

RULES FOR DE BEERS BENEFIT SOCIETY
REGISTERED UNDER THE
MEDICAL SCHEMES ACT, 1998 (ACT NO. 131 OF 1998)

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1. NAME

The name of the Scheme is the **DE BEERS BENEFIT SOCIETY**, hereinafter referred to as the "SOCIETY".

2. LEGAL PERSONA

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

3. REGISTERED OFFICE

The registered office of the SOCIETY is situated at 84 Dutoitspan Road, Kimberley, but the BOARD may transfer such office to any other location in the Republic of South Africa, should circumstances so dictate.

4. DEFINITIONS

In these rules, a word or expression defined in the Medical Schemes Act (Act 131 of 1998) bears the meaning thus assigned to it and, unless inconsistent with the context—

- (a) a word or expression in the masculine gender includes the feminine;
- (b) a word in the singular number includes the plural, and *vice versa*;
- and
- (c) the following expressions have the following meanings:

4.1 "Act",

the Medical Schemes Act (Act No 131 of 1998), and the regulations framed thereunder.

4.2 "Approval",

prior written approval.

4.3 "Area of Operation",

benefits are granted within the Republic of South Africa, Botswana, Namibia, Zambia and Zimbabwe. The area may be extended at the discretion of the BOARD to include Lesotho and Swaziland.

4.4 "Auditor",

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

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 SOCIETY in terms of the ACT and these rules.

4.7 "Child",

a MEMBER's natural child, or a stepchild or legally adopted child or a child who has been placed by a competent authority in the custody of the MEMBER or his SPOUSE or PARTNER or the child born by a MEMBER's natural child, or a stepchild or legally adopted child and who is registered as a DEPENDANT at the time of the birth of such child.

4.8 "Child Dependant",

means a DEPENDENT CHILD, who is under the age of 26.

4.9 "Condition specific waiting period",

a period during which a BENEFICIARY is not entitled to claim benefits in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made.

- 4.10 "Continuation Member",**
 a MEMBER who retains his MEMBERSHIP of the SOCIETY in terms of rule 6.2, rule 6.4 or a DEPENDANT who becomes a MEMBER of the SOCIETY in terms of rule 6.3.
- 4.11 "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 the relevant health service.
- 4.12 "Contribution",**
 in relation to a MEMBER, the amount, exclusive of interest, paid by or in respect of the MEMBER and his registered DEPENDANTS if any, as MEMBERSHIP fees.
- 4.13 "Council",**
 the Council for Medical Schemes as contemplated in the ACT.
- 4.14 "Cost",**
 in relation to a benefit, the net amount payable in respect of a Relevant Health Service.
- 4.15 "Creditable coverage",**
 any period which a LATE JOINER was—
- 4.15.1** a MEMBER or a DEPENDANT of a medical scheme;
 - 4.15.2** a MEMBER or a DEPENDANT of an entity doing the business of a medical scheme which, at the time of his membership of such entity, was exempt from the provisions of the ACT;
 - 4.15.3** 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

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

4.16 "Dependant",

4.16.1 a MEMBER'S SPOUSE or PARTNER who is not a MEMBER or a registered dependant of a MEMBER of a medical scheme;

4.16.2 a MEMBER'S CHILD who is dependent on the member and is not a member or a registered dependant of a member of a medical scheme;

4.16.3 a member of the Member's immediate family for whom the member is liable for family care and support;

4.16.4 the ex-spouse of a Member who became a Member of the Society as a result of the transfer of De Beers employees from the Anglo American Corporation Medical Scheme (AACMED) to the Society in 2002 and who was registered as a dependant of such Member in terms of the Rules of AACMED.

4.17 "Dependent Child",

4.17.1 a child under the age of 21; or

4.17.2 a child over the age of 21 but under the age of 26 who is not in receipt of a regular income of more than R2 500,00 per month; or

4.17.3 a child over the age of 21 who, due to a mental or physical disability, is dependent upon the Member.

