Minutes of the 19th Annual General Meeting of Discovery Health Medical Scheme held on 20 June 2013, 10:00 at the Sandton Convention Centre, 161 Maud Street, Sandton

Present

The attendance register is available at the office of the Principal Officer. In attendance were 265 members.

1. Welcome and quorum

The Chair of the Board of Trustees, Mr Michael du P van der Nest SC, opened the meeting and welcomed all present to the 19th Annual General Meeting ("AGM") of Discovery Health Medical Scheme. In terms of Rule 25.1.3 of the Scheme Rules at least 15 members [present] are required to constitute a quorum of the meeting. A total of 265 members were present and the meeting was therefore duly constituted.

2. Confirmation of the agenda for the meeting

The Chair presented the agenda for the meeting and requested approval thereof.

The Chair gave an overview of the items on the agenda, this included a summary of the Governance Review performed by Deloitte; the Trustee election process; the motions received as well as explaining the ground rules for the meeting. He advised that in late 2011 the Board decided to conduct an independent governance review of the Scheme. The Scheme has been in existence since 1992 and it was thought prudent to review the governance of the Scheme. In an environment where other schemes were struggling to achieve growth, the Scheme achieved steady growth over the preceding 5 years. The numbers over the period 2007 – 2011 indicated that the Scheme had grown by 467 000 lives where as the rest of the other open schemes had shrunk by 845 000 lives. The Scheme has a strong retention rate. Over the period 2007 – 2011 the Scheme was one of the only large open schemes to make a positive surplus and have strong reserves which stood at R7.3bn.

The Chair advised that the Scheme was constantly approached for amalgamations by other schemes. The motivation for the succeeding schemes was the richness of the Scheme's benefit mix which made the Scheme an attractive merger partner. The inevitable consequence of growth was that the contribution income increased, and at the end of 2011 total contributions amounted to R31.1bn. On the other hand the non-healthcare expenses also grew. The total amount paid to the Administrator, Discovery Health (Pty) Ltd., was R3.7bn. At that time the Board felt that it was necessary to consider whether the Scheme's governance was aligned with best practice and to consider where improvements were necessary. It was also necessary to consider whether the appropriate structures were in place to ensure that the Board exercised its fiduciary duties to manage the Scheme in the best interest of the members; whether the outsourcing model was still fit for purpose; whether the administration fee was fair and created the required value for members; whether the Scheme was receiving benefit from the Administrator based on the economies of scale as the Scheme grew; and how the Scheme performed against its peers in the industry.

The Chair reminded the members that at the last AGM the resolutions put forward by members overlapped with the afore going questions and it was suggested that members vote in favour of the resolutions as it formed part of the proceedings that was already underway. The Board undertook to report to the members on the outcome of the independent governance review at the AGM.

The Chair advised that after receiving proposals from various consulting entities, Deloitte was selected to carry out the independent review. The review has now been completed and forms part of the report to the AGM. Mrs Ashleigh Theophanides, the leader of the Deloitte team will present the essential findings of the Governance Review, which the Board believes presents learnings and guidance not only to Discovery Health Medical Scheme, but the industry as a whole. The full report would be published on the Scheme's website after the AGM proceedings.

The Chair advised the AGM on the Board's view of the Governance Review performed by Deloitte. He noted that overall, Deloitte has identified areas where work has to be done by the Scheme, and Deloitte has developed a roadmap that gives direction in terms of the recommendations. In regard to Scheme performance, Deloitte has built a performance model which evaluates financial strength, growth and sustainability, non-healthcare expenses, compliance, governance and reputation, quality and value for money. By using this model, Deloitte measured the Scheme against its competitors and found the Scheme to be the best performing. In regard to non-healthcare expenses, Deloitte analysed this and found on a like-for-like basis, that the better performing schemes had higher non-healthcare expenditure. The Scheme's non-healthcare expenditure is measured to be third highest. This lead to the question of whether the Scheme was paying too much in administration fees. Against this fundamental question the Board wanted to examine whether the Scheme was receiving value for money and in doing so obtain an analytical answer. The results of the Review were contained in the Governance Review report.

Overall the exercise has been rigorous, independent, and ultimately rewarding. The end result was the practical roadmap, and an analytical basis to use for assessing performance and value for money. The Board was satisfied that the results of the Review would stimulate debate, analysis and introspection to the industry as a whole and for the Scheme going forward.

