedures for cosmetic purposes.
 - 16.7.2 Holidays for recuperative purposes.
 - 16.7.3 Purchase of the following unless prescribed:
 - Medicines not registered with the Medicines Control Council;
 - Toiletries and beauty preparations;
 - Slimming products;
 - Homemade remedies; and
 - Alternative medicines.
 - 16.7.4 All costs that are more than the annual maximum benefit to which a beneficiary is entitled in terms of the rules of the Scheme.
 - 16.7.5 Charges for appointments, which a beneficiary fails to keep.

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16.7.6 Costs for services rendered by-


Persons not registered with a recognised professional body constituted in terms of an Act of Parliament; or

Any institution, nursing home or similar institution not registered in terms of any law except a state or provincial hospital.

- 16.8 Beneficiaries admitted during the course of a financial year are entitled to the benefits set out in the relevant benefit option chosen, with the maximum benefits being adjusted in proportion to the period of membership calculated from the date of admission to the end of the particular financial year.
- 16.9 Unless otherwise decided by the Board, benefits in respect of medicines obtained on a prescription are limited to one month's supply for every such prescription or repeat thereof.

17. PAYMENT OF ACCOUNTS

- 17.1 Payment of accounts or reimbursement of claims is restricted to the net amount payable in respect of such benefit and maximum amount of the benefit to which the member is entitled in terms of the applicable benefit.
- 17.2 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 net amount payable for the service and appropriate deduction from the applicable benefit limit, or medical savings account, as the case may be.
- 17.3 The Scheme may, whether by agreement or not with any supplier or group of suppliers of a service, pay the benefit to which the member is entitled, directly to the supplier who rendered the service.
- 17.4 Where the Scheme has paid an account or portion of an account or any benefit to which a member is not entitled, whether payment is made to the member or to the supplier of service, the amount of any such overpayment is recoverable by the Scheme.

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

17.6 Currency of payment

Any valid claim accepted by the Scheme in terms of these Rules in respect of services procured within South African Customs Union (SACU) member countries will be paid in the currency of the Republic of South Africa, at the scale of benefits ruling in the Republic for the particular medical service provided.

18. EX-GRATIA PAYMENTS

The Board shall not authorise payment for services other than those provided for in these Rules but may, in its absolute discretion, in respect of the benefits provided, increase the amount payable in terms of these Rules as an ex-gratia award provided it is satisfied that undue hardship would otherwise be imposed upon a member.

19. GOVERNANCE OF THE SCHEME

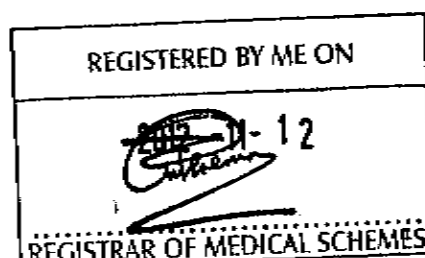
19.1 Constitution of Board

The affairs of the Scheme must be managed according to these Rules by a Board of Trustees in terms of Section 29 of the Act consisting of the following persons **who are members of the Scheme** and are fit and proper to be Trustees.

19.1.1 5 who shall be elected from among members by members ;
and

19.1.2 5 who shall be nominated by employer or co opted by the
Fund; and

19.1.3 Trustees shall elect among themselves, a Chairman and a
Vice-Chairman.



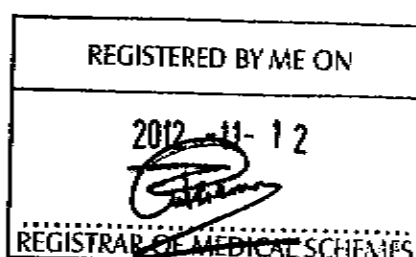
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19.2 The following persons are not eligible to serve as members of the Board: /

- 19.2.1 a person under the age of 21 years;
- 19.2.2 an employee, director, officer, consultant, or contractor of the administrator of the Scheme or of the holding company, subsidiary, joint venture or associate of that administrator;
- 19.2.3 a broker;
- 19.2.4 the principal officer of the Scheme; and
- 19.2.5 the auditor of the Scheme.
- 19.2.6 a consultant, advisor, co-administrator, or any person irrespective of title, who is providing advice, services or recommendations of any nature to a medical scheme/schemes (as defined in the Medical Schemes Act or Regulations) other than Sizwe Medical Fund.
- 19.2.7 an employer representative who is not a full time employee of his employer Company.
- 19.2.8 an employee representative who is not a member of Sizwe Medical Fund.

19.3 Term of office

- 19.3.1 all trustees shall remain in office until the second annual general meeting following their election, at which 4 trustees selected by the drawing of lots, shall resign.
- 19.3.2 a member of the Board may resign at any time by giving written notice to the Board of his intention not to remain a Board member.
- 19.3.3 a member of the Board may resign at any time by giving written notice to the Board of his intention not to remain a Board member.



