

# MINUTES OF A MEETING

## Forty sixth Annual General Meeting

**DATE / TIME:** Wednesday, 20 May 2015 at 10:00  
**LOCATION:** Auditorium, 18<sup>th</sup> Floor, 55 Marshall Street, Johannesburg

### PRESENT

#### Trustees

Mr DD Barber  
 Mr MA du Bois

Mrs MR Farrell  
 Mrs CC Elliott  
 Mr D Ghavalas  
 Dr FH Fox  
 Mrs MD Graham  
 Mr GAE Howell  
 Mr PA Laubscher  
 Mr CC Mckie Thomson  
 Mr G Preston

#### Head Office

Mrs FK Robertson  
 Mrs E Gröpp-Els  
 Mrs J Friese  
 Ms Y Landsberg

47 Members of the Scheme

The following proxies were received

Chairman (Member Elected Trustee)  
 Vice Chairman (Employer Appointed Trustee)  
 (Member Elected Trustee)  
 (Employer Appointed Trustee)  
 (Employer Appointed Trustee)  
 (Employer Appointed Trustee)  
 (Member Elected Trustee)  
 (Employer Appointed Trustee)  
 (Member Elected Trustee)  
 (Member Elected Trustee)  
 (Member Elected Trustee)

Principal Officer  
 Scheme and Clinical Manager  
 Communication Manager  
 Scheme Secretary

As per attendance register

46 in favour of the Chairman  
 2 in favour of Mr Philip Laubscher  
 4 in favour of Mr CC Mckie Thomson  
 1 in favour of Mr J Liston  
 3 in favour of Ms S Hosking  
 2 in favour of Mrs M Graham  
 1 in favour of Dr F Fox  
 2 in favour of Mr G Preston

### APOLOGIES

Mr N Mason-Gordon  
 Ms C Demetriou  
 Mr C Murray  
 Dr B Brink  
 Mr D Darke  
 Mr S Johnston

(Employer Appointed Trustee)  
 Scheme Member  
 Scheme Member  
 Scheme Member  
 Scheme Member  
 Discovery Health

### WELCOME AND QUORUM

The Chairman opened the 46<sup>th</sup> Annual General Meeting and, as a quorum was present, declared the meeting duly constituted.

## **NOTICE OF MEETING**

The Notice convening the meeting, as published in the Special Edition of the Medibrief, had been posted to members on 25 March 2015. The Scheme had complied with the Rules by giving members at least 14 days' notice before the date of the meeting. The Chairman proposed that the Notice of Meeting be taken as read.

This was agreed.

## **MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING**

The Minutes of the 45<sup>th</sup> Annual General meeting held on 21 May 2014, handed to members upon arrival and published on the Anglo Medical Scheme website, were confirmed and signed by the Chairman as an accurate record of the proceedings.

## **MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING**

The Chairman noted that although there were no matters arising from the previous minutes, he had undertaken to give an update on the Scheme's current strategy, which he would do at the end of the meeting.

## **REPORT OF THE BOARD OF TRUSTEES AND OF THE AUDITORS, AND THE FINANCIAL STATEMENT OF ANGLO MEDICAL SCHEME FOR THE YEAR ENDED 31 DECEMBER 2014**

The Chairman stated that a summary of the Annual Financial Statements ("AFS") had been published in the April 2015 special edition of the Medibrief, the full electronic version was available from the Principal Officer on request and a set of the AFS had been handed to members as they entered the auditorium.

The Chairman informed the meeting that the Scheme had performed well during the period under review and had again operated in line with budget, enabling the Board to limit the 2015 contribution increase to 6.5%, a figure significantly below the estimated industry average of 9.2%.

Mr Marius Jacobs, the Financial Manager from Discovery InHouse, took the meeting through the 2014 financial results. He stated that the Trustees confirmed their responsibility and integrity in presenting a fair set of AFS. The Trustees were committed to a culture of Social Corporate Responsibility and to the long term sustainability of the Scheme.

The AFS had been prepared in accordance with International Financial Reporting Standards ("IFRS") and the disclosure requirements by the Council for Medical Schemes ("CMS"). The Scheme had received an unmodified (clean) audit from its Auditors, Deloitte & Touché.

Mr Jacobs noted that the law required Schemes to maintain a 25% solvency ratio and that the restricted Scheme industry solvency ratio average was 38.2%. The Anglo Medical Scheme's solvency ratio was 531% as at December 2014. He reported that the Scheme made a R172 million surplus in 2014.

Factors contributing to the surplus were:

- The lower than expected claims cost on the Managed Care Plan ("MCP");
- Lower than expected claims cost on the Standard Care Plan ("SCP"); and
- Solid investment returns which enabled the Scheme to keep contributions at an acceptable level despite increasing costs.

The Scheme incurred a gross healthcare deficit of R41.7m. The Scheme budgeted an operating deficit annually and ended the period with a net deficit of R83.1 million.

The Scheme continued to contract with third party service providers to ensure that members received the best possible and most cost effective care. Prime Cure catered for members on the Value Care Plan; Netcare 911 provided emergency ambulance services and the Centre for Diabetes and Endocrinology was responsible for diabetes management. Optipharm was responsible for HIV management.

The Scheme's Investment Committee met quarterly to review the investment strategy of maximising the investment returns at an acceptable level of risk. Investments had performed better than both the benchmark and the budget during the period under review.