In respect of Trustee elections, the Chair advised that 25 applications had been received to fill 4 vacancies. Two candidates withdrew voluntarily. The CV's of the candidates were published on the Scheme's website. The Chair explained the ground rules for the elections, noting that the voting would be by ballot and members should not vote for more than 4 candidates, but are allowed to vote for less than four candidates. The secrecy of the votes would be ensured by the independent auditors, PricewaterhouseCoopers, who would provide a report of the results for publication on the Scheme's website. The Chair advised that the election process involved the Nomination Committee who assessed the candidates against the eligibility criteria described in the Scheme Rules and fit and proper criteria. Where queries were raised, those were resolved. The Board was therefore comfortable that the candidates standing for election were fit and proper.

In respect of the motions, the Chair advised that 19 motions were received and these would be displayed on the big screens provided for the benefit of the members. The members would be required to indicate by a show of hands whether a motion was proposed and must be seconded by another member. Thereafter the motion would be voted on by ballot. All motions received were numbered and listed, in the sequence that they were received, and placed on a ballot developed to facilitate the voting process. The Chair explained the Rules of the Scheme which only entitled members to speak and vote.

The agenda was proposed for approval by Dr J Broomberg and seconded by Mr K Tokarzewski.

3. Minutes of the 2012 AGM held on 21 June 2012

The Chair proposed that the minutes of the 18th AGM of the members of Discovery Health Medical Scheme ("the Scheme") held on 21 June 2012 be confirmed. He advised the meeting that a draft copy

of the minutes was submitted to the Board of Trustees who resolved that the minutes were an accurate reflection of the proceedings and recommended the approval thereof by the AGM. The draft minutes were also published on the Scheme's website. The minutes were proposed for approval by Mr K Tokarzewski and seconded by Mr B Tromp.

4. 2012 Annual Financial Statements and Scheme Governance

4.1 Financial Performance of the Scheme

The Chair requested Mr Milton Streak, Principal Officer of the Scheme, to report on the financial performance of the Scheme. Mr Streak reported and indicated the key measures at year end. These were:

- The Gross Contribution Income was R35,196 billion (2011: R31,193 billion), which was a 13% change compared to 2011;
- The Number of members were 1,140,090 (2011: 1,075,866), which was a 6% change compared to 2011;
- The Number of lives were 2,469,023 (2011: 2,354,351) which was a 5% change compared to 2011;
- The surplus generated was R788,790 million (2011: R570,410 million), which was a 38% change compared to 2011;
- The Solvency reserves per Regulation 29 were R8,241 billion (2011: R7,329 billion), which was a 12% change compared to 2011; and
- The Solvency of the Scheme was 23.41% (2011: 23.50%).

In respect of the performance of the Scheme, Mr Streak indicated the necessity for constant growth of the Scheme. The Scheme therefore continued to grow lives at the expense of other open medical schemes. The Scheme received an AA+ credit rating from the Global Credit Rating Company and had been receiving this industry leading rating, which was the highest for a medical scheme, for the past 13 years. Mr Streak indicated the solvency trajectory of 23.4% (currently), which is higher than the agreement in place with the Council for Medical Schemes. He advised the meeting that the Scheme was on track to reach the regulated solvency level of 25% by 2015. In respect of the statement of comprehensive income, he highlighted that the Gross Contribution Income was R35,196 billion (2011: R31,193 billion). The Scheme's total healthcare expenditure was R34.6bn. This expenditure included R14.2bn in respect of professional costs (comprising of R6.6m per year for general practitioner visits and R7.9m for specialists visits); R10.9m in respect of hospital costs (comprising of 592 000 hospital admissions which represent 1.9 million days in hospitals per year); R4.9bn for non-healthcare costs (comprising of 44,000,000 claims processed per year and 30,000,000 calls handled per year); and R4.5bn in respect of medicine costs (comprising of 465,000 lives registered for chronic medication).

Mr Streak indicated that, compared to other open schemes, the Discovery Health Medical Scheme experienced 18.8% lower claim costs per average beneficiary per month. He further indicated that the Scheme's contributions increased on average 15% below competitors over the past 5 years and that the Scheme's contributions were the lowest compared to its competitors across all plan types. The introduction of the new KeyCare Access Plan in 2013 proved to be a benefit to both members and the Scheme.