4.18 "Employee",

a person in the employment of an Employer or Associated Employers.

4.19 "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.

4.20 "Domicillium 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 therefrom, may be validly delivered and served.

4.21 "Emergency medical condition",

the sudden and, at the time, unexpected onset of a health condition that required 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.

4.22 "Employer",

De Beers Group Services (Proprietary) Limited.

4.23 "Associated Employers ",

De Beers Consolidated Mines Ltd., DTC South Africa, DTC Valuations Namibia (Pty.) Ltd., De Beers Benefit Society, De Beers Marine (Pty.) Ltd., De Beers Namibia (Pty) Ltd., De Beers Marine Namibia (Pty.) Ltd., De Beers Pension Fund, Debswana Diamond Company (Pty.) Ltd., Namdeb Diamond Corporation (Pty.) Ltd., Petra Diamonds Ltd. and any other company, organisation or affiliate that has a specific association or relationship with the "EMPLOYER or ASSOCIATED EMPLOYERS", approved as such by the "EMPLOYER or ASSOCIATED EMPLOYERS", with or without any restriction on MEMBERSHIP as the "EMPLOYER or ASSOCIATED EMPLOYERS" may impose.

- 4.24 "General waiting period",**
a period in which a BENEFICIARY is not entitled to claim any benefits.
- 4.25 "Immediate Family"**
a Member's parent (including an adoptive parent), brother and sister.
- 4.26 "Income",**
for the purposes of calculating CONTRIBUTIONS in respect of —
- 4.26.1** a MEMBER who is an EMPLOYEE - gross monthly basic salary or the benefit value of the Member's total remuneration package as determined by that Member's employer and incorporated into such Member's conditions of employment;
- 4.26.2** a MEMBER who registers a SPOUSE or PARTNER, who is also an employee of the employer, as a DEPENDANT — the higher of the MEMBER's or SPOUSE's or PARTNER's basic salary or the benefit value of the MEMBER's or SPOUSE's or PARTNER's total remuneration package as determined by that MEMBER's or SPOUSE's or PARTNER's employer and incorporated into such MEMBER's or SPOUSE's or PARTNER's conditions of employment;
- 4.26.3** a CONTINUATION MEMBER -
- 4.26.3.1** who retired on or before 31 December 1996, gross monthly earnings;
- 4.26.3.2** who retired on or after 1 January 1997 but before 1 January 2000, the MEMBER's last gross monthly basic salary received from the EMPLOYER or ASSOCIATED EMPLOYERS

immediately prior to becoming eligible for CONTINUATION MEMBERSHIP;

4.26.3.3 who retired or was retrenched after 31 December 1999, the category of INCOME on Annexure "A" in which the MEMBER was categorised immediately prior to becoming eligible for CONTINUATION MEMBERSHIP.

4.27 "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 3 consecutive months since 1 April 2001.

4.28 "Member",

any person who is admitted as a MEMBER of the SOCIETY in terms of these rules, membership shall have a corresponding meaning;

4.29 "Member family",

the MEMBER and all the registered DEPENDANTS;

4.30 "Mining areas",

Alexander Bay; Cullinan and the adjacent area of Zonderwater, Rayton and Refilwe; Danielskuil; Jwaneng; Kimberley; Koffiefontein; Kleinzee and areas controlled by Namaqualand Mines; Lime Acres; Messina; Oranjemund and areas controlled by Namdeb Diamond Corporation (Pty) Ltd.; Orapa and Letlhakane.

4.31 "National Health Reference Price List (NHRPL)",

the reference price list for health services published by the COUNCIL for Medical Schemes.

4.32 "Partner",

a person with whom the MEMBER has a committed and serious relationship akin to a marriage based on objective criteria of mutual dependency and a shared and common household, irrespective of the gender of either party.

4.33 "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;

4.34 "Prescribed minimum benefits",

the benefits contemplated in section 29(1) (o) of the ACT and consistent with 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.