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19.4 Nomination to Board

- 19.4.1 retiring members of the Board are eligible for re-election;
- 19.4.2 nominations to fill vacancies signed by the proposers and seconder in good standing with the scheme, candidates shall be sent to the Principal Officer at least two working days prior to the date of the annual general meeting.

19.5 Election to Board

- 19.5.1 the election of members of the Board shall be carried out by members present or represented by proxy at the annual general meeting of the Scheme and shall be by a majority vote;
- 19.5.2 the ballot shall be declared in favour of those nominees who receive the highest number of votes sufficient to fill the vacancies;
- 19.5.3 the Chairman of the Annual General Meeting shall call for a vote, at the Annual General Meeting, on each nomination received for the filling of vacancies on the Board of Trustees.

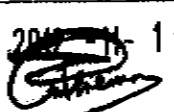
19.6 Casual vacancies

The Board shall have the right to fill any casual vacancy, which may occur. A person so appointed shall retire at the first ensuing annual general meeting and that meeting shall fill the vacancy for the unexpired period of office of the vacating member.

19.7 Cessation of office

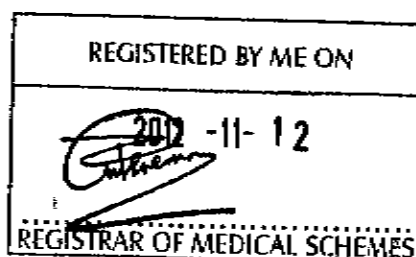
A member of the Board shall cease to hold office if the member:-

- 19.7.1 has been a member of the Board of Sizwe Medical Fund for three (3) consecutive (uninterrupted) terms;
- 19.7.2 he/she becomes mentally ill or incapable of managing his/her affairs;
- 19.7.3 he/she is declared insolvent or has surrendered his/her estate for the benefit of his creditors

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- 19.7.4 he/she is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering of a forged document or perjury;
- 19.7.5 he/she is removed by the court from any office of trust on account of misconduct;
- 19.7.6 he/she is disqualified under any law from carrying on his/her profession;
- 19.7.7 he/she ceases to be an appointee by a participating employer, or being a Board member elected by members of the Scheme, he/she ceases to be a member of the Scheme; or
- 19.7.8 he/she absents him/herself from three consecutive meetings of the Board without the permission of the Chairperson; or
- 19.7.9 he/she is removed from office by the Council in terms of Section 46 of the Act.
- 19.7.10 he/she acts in a manner which is seriously prejudicial to the interests of beneficiaries of the medical scheme may be removed by the Board, provided that –
- 19.7.10.1 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 30 days in which to respond to the allegations;
- 19.7.10.2 the resolution to remove that member is taken by at least two thirds of the members of the Board;
- 19.7.10.3 the member shall have recourse to dispute procedures of the scheme or complaints and appeal procedures provided for in the Act.

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19.8 Election of office bearers

19.8.1 The Board shall, at its **penultimate Board of Trustees meeting before the AGM**, elect from its number a chairperson and vice-chairperson who are members of the Scheme for a two year period;

19.8.2 The **Principal Officer/Fund Secretary** will call for nominations. Only three names nominated and seconded, and whose nominations are properly motivated will be eligible for election and will be presented to the Board of Trustees for consideration.

19.8.3 The election will be conducted through a ballot paper. The names of the new Chairperson and Vice-Chairperson will be announced at the AGM by the Principal Officer.

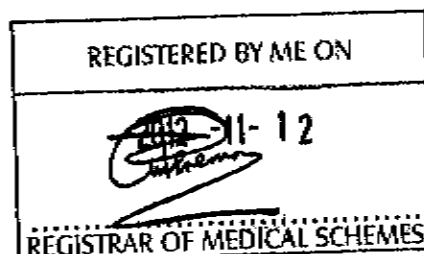
19.8.4 Should the chairperson resign or cease to be a member of the Board or be removed from Office on a vote of no confidence by the Board or is in any other way disqualified, the Vice-Chairperson will fill the vacancy thus created for the remaining period for which the previous incumbent was elected.

19.8.5 Should the Vice-Chairperson position be vacant (see 19.8.4), the Board shall fill the vacancy thus created for the remaining period for which the previous incumbent was elected.

19.9 Meetings of Board

19.9.1 The Board must meet at least once in every two months or at such intervals as it may deem necessary;

19.9.2 Seven clear days' notice of a Board meeting, unless otherwise agreed by the Board shall be given to each member of the Board and such notice shall, as far as possible, contain a statement of the business to be transacted at the meeting. The non-receipt of any notice shall not invalidate the proceedings of any meeting of the Board.