Mr Streak shed some light on the daily operations of Discovery Health (Pty) Ltd., the Administrator of the Scheme. He highlighted during 2012, 1,494 new lives joined the Scheme on a daily basis; 93,600 calls were handled; 54 new babies were born onto the Scheme; 184,500 claims were processed; 585 hospital admissions were authorised; and R121.5m were paid out in claims.

Mr Streak highlighted the governance structure of the Scheme, which was based on best practice governance, based on an outsourced business model. The governance model is aligned with the Medical Schemes Act, the Scheme Rules and the King III Code on Corporate Governance. The governance model was subjected to periodic independent review. The latest independent Review was commissioned by the Board of Trustees in November 2011. The independent Review was performed by Deloitte and took 9 months to complete, involved approximately 20 local and global experts and 5100 professional hours were spent on the Review.

The Chair thanked Mr Streak for his report.

4.2 Discovery Health Medical Scheme Independent Governance Review

Mrs Ashleigh Theophanides, Director at Deloitte, and leader of the Governance Review team, presented the findings of the Review to the meeting. She reported that the main objectives of the Review were:

- Relational Governance: To assess the effectiveness of the Board's governance role and responsibilities in relation to the outsourcing and oversight of the Scheme's administration and managed healthcare services;
- Transactional Governance: To review and assess the value received from the Administrator for the administration and managed healthcare fees paid and whether the Scheme was benefiting from economies of scale; and
- Operating Model: To assess whether the current operating model is in the best interest of the Scheme and its members.

Mrs Theophanides indicated that Deloitte was provided with access to a range of information, presentations, site visits, interviews and discussions as well as publicly available information (e.g. Council of Medical Schemes (CMS) statutory returns) and confidential information.

The findings of the Review are:

- Collectively and individually, the Board, Committee members and Principal Officer have the necessary skills, knowledge and experience to fulfil their mandate;
- The Scheme is led by a strong, competent and independent Board that considers members' interests and the Scheme's interest as a whole in its decision-making process;
- The Scheme office is purposefully very lean on resources, and is led by an experienced and highly competent Principal Officer;
- The Scheme office has key competencies and experience in critical areas to ensure effective monitoring of the Administrator;
- There is capacity for enhancing the oversight function of the Scheme office;
- The Principal Officer monitors service levels and this information is then conveyed and reported to the Board;
- A balance of power is maintained by the Board having ultimate decision-making power for the Scheme;
- The Scheme is benefiting from economies of scale; however the Scheme should continue to explore scope for the Administrator to pass on further savings; and
- The Scheme members are benefiting from value for money as follows:

- Although the Scheme's non-healthcare expenses are R11.43 per average beneficiary per month higher relative to the open medical scheme industry, members benefit from lower overall risk contributions and better management of claims;

- Member risk contributions are on average R158.24 lower than the open medical scheme industry; and

- On a net basis members are R146.81 per average beneficiary per month better off compared to the open medical scheme industry.

- The Discovery Health Medical Scheme ranked best out of the 14 large comparator open medical schemes.

- For every R1 spent on third party administration fees, a DHMS member receives between R1.77 and R2.02 in terms of additional value created through the activities of the Administrator.

- In the open medical scheme market, integrated outsource models lead to an average of 15% lower non-healthcare expenses than fragmented outsource models.

The Chair thanked Mrs Theophanides for her presentation.

4.3 Governance Review Roadmap

The Chair requested Mr Streak, the Principal Officer of DHMS, to respond to the Governance Review findings. Mr Streak contextualised the Governance Review roadmap and highlighted the findings and recommendations from Deloitte. Deloitte recommended improvements to the assurance model, enhancement of the stakeholder engagement model, enhancement of the oversight capacity of the Scheme office, and continuous alignment of contracts and service level agreements with the Administrator.

In respect of the findings, Mr Streak advised that the benefits of the economies of scale, the value for money received as well as the non-healthcare expenses of the Scheme would be monitored and reviewed on a continuous basis. The operating model would also be continually enhanced through active collaboration, based on outsourcing best practice principles.