4.35 "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.

4.36 "Registrar",

the REGISTRAR or Deputy REGISTRAR/s of Medical Schemes appointed in terms of Section 18 of the ACT.

4.37 "Scheme rate",

the reimbursement rate negotiated with service providers. Where no such rate exists, the National Health Reference Price List will apply.

4.38 "Social pension",

the appropriate maximum basic SOCIAL PENSION prescribed by regulations promulgated in terms of the Social Assistance Act, 1992 (Act No. 59 of 1992).

4.39 "Spouse",

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

5. OBJECTS

The objects of the SOCIETY 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 SOCIETY 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 SOCIETY,

within the AREA OF OPERATION of the SOCIETY.

6. MEMBERSHIP

6.1 Eligibility

Subject to rule 8, MEMBERSHIP of the SOCIETY is restricted to:

Employment and former employment as provided for hereunder, with the EMPLOYER or ASSOCIATED EMPLOYERS or their successors in title as defined in these rules, and is either voluntary or compulsory dependent on the EMPLOYEE's conditions of employment and may include participants on the EMPLOYER OR ASSOCIATED EMPLOYER's bursary scheme.

6.2 Retirees

6.2.1 A MEMBER shall retain his MEMBERSHIP of the SOCIETY with his registered DEPENDANTS, if any, in the event of his retiring from the service of his EMPLOYER or ASSOCIATED EMPLOYER or his employment being terminated by his EMPLOYER or ASSOCIATED EMPLOYER on account of age, ill-health or other disability.

6.2.2 The SOCIETY shall inform the MEMBER of his right to continue his MEMBERSHIP and of the CONTRIBUTION payable from the date of retirement or termination of his employment. Unless such MEMBER informs the BOARD in writing of his desire to terminate his MEMBERSHIP, he shall continue to be a MEMBER.

6.3 Dependants of deceased Members

6.3.1 The DEPENDANTS of a deceased MEMBER who are registered with the SOCIETY as his DEPENDANTS at the time of such MEMBER's death, shall be entitled to MEMBERSHIP of the SOCIETY without any new restrictions, limitations or waiting periods.

6.3.2 The SOCIETY shall inform the DEPENDANT of his right to MEMBERSHIP and of the CONTRIBUTIONS payable in respect thereof. Unless such person informs the BOARD in writing of his intention not to become a MEMBER, he shall be admitted as a MEMBER of the SOCIETY.

6.3.3 Such a MEMBER's MEMBERSHIP terminates if he becomes a member or a dependant of a member of another medical scheme.

6.3.4 Where a CHILD DEPENDANT/s has been orphaned, the youngest CHILD may be deemed to be the MEMBER, and any older siblings, the CHILD DEPENDANT/s.

6.4 Retrenchment

A MEMBER who is retrenched from the services of the EMPLOYER or Associated Employer may continue MEMBERSHIP of the SOCIETY, provided;

6.4.1 the MEMBER is not entitled to MEMBERSHIP of another medical scheme by virtue of his employment; and

6.4.2 the Society is entitled to terminate the membership of such member should it become aware that he has secured permanent employment with any employer other than the EMPLOYER or ASSOCIATED EMPLOYERS.

7. REGISTRATION AND DE-REGISTRATION 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 new born or newly adopted CHILD within three months of the date of birth or adoption of the CHILD, such CHILD shall thereupon be registered by the SOCIETY as a DEPENDANT. Increased CONTRIBUTIONS and benefits will be due or accrue respectively as from the date of birth or adoption.

7.1.3 If a MEMBER who marries subsequent to joining the SOCIETY, applies within three months of the date of such marriage to register his SPOUSE as a DEPENDANT, his SPOUSE shall thereupon be registered by the SOCIETY as a DEPENDANT. Increased CONTRIBUTIONS and benefits will be due or accrue respectively as from the date of marriage.