The Chairman thanked Mr Jacobs and proposed the report of the Board of Trustees, the report of the Auditors and the Financial Statements for the year ended 31 December 2014 as approved by the Board of Trustees on 25 March 2015, be taken as read and adopted.

This was agreed.

## **MEMBERSHIP**

The Chairman noted that during 2014, the total Scheme membership had decreased by 1.7%, ending the period on a count of 9 190 members. The average age of members had increased to 41.9 years, largely as a result of members joining the Scheme remain younger than members leaving the Scheme. The Scheme's average age remained high when compared to the industry average age of 30 years as reported in the CMS 2014 Annual Report.

The Chairman noted that the Scheme's pensioner ratio was almost three times higher than that of the industry and had increased from 24.1% in 2013 to 24.9% at the end of 2014.

The Chairman informed the meeting that, although not a requirement, in terms of good corporate governance, the 2015 Trustee fee increase was 6.5% in line with the Consumer Price Index. Trustees who were employed had their fees paid to the employer and pensioner Trustees received the fees in their personal capacity. The Chairman further informed the meeting that, discussion in the industry concerning best governance regarding the practice relating to the setting of Trustee fees may result in future fee increases being brought to the AGM for pre-approval.

## **BOARD OF TRUSTEES FOR THE ENSUING YEAR**

The Chairman called on the Principal Officer, Mrs Fiona Robertson, to notify the meeting of the changes to the Board of Trustees for the year under review.

The Principal Officer reported that Mr Saleh Mayet had resigned from the position of Employer Trustee and was replaced by Mr Nicholas Mason-Gordon on 31 March 2014. Two employer appointed Alternate Trustees, Mr. Wandisile Mandlana and Mr Johan Troskie both resigned on 31 August 2014.

In terms of Rule 18.1.1, 2015 was the year of the Scheme elections. It was reported that the elections had been completed successfully and the results had been audited by Deloitte and Touché. It was also noted that a list of the new Trustees for the ensuing year had been included in the document pack handed to members upon entering the auditorium.

## **ELECTION OF A DISPUTES COMMITTEE**

The Chairman reported that, in terms of Rule 28.2, a Disputes Committee was required to be elected at each Annual General Meeting.

Members of the Disputes Committee may not be members of the Board of Trustees, members of a Regional Committee, or employees of the administrator or officers of the Scheme.

It was noted that the Disputes Committee had not been required to convene during 2014.

The following nominations had been received for the ensuing year and a short CV on each nominee had been provided in the packs handed to members upon entering the Auditorium:

Clare Demetriou  
Carol Dixon

Gavin Preston  
Lin Sanford

A ballot had been provided and members were requested to place an "X" against the names of the nominees whom they wished to vote for. It was noted that members could vote for no more than 3 people.

The following people were elected to the Disputes Committee for the ensuing year:

Clare Demetriou  
Carol Dixon  
Lin Sanford

The Chairman thanked the outgoing members of the Disputes Committee for availing themselves during their term.

## **AUDITORS**

In terms of good corporate governance, the Scheme had invited proposals from the auditing industry to provide the external audit service to the Scheme. After a rigorous process, the Audit Committee evaluated KPMG to be the most suitable audit partner and recommended the Board appoint them for the 2015/6 year end audit. The Chairman stated that the Board of Trustees had agreed to recommend to the AGM that KPMG be appointed as the Scheme's auditors from the conclusion of this meeting until the conclusion of the next AGM.

This *decision was carried unanimously.*

The Chairman thanked Deloitte for their service to the Scheme during the past year and for the previous 15 years.

## **MATTERS PLACED BEFORE THE PRINCIPAL OFFICER FOR DISCUSSION**

It was noted that there were no matters of a general nature which had been placed before the Principal Officer.

## **CHAIRMAN'S REMARKS**

The Chairman congratulated Discover Health on their first successful year as the Scheme's administrators, acknowledging the amount of work and effort given to ensure the smooth running of the Scheme. He also thanked the members of Management Committee for their diligent input into the Scheme's day to day running and assistance in the strategy formulation.

The Chairman reported on the Scheme Strategy which, over the years, had resulted in the high level of reserves. Following external advice it had been concluded that the Scheme offered better than market benefits, particularly after the 2015 improvements. He reported that the Scheme had made material improvements by removing the hospital benefit limit from the Standard Care Plan and had increased the level of savings on Managed Care Plan. These changes increased the overall cover while the low contribution increases were maintained on both Plans.

The Chairman noted that the superior benefit offering would continue to be considered for members whilst maintaining competitive contribution rates. The R70 million reserves used last year to provide the benefits would escalate as the Scheme's age increased. The Chairman stated that there would be sufficient reserves to maintain this position due to the robust financial position, giving members continued confidence in the future of the Scheme.

## **QUESTIONS RAISED /COMPLIMENTS IN THE MEETING**

No questions were raised, however Mr A. Andrews thanked the Committees and Trustees for their hard work and commitment to enhance the benefits and wished the Trustees all the best for the future.

As the business of the meeting had been dealt with, the Chairman thanked the outgoing Board members, the Scheme's Administrators, Committee members, the Actuaries and the Investment advisors for their assistance during 2014 and all members for attending the Annual General Meeting and declared the meeting closed.

**CONFIRMATION OF MINUTES**

CHAIRMAN: .....

DATE: .....

JOHANNESBURG  
TBA May 2016

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