In respect of the value proposition, Mr Streak indicated the effect of slightly higher administration and managed care fees on members' risk contributions and highlighted that every R1 spent on administration and managed care fees generated a return of between R1.77 and R2.02 in additional value for Scheme members, through the activities of the Administrator.

4.4 Discovery Health (Pty) Ltd. strategic focus areas

Dr Jonathan Broomberg provided an overview of the key trends in the South African private healthcare industry; Discovery Health (Pty) Ltd's vision for the industry, and strategies for the Scheme.

In respect of the key trends in the South African private healthcare industry, Dr Broomberg noted the impact of the shortage of doctors in the healthcare system; the effect of the increasing burden of disease on medical schemes; the effect of the drop-out of young and healthy lives from medical schemes; the effect of the high cost of new technology on scheme costs; and the imbalance of resources between the public and private sector. Dr Broomberg also highlighted the challenges specific

to the private healthcare industry which included: high and rising healthcare inflation; inconsistent quality of care and complexity; and the fragmentation of healthcare delivery.

In respect of Discovery Health (Pty) Ltd's vision, he advised that the objective was to address some of the challenges through an integrated business model which comprised a skilled resource pool.

In respect of Discovery Health (Pty) Ltd's strategies in respect of its services to the Scheme, Dr Broomberg advised that there were seven fundamental outcomes Discovery Health (Pty) Ltd would strive for. These were, to achieve:

- Stronger financial performance and sustainability;
- High growth rates coupled with low lapse rates;
- Healthier insured population on a risk adjusted basis;
- Richest benefits for members across the widest spectrum of plan choices;
- Lowest costs and best value in the industry;
- Seamless access to the healthcare system underpinned by best in class service; and
- Help build a better national healthcare system for all.

In respect of a healthier insured population objective, Dr Broomberg highlighted the percentage spend in relation to the Scheme's membership segmentation; the impact of Vitality on making people healthier; and on the reduction of hospital admissions and chronic medicine costs; Discovery Health (Pty) Ltd's holistic approach to chronic disease management; the use of technology to improve the quality of clinical care; and the benefits of the Discovery Health (Pty) Ltd care coordination programme.

In respect of Plan choice, Dr Broomberg highlighted the wide choice of plans to suit varying medical and financial needs for members; the effect of the combined Direct Payment Arrangements and hospital networks which result in high in-hospital payment ratios across all plans; the results of the Provider Networks footprint, resulting in comprehensive benefit coverage. Dr Broomberg also highlighted the benefits of the HealthID application, which enabled quality care to be delivered to members of the Scheme.

In respect of helping to build a better national healthcare system, he advised the members of the impact of the Discovery Foundation's commitment to invest over R300m in the education and training of more than 600 medical specialists over a period of 20 years.

4.5 2012/2013 Trustee Remuneration

The Chair advised the meeting that the DHMS Trustee remuneration policy has been aligned with remuneration best practice, and follows the guidelines stipulated in the King 3 Code of best practice governance. Trustees are paid a meeting fee and an annual base fee which is paid quarterly in arrears. This remuneration policy ensures that Trustees are remunerated throughout the year for work performed and not just during meetings.

The Board commissioned an independent Trustee remuneration benchmarking exercise at the end of 2012. The objective was to benchmark DHMS's Trustee remuneration against fees paid by similar large financial services and insurance organisations to non-executive directors in a similar governance role. The results of the benchmarking exercise indicated that the fees paid to Trustees appear to compare favourably with the chosen comparator group. The fees were in most cases closely aligned to the median of the comparator group.

The results of the benchmarking exercise further indicated that executive remuneration increases for 2013 were estimated at 6.8%. The DHMS Remuneration Committee recommended a 6.5% increase for Trustee fees for the 2013 financial year.

The Chair proposed that the 2013 Trustee remuneration increase of 6.5%, as recommended by the DHMS Remuneration Committee, be approved for the 2013 financial year. Mr Mario Compagnoni proposed that the increase be reduced to 5% on the basis that the proposed increase was above the consumer price inflation rate. The 6.5% increase was voted on by ballot.

4.6 Acceptance of the 2012 Discovery Health Medical Scheme Annual Financial Statements

The Chair proposed that the 2012 Discovery Health Medical Scheme Annual Financial Statements for the financial year ending 31 December 2012 be accepted. Dr S Rich proposed the acceptance and Dr A Ntsaluba seconded the acceptance.