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 7.1.1 to 7.1.3, the MEMBER may apply to the SOCIETY 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 SOCIETY within 30 days of the occurrence of any event that 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 may be a MEMBER of more than one medical scheme or a DEPENDANT:

8.2 1 of more than one MEMBER of a particular medical scheme; or

8.2.2 of MEMBERS of different medical schemes or;

8.2.3 claim or accept benefits in respect of himself or any of his DEPENDANTS from any medical scheme in relation to which he is not a MEMBER.

8.3 Prospective MEMBERS shall, prior to admission, complete and submit the application forms required by the SOCIETY, together with satisfactory evidence in respect of himself and his DEPENDANTS, of age, INCOME, state of his health and of any prior membership or admission as dependant of any other medical scheme. The SOCIETY may require an applicant to provide the SOCIETY with a medical report in respect of any proposed BENEFICIARY in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made.

8.4 **Waiting periods**

8.4.1 The SOCIETY 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 SOCIETY may impose upon any person in respect of whom an application is made for membership or

admission as a DEPENDANT, and who was previously a BENEFICIARY of a medical scheme for a continuous period of up to 24 months, terminating less than 90 days immediately prior to the date of application –

8.4.2.1 a CONDITION SPECIFIC WAITING PERIOD of up to 12 months, except in respect of any treatment or diagnostic procedures covered within the prescribed MINIMUM BENEFITS;

8.4.2.2 in respect of any person contemplated in this 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 SOCIETY 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 3 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 an 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 year.

Where the former medical scheme had imposed A GENERAL or CONDITION SPECIFIC WAITING PERIOD in respect of persons referred to in this rule, and such waiting period had not expired at the time of termination of membership, the SOCIETY may impose such waiting period for the unexpired duration of a waiting period imposed by the former scheme.

8.5.2 a child DEPENDANT born during the period of membership.

8.6 Every MEMBER will, on admission to MEMBERSHIP, receive a detailed summary of these rules, which shall include CONTRIBUTIONS, benefits, limitations, the MEMBER's rights and obligations. MEMBERS and their DEPENDANTS, and any person who claims any benefit under these rules or whose claim is derived from a person so claiming are bound by these rules as amended from time to time

8.7 A MEMBER may not cede, transfer, pledge or hypothecate or make over to any third party any claim, or part of a claim or any

right to a benefit which he may have against the SOCIETY. The SOCIETY 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.

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 the SOCIETY, the BOARD will admit as a MEMBER, without a waiting period, any member of such first-mentioned scheme who is a CONTINUATION MEMBER by virtue of his past employment by the particular employer and admit any person who has been a registered DEPENDANT of such member, as a DEPENDANT.

10. MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP

10.1 Every MEMBER shall be furnished with a membership card, containing such particulars as may be prescribed. This card must be exhibited to the supplier of a service on request. It remains the property of the SOCIETY and must be returned to the SOCIETY on termination of MEMBERSHIP.

10.2 The utilisation of a MEMBERSHIP card by any person other than the MEMBER or his registered DEPENDANTS, with the knowledge or consent of the MEMBER or his DEPENDANTS is not permitted and is construed as an abuse of the privileges of MEMBERSHIP of the SOCIETY.

10.3 On termination of MEMBERSHIP or on de-registration of a DEPENDANT, the SOCIETY must, within 30 days of such termination, furnish such person with a certificate of MEMBERSHIP and cover, containing such particulars as may be prescribed.

11. CHANGE OF ADDRESS OF MEMBER

A MEMBER must notify the SOCIETY within 30 days of any change of address including his *domicilium citandi et executandi*. The SOCIETY 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, who in terms of his conditions of employment is required to be a MEMBER of the SOCIETY, may not terminate his MEMBERSHIP while he remains an EMPLOYEE without the prior written consent of his EMPLOYER or ASSOCIATED EMPLOYER.

12.1.2 A MEMBER who resigns from the service of the EMPLOYER or ASSOCIATED EMPLOYER shall, on the last calendar day of the termination month, 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

The EMPLOYER or ASSOCIATED EMPLOYERS may terminate their participation with the SOCIETY on giving one months written notice.