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19.10 Special meetings of Board

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

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

19.10.3 Upon receipt of the request the chairperson shall within seven days thereafter convene a special meeting of the Board to deal with the matters stated therein for which notice shall be given as provided for in Rule 27.2.

19.11 Chairperson at meetings

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

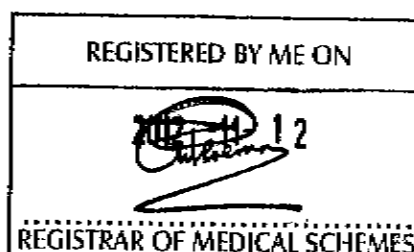
19.12 Quorum for meetings

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

19.13 Voting at Board meetings

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

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19.14 Inquorate meeting

Notwithstanding any vacancy on the Board, the continuing members thereof may act on its behalf: Provided that if and so long as their number is reduced below that fixed for a quorum by these Rules such members may act only for the purpose of increasing the number of members to that number or for summoning a general meeting of the Scheme, but for no other purpose.

19.15 Round-robin resolution

19.15.1 a resolution in writing signed by Board members forming a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted: Provided that one of the signatories shall be the chairperson, or in his absence the vice-chairperson;

19.15.2 any such resolution may consist of several documents in like form, each signed by one or more of the signatories contemplated in this Rule.

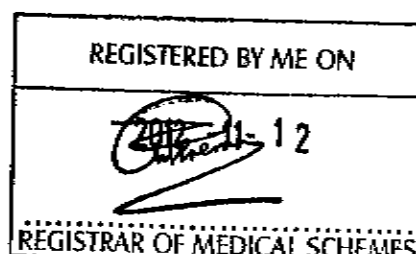
19.16 Record of proceedings of meetings

19.16.1 the Board shall cause the proceedings of all annual, special general and Board meetings to be properly minuted and the minutes of such meetings shall be laid before the first succeeding respective meeting:

19.16.2 provided that the minutes of every special general meeting shall, as the Board may decide, be laid before the first succeeding special general meeting or the annual general meeting;

19.16.3 if the minutes of any such meetings are accepted and confirmed as correct they shall be signed by the chairperson.

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19.17 Evidence of minutes

Every minute signed by the chairperson of the meeting to which such minutes relate or signed by the chairperson of the meeting subsequent to the meeting to which such minutes relate shall be sufficient evidence of the facts stated therein.

19.18 Remuneration of Board members

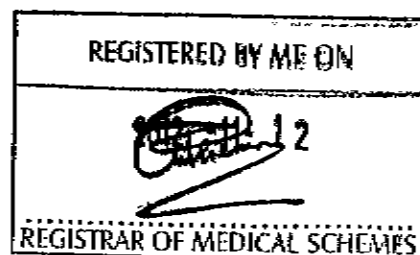
Members of the Board may only be entitled to any remuneration, honorarium or any other fee in respect of services rendered in their capacity as members of the Board, subject to appointment.

19.19 Co-option to Board

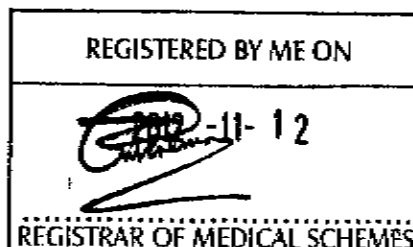
The Board may co-opt a knowledgeable person to assist it in its deliberations provided that such person shall not have a vote as Board members up to three persons who need not be members of the Scheme. A co-opted member shall cease to be a member of the Board if so determined by the Board at any time. A co-opted member may participate in the deliberations of the Board but shall have no vote.

20. DUTIES OF THE BOARD OF TRUSTEES

- 20.1 The Board is responsible for the proper and sound management of the Scheme, in terms of these rules.
- 20.2 The Board must act with due care, diligence, skill and in good faith.
- 20.3 Members of the Board must avoid conflicts of interests, and must declare any interest they may have in any particular matter serving before the Board.
- 20.4 The Board must apply sound business principles and ensure the financial soundness of the Scheme.
- 20.5 The Board must appoint a principal officer who is fit and proper to hold such office and may appoint any staff which in its opinion are required for the proper execution of the business of the Scheme, and shall determine the terms and conditions of service of the principal officer and of any person employed by the Scheme.