5. The meeting adjourned for a 15 minute comfort break and resumed at 13:15.

6. Appointment of auditors

The Chair proposed that PricewaterhouseCoopers be appointed as auditors for the ensuing year. It was noted that the audit partner rotation was implemented to align with best practice governance. Mr N Vaughan proposed the approval of the appointment of the auditors and Dr A Ntsaluba seconded the approval of the appointment.

7. Scheme Amalgamations

In terms of Rule 29.1, the Scheme may, subject to the provisions of section 63 of the Medical Schemes 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 must arrange for members to decide by ballot whether the proposed amalgamation should be proceeded with or not.

The Trustees received requests for amalgamation from the Altron Medical Aid Scheme and the Afrox Medical Aid Society. The amalgamation information was published on the Scheme's website for members to familiarise themselves with the merits of both amalgamations.

7.1 Proposed amalgamation of the Altron Medical Aid Scheme with Discovery Health Medical Scheme

Mr Streak presented the background to the proposed amalgamation. He advised the meeting that the Altron Medical Aid Scheme (Altron MAS) approached Discovery Health Medical Scheme (DHMS) during April 2013 to consider an amalgamation in 2014, and which DHMS considered. The proposed amalgamation date was 1 January 2014. He advised the members of the legal requirements and the process to be followed in terms of Section 63 of the Medical Schemes Act, 131 of 1998, as amended.

Mr Emile Stipp, Chief Actuary of Discovery Health (Pty) Ltd., reported on the merits of the transaction, advising that the detailed actuarial analysis assessed the impact of the amalgamation on DHMS based on:

- Demographic profile of Altron MAS membership
- Equivalent DHMS plan choices of Altron MAS members
- Current claims experience of Altron MAS

- Current reserve levels and solvency of Altron MAS
- Profitability of the current Altron employees on DHMS

As at 31 December 2012	DHMS	Altron MAS	Combined Altron MAS and Altron employees on DHMS
Reserves per beneficiary	R3 338	R3 713	R3 589
Average age	32.95	37.65	34.16
Number of beneficiaries	2,469,023	8,547	12,756

The reserves required by DHMS to meet immediate statutory solvency requirements and compensate for the demographic profile of Altron MAS, was R45million**.** The actual reserves of Altron MAS as at 31 December 2012, was R33 million. The projected reserves of Altron MAS as at 31 December 2013, was R48 million and the projected level of reserves as at 31 December 2013 exceeded the actuarially calculated requirement. The actual reserves were sufficient for the combined demographic profile of Altron MAS and current Altron employees on DHMS and satisfied the statutory solvency requirements for at least 5 years depending on how long members remained on the assumed DHMS plan options.

Mr Stipp confirmed that the proposed amalgamation was favourable to DHMS and that DHMS would continue to meet the requirements of the Medical Schemes Act, and remain in a sound financial position. It was therefore recommended that DHMS members approve the amalgamation of Altron MAS with DHMS, subject to the following conditions:

- That the amalgamation takes place by no later than 1 January 2014 - If delayed, the amalgamation conditions need to be re-evaluated;

- That a minimum of R45 million of reserves be transferred to DHMS at the date of the amalgamation;

- The actual reserve value of Altron MAS will be evaluated by DHMS as at 31 July 2013 and again as at 30 November 2013 together with the reserve projection for Altron MAS until 31 December 2013 to confirm that the minimum reserve transfer condition will be met;

- The reserve level of Altron MAS does not deteriorate significantly during 2013 and there is no exceptional adverse claims experience in Altron MAS before the date of the proposed amalgamation;

- That all members (and beneficiaries) are defaulted to Classic Saver, Classic Comprehensive, Classic Priority – members will however be allowed to choose an alternate plan within 90 days of the amalgamation date;

- Membership of DHMS becomes a condition of employment (compulsory membership) for all new Altron Group employees post amalgamation, who are not bound to a Collective Bargaining Agreement;

- Existing late joiner penalties and waiting periods of members will be transferred to DHMS and applied;

- There is no material corporate activity within the employer prior to the date of the proposed amalgamation; and

- The amalgamation is subject to approval by the Council for Medical Schemes and the Competition Commission.