A MEMBER, who is not required in terms of his conditions of

employment to be a MEMBER, may terminate his MEMBERSHIP of the SOCIETY on giving one months' written notice. All rights to benefits cease after the last calendar day of the notice month.

12.3 Death

MEMBERSHIP of a MEMBER terminates on his death.

12.4 Failure to pay amounts due to the Society

If a MEMBER fails to pay amounts due to the SOCIETY, his MEMBERSHIP may be terminated as provided in these rules.

12.5 Abuse of privileges, False claims, Misrepresentation and Non-disclosure of Factual information

The BOARD may exclude from benefits or terminate the MEMBERSHIP of a MEMBER or DEPENDANT whom the BOARD finds guilty of abusing the benefits and privileges of the SOCIETY by presenting false claims or making a material misrepresentation or non-disclosure of factual information. In such event he may be required by the BOARD to refund to the SOCIETY any sum which, but for his abuse of the benefits or privileges of the SOCIETY, would not have been disbursed on his behalf.

13. CONTRIBUTIONS

13.1 The total monthly CONTRIBUTIONS payable to the SOCIETY by or in respect of a MEMBER are as stipulated in Annexure A hereto.

13.2 CONTRIBUTIONS shall be due monthly in advance and be payable by not later than the 3rd day of each month. Where CONTRIBUTIONS or any other debt owing to the SOCIETY, have not been paid within thirty (30) days of the due date, the SOCIETY shall have the right —

13.2.1 to suspend all benefit payments which have accrued to such MEMBER irrespective of when the claim for such benefit arose;

13.2.2 to give the MEMBER at his *domicilium citandi et executandi* and/or EMPLOYER or ASSOCIATED EMPLOYERS written notice that if CONTRIBUTIONS or such other debts are not paid up to date within fourteen (14) days of such notice, MEMBERSHIP shall be cancelled.

A notice sent by prepaid registered post to the MEMBER at his *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 application form shall be deemed to be his *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 SOCIETY to levy a reasonable fee to cover any expenses associated with the default and to recover interest at the prime overdraft rate of the SOCIETY'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 SOCIETY.
- 13.4** 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.

14. LIABILITIES OF EMPLOYER AND MEMBER

- 14.1** The liability of the EMPLOYER or ASSOCIATED EMPLOYERS towards the SOCIETY is limited to any amounts payable in terms of any agreement between the EMPLOYER or ASSOCIATED EMPLOYERS and the SOCIETY.
- 14.2** The liability of a MEMBER to the scheme is limited to the amount of his unpaid CONTRIBUTIONS together with any sum disbursed by the SOCIETY on his behalf or on behalf of his DEPENDANTS, which has not been repaid to the SOCIETY.
- 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 SOCIETY and recoverable by it.

15. CLAIMS PROCEDURE

15.1 Every claim submitted to the SOCIETY 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.

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

- (a) The name and the MEMBERSHIP number of the MEMBER;
- (b) The name 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 as correct and must be submitted to the SOCIETY not later than the last day of the fourth month following the month in which the service was rendered.

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 from the MEMBER, setting out particulars of the circumstances in which the injury or accident was sustained.

15.5 Where the SOCIETY is of the opinion that an account, statement or claim is erroneous or unacceptable for payment, the SOCIETY shall notify the MEMBER or the health care provider, whichever is applicable, accordingly within 30 days after receipt thereof. The SOCIETY shall state the reasons why such claim is erroneous or unacceptable and afford such MEMBER or provider the opportunity to return such corrected claim to the SOCIETY within sixty days following the date from which it was returned for correction.

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.

16.2 The SOCIETY 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.

16.3 Any benefit in Annexure B covers the cost of services rendered in respect of the PRESCRIBED MINIMUM BENEFITS, in accordance with Appendix 1.