- 20.6 The chairperson must preside over meetings of the Board and ensure due and proper conduct at meetings.
- 20.7 The Board must cause to be kept such minutes, accounts, entries, registers and records as are essential for the proper functioning of the Scheme.
- 20.8 The Board must ensure that proper control systems are employed by and on behalf of the Scheme.
- 20.9 The Board must ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions and duties in terms of the Rules.
- 20.10 The Board must take all reasonable steps to ensure that contributions are paid timeously to the Scheme in accordance with the Act and the Rules.
- 20.11 The Board must take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance.
- 20.12 The Board may 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.
- 20.13 The Board must ensure that the Rules and the operation and administration of the Scheme comply with the provisions of the Act and all other applicable laws.
- 20.14 The Board must take all reasonable steps to protect the confidentiality of medical records concerning any beneficiary's state of health.
- 20.15 The Board must approve all disbursements.
- 20.16 The Board must cause to be kept in safe custody, in a safe or strong room at the registered office of the Scheme or with any financial institution approved by the Board, any mortgage bond, title deed or other security belonging to or held by the Scheme, except when in temporary custody of another person for the purposes of the Scheme.
- 20.17 The Board must make such provision as it deems desirable, and with due regard to normal practice and recommended guidelines pertaining to retention of documents, for the safe custody of the books, records, documents and other effects of the Scheme.



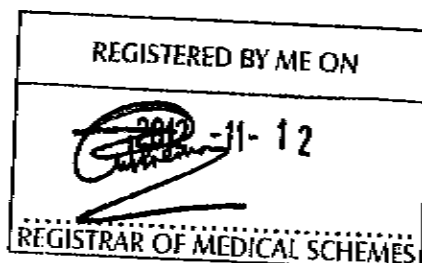
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20.18 The Board must disclose annually in writing to the Registrar, any payment or considerations made to them in that particular year by the Scheme as prescribed.

21. POWERS OF THE BOARD

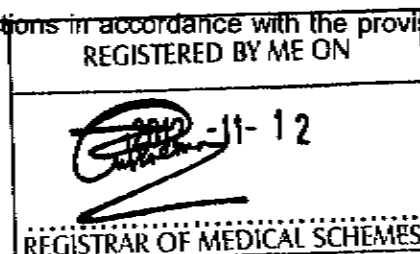
The Board has the power:-

- 21.1 to cause the termination of the services of any employee of the Scheme;
- 21.2 to take all necessary steps and to sign and execute all necessary documents to ensure and secure the due fulfilment of the Scheme's obligations under such appointments;
- 21.3 to appoint a committee consisting of such Board members and other experts as it may deem appropriate;
- 21.4 to appoint a duly accredited administrator on such terms and conditions as it may determine, for the proper execution of the business of the Scheme. The terms and conditions of such appointment must be contained in a written contract, which complies with the requirements of the Act and the regulations;
- 21.5 to appoint, contract with compensate and any accredited broker for the introduction or admission of a member to the Scheme and for ongoing broker services subject to the provisions of the Act and the Regulations thereto provided that a broker contract with an accredited broker will not be unreasonable withheld;
- 21.6 to appoint, contract with and compensate any accredited managed health care organisation in the prescribed manner;
- 21.7 to purchase movable and immovable property for the use of the Scheme;
- 21.8 to let or to hire movable or immovable property;
- 21.9 to sell movable and immovable property of the Scheme subject to sound business practice and fair value principles;



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- 21.10 in respect of any monies not immediately required to meet current charges upon the Scheme and subject to the provisions of the Act, and in the manner determined by the Board, to invest or otherwise deal with such moneys upon security and to realise, re-invest or otherwise deal with such monies and investments;
- 21.11 with the prior approval of the Council, to borrow money for the Scheme from the Scheme's bankers against the security of the Scheme's assets for the purpose of bridging a temporary shortage;
- 21.12 subject to the provisions of any law, to cause the Scheme, whether on its own or in association with any person, to establish or operate any pharmacy, hospital, clinic, maternity home, nursing home, infirmary, home for aged persons or any similar institution, in the interest of the members of the Scheme;
- 21.13 to donate to any hospital, clinic, nursing home, maternity home, infirmary or home for aged persons in the interest of all or any of the beneficiaries;
- 21.14 to grant repayable loans to a member or to make *ex gratia* payments on behalf of members in order to assist such members to meet commitments in regard to any matter specified in rule 5;
- 21.15 to contribute to any fund conducted for the benefit of employees of the Scheme;
- 21.16 to reinsure obligations in terms of the benefits provided for in these rules;
- 21.17 to authorise the principal officer and/or such members of the Board as it may determine from time to time, and upon such terms and conditions as the Board may determine, to sign any contract or other document binding or relating to the Scheme or any document authorising the performance of any Act on behalf of the Scheme;
- 21.18 to contribute to any association instituted for furtherance, encouragement and co-ordination of medical schemes; and
- 21.19 in general, do anything, which it deems necessary or expedient to perform its functions in accordance with the provisions of the Act and these rules.



21.20 Discretionary power of the Board

Subject to the provisions of rule 29 any matters not specifically covered by these Rules shall be left to the discretion of the Board: Provided that the decision of the Board shall not be inconsistent with the Act or the objects of the Scheme.