The proposed amalgamation was voted on by ballot.

7.2 Proposed amalgamation of Afrox Medical Aid Society with Discovery Health Medical Scheme

Mr Streak presented the background to the amalgamation advising that Afrox Medical Aid Society ("AMAS") approached Discovery Health Medical Scheme (DHMS) during April 2013 to consider an amalgamation in 2014, and which was considered by DHMS. The proposed amalgamation date is 1 January 2014. He also advised the members of the legal requirements and the process to be followed in terms of Section 63 of the Medical Schemes Act, 131 of 1998, as amended.

Mr E Stipp reported on the merits of the transaction advising that the detailed actuarial analysis assessed the impact of the amalgamation on DHMS based on:

- Demographic profile of AMAS membership
- Equivalent DHMS plan choices of AMAS members
- Current claims experience of AMAS
- Current reserve levels and solvency of AMAS

As at 31 December 2012	DHMS	AMAS
Reserves per beneficiary	R3 338	R12 671
Average age	32.95	32.78
Number of beneficiaries	2,469,023	7,259

The reserves required by DHMS to meet immediate statutory solvency requirements; and compensate for the demographic profile of AMAS, was R40 million (given the favourable demographic profile of AMAS, the bulk of reserves were to meet the 25% solvency requirement). The actual reserves of AMAS as at 31 December 2012 was R92 million, and the actual level of reserves as at 31 December 2012 exceeded the actuarially calculated requirement. The actual reserves were sufficient for the demographic profile of AMAS and satisfied statutory solvency requirements for at least 5 years, depending on how long members remained on the assumed DHMS plan options.

Mr Stipp confirmed that the proposed amalgamation was favourable to DHMS and DHMS would continue to meet the requirements of Medical Schemes Act, and remain in a sound financial position. It was therefore recommended that DHMS members approve the amalgamation of AMAS with DHMS, subject to the following conditions:

- That the amalgamation takes place by no later than 1 January 2014 - If delayed, the amalgamation conditions need to be re-evaluated;

- That a minimum of R40 million of reserves be transferred to DHMS at the date of the amalgamation;

- The actual reserve value of AMAS would be evaluated by DHMS at 31 July 2013 and again at 30 November 2013 together with the reserve projection for AMAS until 31 December 2013 to confirm that the minimum reserve transfer condition would be met;

- The reserve level of AMAS does not deteriorate significantly during 2013 and there is no exceptional adverse claims experience in AMAS before the date of the proposed amalgamation;

- All members (and beneficiaries) are defaulted to Essential Saver or Classic Saver Plans, depending on their current income band – members will however be allowed to choose an alternate plan within 90 days of the amalgamation date:

    - Members on income band A will be defaulted to the Essential Saver Plan
    - Members on income bands B and C will be defaulted to Classic Saver Plans

- Membership of DHMS becomes a condition of employment (compulsory membership) for all new Afrox employees, post amalgamation;

- Existing late joiner penalties and waiting periods of members would be transferred to DHMS and applied;

- There was no material corporate activity within the employer prior to the date of the proposed amalgamation; and

- The amalgamation was subject to approval by the Council for Medical Schemes and the Competition Commission

The proposed amalgamation was voted on by ballot.

8. Trustee Elections

The Chair advised the meeting that Section 57 of the Medical Scheme's Act, No 131 of 1998, as amended, stipulates that every medical scheme shall have a Board of Trustees consisting of persons who are fit and proper to manage the business contemplated by the medical scheme in accordance with the applicable laws and the rules of such medical scheme.

In terms of Rule 17.1 of the Scheme Rules, the affairs of the Scheme must be managed according to these Rules by a Board of fit and proper persons, of at least five, but no more than eight persons. Subject to clause 17.7, a trustee shall serve a term of three years and shall be eligible for re-election. In terms of Rule 17.2, at least half of such trustees must be elected by members from amongst members.

Four trustee positions became vacant at the 2013 AGM. In terms of Rule 17.5 of the Scheme Rules, retiring members of the Board were eligible for re-election, provided that no person shall serve more than two consecutive terms. Notwithstanding this however, a person would be entitled to serve more than two terms in his/her lifetime.