16.4 No limitations or exclusions will be applied to the PRESCRIBED MINIMUM BENEFITS.

16.5 The SOCIETY has excluded certain services from benefits as set out in Annexure C hereto.

16.6 The Board shall not authorise payment for services other than those provided for in these rules but may, in its absolute discretion and on such terms and conditions as it may determine, make ex-gratia payments.

17. PAYMENT OF ACCOUNTS

- 17.1** The SOCIETY may pay the full amount claimed by a supplier of services direct to that supplier and then recover the difference between the amount so paid and the benefit entitlement from the MEMBER.
- 17.2** The SOCIETY 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.
- 17.3** Where the SOCIETY 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 SOCIETY.
- 17.4** Notwithstanding the provisions of this rule, the SOCIETY has the right to pay any benefit directly to the MEMBER concerned.

18. GOVERNANCE

- 18.1** The affairs of the SOCIETY must be managed according to these rules by a BOARD consisting of at least eight persons who are fit and proper to be trustees.
- 18.2** At least half of such trustees must be elected by MEMBERS from amongst MEMBERS to serve terms of office of three years each and the EMPLOYER shall appoint the remaining TRUSTEES at its sole discretion.
- 18.3** The following persons are not eligible to serve as members of the BOARD:
- 18.3.1** a person under the age of 21 years;
 - 18.3.2** an employee of the Society;
 - 18.3.3** the principal officer of the SOCIETY; and
 - 18.3.4** the AUDITOR of the SOCIETY.
- 18.4** Retiring members of the Board, who were elected by members, are eligible for re-election provided no person shall serve more than a total of three terms.
- 18.5** Nominations of member elected Trustees to the BOARD must be signed by the candidate signifying his consent to stand for election, must be submitted to the SOCIETY by 15 November each election year and a general election must be held by the MEMBERS.
- 18.6** The BOARD may fill by appointment by the remaining members of the BOARD, any casual vacancy, which occurs during its term of office by

the candidate obtaining the next highest number of votes in the region for which the vacancy occurred. A person so appointed must fill the vacancy for the unexpired period of office of the vacating member of the BOARD;

- 18.7** The BOARD may co-opt a knowledgeable person to assist it in its deliberations provided that such person shall not have a vote.
- 18.8** 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.
- 18.9** Half of the members of the BOARD plus one is a quorum at meetings of the BOARD.
- 18.10** The BOARD shall elect the chairperson and vice-chairperson of the BOARD.
- 18.11** In the absence of the chairperson and vice-chairperson, the BOARD members present must elect one of their numbers to preside.
- 18.12** Matters serving before the BOARD must be decided by a majority vote and the chairperson shall not have a casting vote in addition to his deliberative vote.
- 18.13** A member of the BOARD may resign at any time by giving written notice to the BOARD.
- 18.14** A member of the BOARD ceases to hold office if —
- 18.14.1** he becomes mentally ill or incapable of managing his affairs;

- 18.14.2** he is declared insolvent or has surrendered his estate for the benefit of his creditors;
- 18.14.3** he is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering of a forged document or perjury;
- 18.14.4** he is removed by the court from any office of trust on account of misconduct;
- 18.14.5** he is disqualified under any law from carrying on his profession;
- 18.14.6** he ceases to be an appointee by the EMPLOYER, or being a BOARD member elected by MEMBERS of the SOCIETY, he ceases to be a MEMBER of the SOCIETY;
- 18.14.7** he absents himself from three consecutive meetings of the BOARD without the permission of the chairperson; or
- 18.14.8** he is removed from office by the COUNCIL in terms of Section 46 of the ACT.
- 18.14.9** The provisions of rules 18.14.1 – 18.14.5 apply *mutatis mutandis* to the principal officer.
- 18.15** The BOARD must meet at least once every three months or at such intervals as it may deem necessary.
- 18.16** The chairperson may convene a special meeting should the necessity arise. Any three members of the BOARD may request the chairperson to convene a special meeting of the BOARD, stating the matters to be discussed at such meeting.