22. DUTIES OF PRINCIPAL OFFICER AND STAFF

22.1 The staff of the Scheme must ensure the confidentiality of all information regarding its members.

22.2 The principal officer is the executive officer of the scheme and as such shall ensure that:

22.2.1 he/she acts in the best interests of the members of the scheme at all times;

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

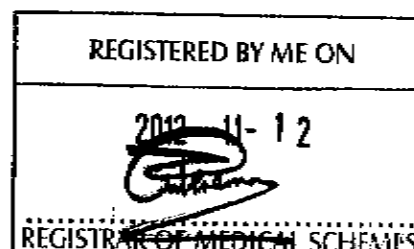
22.2.3 where necessary, there is proper and appropriate communication between the Scheme and those parties affected by the decisions and instructions of the Board;

22.2.4 he/she keeps the Board sufficiently and timeously informed of the affairs of the Scheme concerning any matter relating to the duties of the Board as stated in section 57(4) of the Act;

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

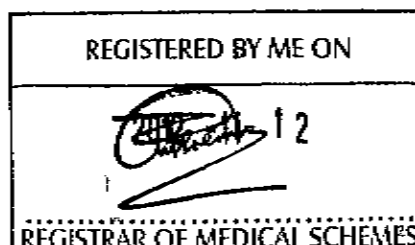
22.2.6 he/she does not take any decisions concerning the affairs of the Scheme without prior authorisation by the Board and that he/she at all times observes the authority of the Board and its governance of the Scheme.

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- 22.3 Unless the Board of Trustees appoint an Administrator to manage and administer the business of the Scheme in accordance with the Act, Regulations and the Rules of the Scheme, the principal officer shall be the accounting officer of the Scheme charged with the collection of and accounting for all monies received and payments authorised by and made on behalf of the Scheme.
- 22.4 The principal officer shall ensure the carrying out of all of his/her duties as are necessary for the proper execution of the business of the Scheme. He/she shall attend all meetings of the Board, and any other duly appointed committee where his/her attendance may be required, and ensure proper recording of the proceedings of all meetings.
- 22.5 The principal officer shall be responsible for the supervision of the staff employed by the Scheme unless the Board decides otherwise.
- 22.6 Unless the Board of Trustee appoint an Administrator to manage the business on behalf of the Scheme in accordance with the Act, Regulations and the Rules of the Schemes, the principal officer shall keep full and proper records of all monies received and expenses incurred by, and of all assets, liabilities and financial transactions of the Scheme.
- 22.7 Unless the Board of Trustee appoint an Administrator to manage the business on behalf of the Scheme in accordance with the Act, Regulations and the Rules of the Scheme, the principal officer shall prepare annual financial statements and shall ensure compliance with all statutory requirements pertaining thereto.
- 22.8 The following persons are not eligible to be a principal officer:
- 22.8.1 An employee, director, officer, consultant or contractor of the administrator of the Scheme or of the holding company, subsidiary, joint venture or associate of that administrator.
- 22.8.2 A broker.
- 22.9 The provisions of rules 19.7.1 – 19.7.9 apply mutatis mutandis to the principal officer.

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23. INDEMNIFICATION & FIDELITY GUARANTEE

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

23.2 The Board must ensure that the Scheme is sufficiently insured against loss resulting from the dishonesty or fraud of any of its officers (including members of the Board) having the receipt or charge of moneys or securities belonging to the Scheme.

24. FINANCIAL YEAR OF THE SCHEME

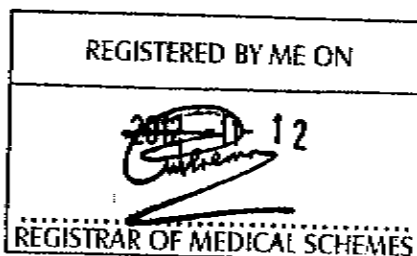
The financial year of the Scheme extend from the 1st day of January to the 31st day of December of that year.

25. BANKING ACCOUNT

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

26. AUDITOR & AUDIT COMMITTEE

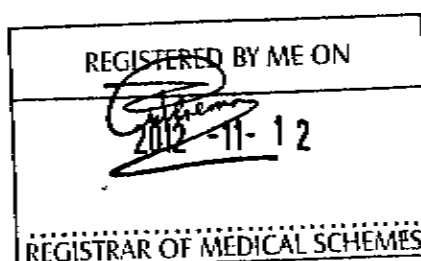
26.1 An auditor (who must be approved by the Registrar in terms of section 36 of the Act) must be appointed by resolution at each annual general meeting, to hold office from the conclusion of that meeting to the conclusion of the next annual general meeting.