The following Trustees were eligible for re-election:

- Adv. Noel Graves;
- Prof. Zephne van der Spuy;
- Mr Barry Stott; and
- Mr Puke Maserumule.

The Chair advised the meeting that nominations from members to fill the four vacancies, have been received by the Scheme within the required 30 days before the date of the AGM. A total of 25 nominations have been received and two candidates withdrew from the process.

The Chair advised the meeting further that the Board's Nomination Committee assessed all nominees against fit and proper criteria as well as the eligibility criteria stipulated in the Scheme Rules. The Nomination Committee conducted interviews with 6 candidates to clarify specific information. After the Nomination Committee's evaluation and vetting processes, all 23 candidates were put forward for election.

The profiles of the 23 candidates standing for election have been published on the Scheme's website. The skill sets of the various candidates have also been summarised on the ballot paper for members' information.

On a request by Mr Jonathan Egdes, the Chair invited the nominees who wanted to personally introduce themselves to the members to do so. The following nominees introduced themselves personally:

Ms D Adams;
Dr A Hurribunce;
Mr D King;
Mr M Compagnoni;
Ms S Jones;
Mr L Coetzee;
Mr D Cohen;
Ms E Malefane; and
Mr J Egdes.

The Chair formally introduced all candidates to the meeting by displaying the candidates' profiles on the presentation screen, where after the election of Trustees was voted on by ballot.

9. Motions

The Chair advised the meeting that in terms of Rule 25.1.5, members are entitled to submit motions to be placed before the meeting. A total of 19 motions were received of which the majority related to benefit design matters. The Chair explained that in terms of common law a motion needed to be framed in terms that were definite, concise, lucid and free from ambiguity, so that all present at the meeting may clearly understand the importance. Moreover, a motion had to be within the scope of the notice of convening the meeting, and within the powers of the meeting to decide on that matter, and so worded that a definitive decision thereon could be arrived at. As neither the Rules of the Scheme nor the Medical Schemes Act (131 of 1998) gave members the authority to pass any motions relating to the operations of the Scheme, all motions dealing with operational issues in relation to the Scheme were not valid and as such did not constitute valid motions. The Rules as well as the Act clearly entrusted management of the Scheme to the Trustees. However, due to the fact that it was not clearly articulated to members how motions should be submitted to the Scheme, the Board of Trustees decided to address

each of the motions received on the premise that the Board would refer those that were related to benefit design to the Clinical Governance Committee as well as the Product Committee of the Scheme to investigate the merits of the motion.

Due to the fact that it was difficult to read the motions displayed on the screen, each of the motions was read out by the Principal Officer, for the purposes of enabling the members to speak to and vote for or against the acceptance of the motion.

Motions were withdrawn if there was no proposer. The motions were:

Motion 1 - Barbara Styan (120995111) - withdrawn

Motion 2 - Mr G Coene (048114510) - accepted
Motion to extend medical cover for South African members living abroad for periods of longer than 3 months.
Proposer: Mr M Compagnoni
Seconder: Mr N Vaughan

Motion 3 - C Moreira (013465760) - accepted
1. Motion for changing of policy;
2. Motion for upgrading computer systems in specific pharmacy chains; and
3. Motion for linking patient history (medical file) Central Data Base (Medical Aid) for every medical provider.

Proposer: Mr J Egdes
Seconder: Mr D Cohen

Motion 4 - Annette Van der Berg (289110480) – withdrawn

Motion 5 - Emily Makau (103895592) - withdrawn

Motion 6 - H Snyman (057905300) - accepted
Written complaints procedure for members
Proposer: Mr M Compagnoni
Seconder: Mr N Vaughan

Motion 7 – C Malan (286423531) - accepted
Proposal for a pensioner plan offered by DHMS
Proposer: Mr M Compagnoni
Seconder: Mr N Vaughan

Motion 8 - Stephan Erasmus (267052770) – withdrawn

Motion 9 - Ikraam Arendse (286479070) - withdrawn

Motion 10 - D Cormick (068602410) - accepted
1. Financial rewards for healthy behavior; and
2. Cap premiums for members, until death

Proposer: Mr M Compagnoni
Seconder: Ms B Jones

Motion 11 - John Bragg (103353620) – withdrawn

Motion 12 - Cheryl Premdutt (071281010) – withdrawn

Motion 13 - P Grist (3866950310) - accepted
Review the Chronic Benefits offered by Discovery Health Medical Scheme; specifically consider paying for chronic medication because it is prescribed by a qualified practitioner.
Proposer: Mr N Vaughan
Seconder: Mr J Egdes

Motion 14 - L Monametsi (321602771) - accepted
Define emergencies and the benefits thereof.
Proposer: Mr D Cohen
Seconder: Ms E Malefane

Motion 15 – Mrs G Eiser (298029721) - accepted
Motion of no confidence in the current Board of Trustees, including those eligible for re-election at the Annual General Meeting.