18.17 Members of the BOARD may be reimbursed for all reasonable expenses incurred by them in the performance of their duties as trustees.

18.18 Members of the BOARD who have been elected by the MEMBERS and who have retired on pension may be remunerated as determined from time to time at the annual general meeting.

19. DUTIES OF BOARD OF TRUSTEES

19.1 The BOARD is responsible for the proper and sound management of the SOCIETY, in terms of these rules.

19.2 The BOARD must act with due care, diligence, skill and in good faith.

19.3 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.

19.4 The BOARD must apply sound business principles and ensure the financial soundness of the SOCIETY.

19.5 The BOARD shall 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 SOCIETY, and shall determine the terms and conditions of service of the principal officer and of any person employed by the SOCIETY.

19.6 The chairperson must preside over meetings of the BOARD and ensure due and proper conduct at meetings.

19.7 The BOARD must cause to be kept such minutes, accounts, entries, registers and records as are essential for the proper functioning of the SOCIETY.

- 19.8** The BOARD must ensure that proper control systems are employed by and on behalf of the SOCIETY.
- 19.9** 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.
- 19.10** The BOARD must take all reasonable steps to ensure that CONTRIBUTIONS are paid timeously to the SOCIETY in accordance with the ACT and the rules.
- 19.11** The BOARD must take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance.
- 19.12** The BOARD must 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.
- 19.13** The BOARD must ensure that the rules and the operation and administration of the SOCIETY comply with the provisions of the ACT and all other applicable laws.
- 19.14** The BOARD must take all reasonable steps to protect the confidentiality of medical records concerning any MEMBER or DEPENDANT's state of health.
- 19.15** The BOARD must approve all disbursements.
- 19.16** The BOARD must cause to be kept in safe custody, in a safe or strong room at the registered office of the SOCIETY or with any financial institution approved by the BOARD, any mortgage bond, title deed or other security belonging to or held by the SOCIETY, except when in the temporary custody of another person for the purposes of the

SOCIETY.

19.17 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 SOCIETY.

19.18 The BOARD shall disclose annually in writing to the REGISTRAR, any payment or considerations made to them in that particular year by the SOCIETY.

20. POWERS OF BOARD

The BOARD has the power —

20.1 to cause the termination of the services of any employee of the SOCIETY's staff;

20.2 to take all necessary steps and to sign and execute all necessary documents to ensure and secure the due fulfillment of the SOCIETY's obligations.

20.3 to delegate any of its powers and duties to another person including, but not limited to —

20.3.1 a sub-committee of the BOARD comprising one or more members of the Board and such other persons, as the BOARD may decide;

20.3.2 an expert;

20.3.3 an employee of the SOCIETY;

20.3.4 a service provider including, but not limited to an administrator, asset manager and an investment consultant,

on the conditions that –

20.3.5 no functions which in law are required to be performed by the BOARD itself may be delegated;

20.3.6 the BOARD may impose conditions and limitations on the delegation of any power and/or function to any person;

20.3.7 a decision of the delagee must be recorded in the minutes of the next meeting of the BOARD and will be regarded as a decision of the SOCIETY.

20.3.8 the BOARD will retain full responsibility for any decision by a delagee to whom the BOARD'S decision making powers have been delegated in terms of this rule.

20.4 to appoint a duly accredited administrator on such terms and conditions as it may determine, for the proper execution of the business of the SOCIETY. 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;

20.5 to contract with managed health care organisations subject to the provisions of the ACT and its regulations;