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- 26.2 The following persons are not eligible to serve as auditor of the Scheme –
- 26.2.1 a member of the Board;
 - 26.2.2 an employee, officer or contractor of the Scheme;
 - 26.2.3 an employee, director, officer or contractor of the Scheme's administrator, or of the holding company, subsidiary, joint venture or associate of the administrator;
 - 26.2.4 a person not engaged in public practice as an auditor;
 - 26.2.5 a person who is disqualified from acting as an auditor in terms of the Companies Act, 1973.
- 26.3 Whenever for any reason an auditor vacates his/her office prior to the expiration of the period for which he/she has been appointed, the Board must within 30 days appoint another auditor to fill the vacancy for the unexpired period.
- 26.4 If the members of the Scheme at a general meeting fail to appoint an auditor, required to be appointed in terms of this rule, the Board must within 30 days make such appointment, and if it fails to do so, the Registrar may at any time do so.
- 26.5 The auditor of the Scheme has a right of access to the books, records, accounts, documents and other effects of the Scheme at all times and is entitled to require from the Board and the officers of the Scheme such information and explanations as he/she deems necessary for the performance of his/her duties.
- 26.6 The auditor must report to the members of the Scheme on the accounts examined by him and on the financial statements laid before the Scheme in general meeting.
- 26.7 The Board must appoint an audit committee in the prescribed manner.

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27. GENERAL MEETINGS

27.1 Annual general meeting

27.1.1 The annual general meeting of members must be held not later than 30 June of each year on a date which may be shown to permit reasonable attendance by members.

27.1.2 The notice convening the annual general meeting, containing the agenda, the annual financial statement, auditor's report and annual report, must be circulated to members at least 14 days before the date of the meeting. The non-receipt of such notice by a member does not invalidate the proceedings at such meeting provided that the notice procedure followed by the Board was reasonable.

27.1.3 At least 21 members of the Scheme present in person constitute a quorum. If a quorum is not present after the lapse of the 30 minutes from the time fixed for the commencement of the meeting, the meeting must be postponed to a date determined by the Board and members then present constitute a quorum.

27.1.4 The financial statements and reports specified in rules 27.1.2 and rule 26.6 must be laid before the meeting.

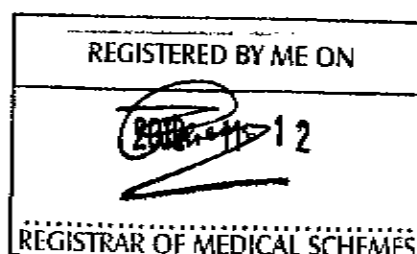
27.1.5 Notices of motions to be placed before the annual general meeting must reach the principal officer not later than seven days prior to the date of the meeting.

27.2 Special general meeting

27.2.1 Convening of meeting by the Board

The Board may call a special general meeting of members if it is deemed necessary.

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27.2.2 Requisition of meeting by members

On the requisition of at least five percent of membership of the Scheme, the Board must cause a special general meeting to be called within 30 days of the deposit of the requisition. The requisition must state the objects of the meeting and must be signed by all the requisitionists and deposited at the registered office of the Scheme. Only those matters forming the objects of the meeting may be discussed.

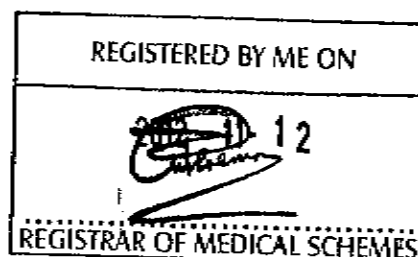
Should the Board fail within 14 days after the aforesaid deposit, to convene such meeting the requisitionists may themselves convene such meeting to be held within one month of such deposit.

27.2.3 Notice of meeting

The notice convening the special general meeting, containing the agenda, must be circulated to members employers at least fourteen days before the date of the meeting. The non-receipt of such notice by a member does not invalidate the proceedings at such a meeting provided that the notice procedure followed by the Board was reasonable.

27.2.4 Quorum

Twenty-one members of the Scheme present in person shall form a quorum. If a quorum is not present after the lapse of 30 minutes from the time fixed for the commencement of the meeting, the meeting shall be adjourned until the same day and time of the next week and members then present shall constitute a quorum:



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Provided that if the same day of the next week is a public holiday the meeting shall stand adjourned to the first working day following the public holiday; provided further that if a quorum is not present at a special general meeting convened on the requisition of members after the lapse of 30 minutes from the time fixed for the meeting, the meeting shall be regarded as cancelled.

27.3 Special General Meeting of members of a particular benefit option

27.3.1 A special general meeting of members may be called at any time by the Board if deemed necessary.

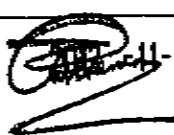
27.3.2 Requisition of meeting by members

On the requisition of at least 20 such members the Board shall cause a special general meeting of such members to be called within 21 days of the deposit of the requisition. The requisition shall state the objects of the meeting and shall be signed by all the requisitionists and deposited at the registered office of the Scheme. Only those matters forming the objects of the meeting shall be discussed.