The Chair explained that this Motion was submitted by Mr Eiser on behalf of the member Mrs G Eiser. Mr Eiser had a power of attorney from the member, but this mechanism did not empower him to speak or vote at the meeting, as he was not a member of the Scheme as prescribed under rule 26.1 of the Scheme Rules. Mr Eiser objected to the Chair's view. The Chair ruled to have Mrs G Eiser's motion together with the motivation provided for the motion read to the members by the Principal Officer and to call for the motion to be proposed and seconded by members.
Proposer: Mr M Compagnoni
Seconder: Mr J Egdes

Mr Compagnoni explained after being challenged by a member for proposing the motion that he wanted to ensure that the motion was properly dealt with. A member requested that the motion be withdrawn, but the Chair ruled that it was before the members for consideration and voting.

Dr Jonathan Broomberg spoke against the motion and requested to present a short response to Mr Eiser's allegations that the Trustees were incompetent on the basis that they allow the Scheme's top plans to continue to be loss-making plans. Dr Broomberg explained that top-end plans rely on cross-subsidies due to open enrolment and anti-selection. The Executive and Comprehensive plan members are nearly 40% of the higher claimers on the Scheme. Higher claimers typically select plans with richer benefits. Alternatives to cross-subsidising top-end plans are not beneficial to members. Dr Broomberg explained further that if the top plans were to break even, current contributions would have to increase. If Executive and Comprehensive plans were to break even a 19% increase in contributions would be required. If the Executive plan only were to break even, a 51% increase would be required. An alternative to the increases would be benefit cuts. This was deemed highly undesirable. Dr Broomberg indicated that the annual budgets and contribution increases of the top plans were approved by the Council for Medical Schemes ("CMS") despite the plans being loss-making as it is an industry-wide problem. Mr Egdes indicated that the Scheme was non-compliant with Section 33(2)(c) of the Medical Schemes Act. Dr Broomberg noted that the Regulator was well aware of the requirements. He further advised that this was a regulatory matter which the external auditors report on annually. Mr Egdes recommended that the external auditors qualify these matters of non-compliance by saying that the CMS has approved this for this year.

Motion 16 - Farnaaz Khan (334399511) - withdrawn

Motion 17 - A Puterman (149564111) - accepted
The medical scheme should insist that the administrator has mechanisms in place to ensure that all members receive full PMB benefits without unnecessary delays and unnecessary forms, and without being subjected to unnecessary tests and x-rays requested by the administrator.
Proposer: Mr J Egdes
Seconder: Mr D Cohen

Dr J Broomberg advised that DH followed and applied the instructions, PMB code of conduct and Rules of the Scheme in managing the PMB entitlements of members.

Motion 18 - H Ndlovu (422230400) - accepted
Create separate risk based benefits for dental and optometry visits.
Proposer: Mr M Compagnoni
Seconder: MS E Malefane

Motion 19 - M Jerome (081303120) - accepted
Cover infertility as a Prescribed Minimum Benefit over and above that which is prescribed in Annexure A of the Regulations to the Medical Scheme's Act
Proposer: Ms B Jones
Seconder: Mr N Vaughan

The motions were all voted on by ballot.

9 The meeting adjourned for a 10 minute comfort break and resumed at 15:55

10 General

There were no other matters discussed under this item.

Mr Compagnoni expressed a vote of appreciation to the Board of Trustees for the democratic process adopted with the trustee elections. He also thanked the Chair for the manner in which he conducted the proceedings. He noted that this was a display of "democracy in action".

11 Closing

The meeting closed at 16h00 with no further business for the day.

Confirmed a reasonable reflection of the discussions at the meeting.

_____ _____

Chairman Date