Should the Board fail within 14 days after the aforesaid deposit, to convene such meeting the requisitionists may themselves convene such meeting to be held within one month of such deposit.

27.3.3 Notice of meeting

The notice convening the special general meeting containing the agenda shall be despatched to the members concerned and to employers at least 14 days before the date of the meeting. The non-receipt of such notice by a member or an employer as the case may be shall not invalidate the proceedings of such meeting.

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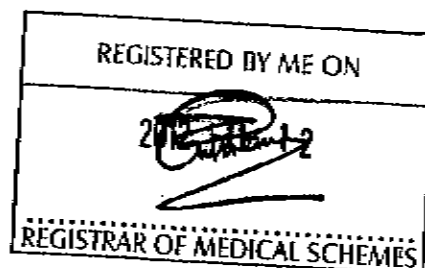
27.3.4 Quorum

Ten of such members present in person or by proxy shall form a quorum. If a quorum is not present after the lapse of 30 minutes from the time fixed for the commencement of the meeting the meeting shall be adjourned until the same day and time of the next week and members then present shall constitute a quorum: Provided that if the same day of the next week is a public holiday the meeting shall stand adjourned to the first working day following the public holiday; provided further that if a quorum is not present at a special general meeting convened on the requisition of members after the lapse of 30 minutes from the time fixed for the meeting, the meeting shall be regarded as cancelled.

28. VOTING AT MEETINGS

- 28.1 Every member who is present at a general or special meeting of the Scheme has the right to vote, or may, subject to this rule, appoint another member of the Scheme as proxy to attend, speak and vote in his/her stead.
- 28.2 The instrument appointing the proxy must be in writing, in a form determined by the Board and must be signed by the member and the person appointed as the proxy.
- 28.3 The chairperson must determine whether the voting must be by ballot or by a show of hands. In the event of the votes being equal, the chairperson, if he is a member of the Scheme, has a casting vote in addition to his/her deliberative vote.

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28.4 Declaration of result of voting

A declaration by the chairperson of the meeting that a motion has, on a show of hands or on a ballot, been carried unanimously, or carried by a particular majority, or lost, or not carried by a particular majority, shall be final and binding on all members, subject to approval by the general meeting when necessary.

29. COMPLAINTS AND DISPUTES

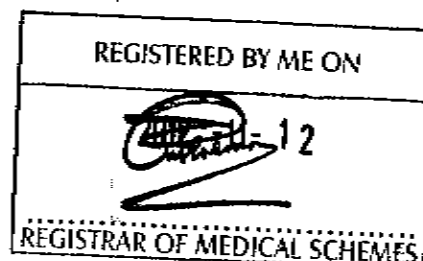
29.1 Members may lodge their complaints, in writing to the Scheme, for the attention of the Principal Officer.

29.2 All complaints to the Scheme shall be in writing. Such written complaint will be responded to by the Scheme in writing within 30 days of receipt thereof.

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

29.4 Such disputes committee shall consist of three persons, of whom at least one shall be a member of the Scheme and who shall not be members of the Board and one of such members shall be a person with legal expertise. The members of the dispute committee shall be elected for a period not exceeding three years at an annual general meeting. The dispute committee shall be appointed subject to the following:

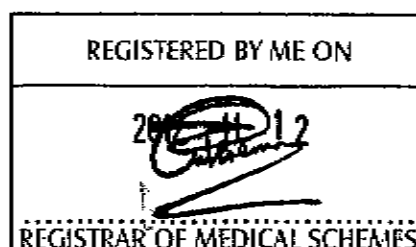
29.4.1 Two members of the disputes committee shall constitute a quorum. In the event of an equality of votes the chairman (who shall be elected from among the members of the disputes committee at its first meeting following each Annual General Meeting) shall have a casting vote in addition to his deliberative vote;



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- 29.4.2 In the event of a vacancy occurring between annual general meetings the committee shall be entitled to co-opt another person to serve until the succeeding annual general meeting;
- 29.4.3 The principal officer shall convene meetings of the disputes committee by giving not less than 21 days notice in writing to the complainant and all the members of the disputes committee, stating the date, time and venue of the meeting and particulars of the dispute.
- 29.4.4 The principal officer shall submit the written complaint of the member, together with a written response from the Scheme or the affected officer of the Scheme to the disputes committee who shall consider the written complaint and written response and adjudicate same on the documents, if possible, and if the disputes committee is satisfied that it requires no further evidence or submissions;
- 29.4.5 In the event that the disputes committee requires further evidence or submissions, the disputes committee may determine the procedure to be followed (provided always that the rules of natural justice are followed) and the complainant and the Scheme shall be given reasonable notice thereof.
- 29.4.6 In the event that the disputes committee wishes to hear oral evidence or argument, the parties to any such dispute or complaint shall be entitled to be heard at the proceedings, either in person or through a representative;
- 29.4.7 The disputes committee shall communicate any decisions it makes to the Scheme and any other affected party in writing, within 30 days of the disputes committee's consideration thereof.

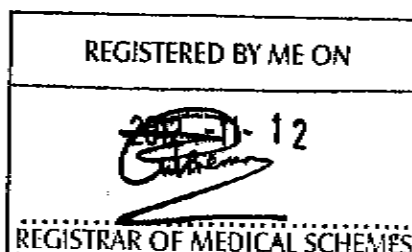
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- 29.5 An aggrieved person has the right to appeal to the Council for Medical Schemes against the decision of the disputes committee. Such appeal must be in the form of an affidavit directed to the Council for Medical Schemes and must be furnished of the Registrar not later than three 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 decision concerned was made.
- 29.6 The operation of any decision which is the subject of an appeal under rule 29.5 shall be suspended pending the decision of the Council on such appeal.
- 29.6 A member may appeal to the Council for Medical Schemes against a decision of a review panel established in terms of the regulations to the Act.

30. DISSOLUTION

- 30.1 The Scheme may be dissolved by order of a competent court or by voluntary dissolution.
- 30.2 Members in a general meeting propose and the motion is passed by not less than a two-thirds majority, that the Scheme should be dissolved, the Board shall arrange for members to decide by ballot whether the Scheme shall be liquidated. Unless the majority of members decide that the Scheme shall continue, the Scheme shall be liquidated in terms of section 64 of the Act.
- 30.3 Pursuant to a decision by members taken in terms of rule 30.2 the principal officer must, in consultation with the Registrar, circulate to every member a memorandum containing the reasons for the proposed dissolution and setting forth the proposed basis of distribution of the assets in the event of a winding-up, together with a ballot paper.



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- 30.4 Every member must be requested to return his/her ballot paper duly completed before a set date. If at least 50 per cent of the members return their ballot papers duly completed and if the majority thereof is in favour of the dissolution of the Scheme, the Board must ensure compliance therewith and appoint, subject to the approval of the Registrar, a competent person as liquidator.

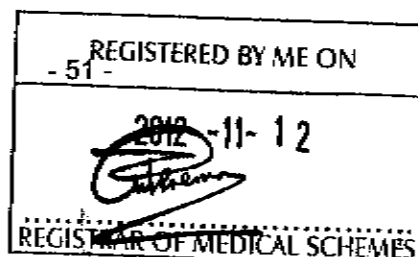
31. AMALGAMATION AND TRANSFER OF BUSINESS

- 31.1 The Scheme 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. The Board must arrange for members to be furnished with an exposition of the proposed transaction for consideration and to decide by ballot whether the proposed transaction should be proceeded with or not.
- 31.2 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 the transfer, the transaction may be concluded in the prescribed manner.
- 31.3 The Registrar may, on good cause shown, ratify a lower percentage.

32. RIGHT TO OBTAIN DOCUMENTS AND INSPECTION OF DOCUMENTS

- 32.1 Any beneficiary must on request and on payment of a fee of R70,00 per copy, be supplied by the Scheme with a copy of the following documents:
- 32.1.1 the rules of the Scheme;
- 32.1.2 the latest audited annual financial statements, returns, Trustees reports and auditors report of the Scheme; and

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32.1.3 the management accounts in respect of benefit options as required in Section 37(4)(d) and submitted to the Registrar with the annual Financial Statements and other Reports, as required in terms of Section 37(2) of the Medical Schemes Act No. 131 of 1998.

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

32.3 This rule shall not be construed to restrict a person's rights in terms of the Promotion of Access to Information Act, Act No. 2 of 2000.

33. AMENDMENT OF RULES

33.1 The Board is entitled to alter or rescind any rule or annexure or to make any additional rule or annexure.

33.2 No amendment, rescission or addition which affects the objects of the Scheme or which increases the rates of contribution by more than CPIX + 3% or decreases the extent of benefits of any particular benefit option by more than 20% of any financial year, is valid unless it has been approved by a majority of members present in a general meeting or a special meeting or by ballot.

33.3 Members must be furnished with a copy of such amendment within 4 months after registration thereof. Should a member's rights, obligations, contributions or benefits be amended, he/she shall be given 30 days advance notice of such change.

33.4 Notwithstanding the provisions of rule 33.1 above, the Board must, on the request and to the satisfaction of the Registrar, amend any rule that is inconsistent with the provisions of the Act.

33.5 No amendment, rescission or addition of any rule shall be valid unless it has been approved and registered by the Registrar.