- 20.6** to purchase movable and immovable property for the use of the SOCIETY or otherwise, and to sell it or any of it;
- 20.7** to let or hire movable or immovable property;
- 20.8** to provide administration services to other medical schemes as an accredited third party administrator;
- 20.9** in respect of any monies not immediately required to meet current charges upon the SOCIETY 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;
- 20.10** with the prior APPROVAL of the COUNCIL, to borrow money for the SOCIETY from the SOCIETY'S bankers against the security of the SOCIETY'S assets for the purpose of bridging a temporary shortage;
- 20.11** subject to the provisions of any law, to cause the SOCIETY, whether on its own or in association with any person, to establish or operate any pharmacy, hospital, clinic, maternity home, nursing home, infirmary,
home for aged persons or any similar institution, in the interests of the MEMBERS of the SOCIETY;
- 20.12** to donate to any hospital, clinic, nursing home, maternity home, infirmary or home for aged persons in the interests of all or any of the BENEFICIARIES;
- 20.13** to grant repayable loans to MEMBERS 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;

20.14 to contribute to any fund conducted for the benefit of employees of the SOCIETY;

20.15 to reinsure obligations in terms of the benefits provided for in these rules;

20.16 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 SOCIETY or any document authorising the performance of any act on behalf of the SOCIETY;

20.17 to contribute to any association instituted for the furtherance, encouragement and co-ordination of medical schemes;

20.18 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. DUTIES OF PRINCIPAL OFFICER AND STAFF

21.1 The staff of the SOCIETY must ensure the confidentiality of all information regarding its MEMBERS.

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

21.2.1 the decisions and instructions of the BOARD are executed without unnecessary delay;

21.2.2 where necessary, there is proper and appropriate communication between the SOCIETY and those parties, affected by the decisions and instructions of the BOARD;

21.2.3 he keeps the BOARD sufficiently and timeously informed of the affairs of the SOCIETY which relate to the duties of the BOARD as stated in section 57(4) of the ACT;

21.2.4 he keeps the BOARD sufficiently and timeously informed concerning the affairs of the SOCIETY so as to enable the BOARD to comply with the provisions of section 57(6) of the ACT;

21.2.5 he does not take any decisions concerning the affairs of the SOCIETY without prior authorisation by the BOARD and that he at all times observes the authority of the BOARD in its governance of the SOCIETY.

21.2.6 he acts in the best interests of the members of the scheme at all times.

21.3 The principal officer shall be the accounting officer of the SOCIETY charged with the collection of and accounting for all moneys received and payments authorised by and made on behalf of the SOCIETY.

21.4 The principal officer shall ensure the carrying out of all of his duties as are necessary for the proper execution of the business of the SOCIETY. He shall attend all meetings of the BOARD, general meetings of MEMBERS, and any other duly appointed committee where his attendance may be required, and ensure proper recording of the proceedings of all meetings.

21.5 The principal officer shall be responsible for the supervision of the staff employed by the SOCIETY unless the BOARD decides otherwise.

21.6 The principal officer shall keep full and proper records of all moneys received and expenses incurred by, and of all assets, liabilities and

financial transactions of the SOCIETY.

- 21.7** The principal officer shall prepare annual financial statements and shall ensure compliance with all statutory requirements pertaining thereto.

22. INDEMNIFICATION & FIDELITY GUARANTEE

- 22.1** The BOARD and any officer of the SOCIETY must be indemnified by the SOCIETY against all proceedings, costs and expenses incurred by reason of any claim in connection with the SOCIETY, not arising from their negligence, dishonesty or fraud.

- 22.2** The BOARD must ensure that the SOCIETY is 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 SOCIETY.

23. FINANCIAL YEAR OF THE SOCIETY

The financial year of the SOCIETY extends from the first day of January to the 31st day of December of that year.

24. BANKING ACCOUNT

The SOCIETY must maintain a banking account with a registered commercial bank. All moneys received must be deposited to the credit of such account and 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.

25. AUDITOR AND AUDIT COMMITTEE

25.1 An AUDITOR (who must be approved 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.

25.2 The following persons are not eligible to serve as AUDITOR of the Society –

25.2.1 a member of the Board;

25.2.2 an employee, officer or contractor of the Society;

25.2.3 a person not engaged in public practise as an auditor;

25.2.4 a person who is disqualified from acting as an auditor in terms of the Companies Act, 1973.

25.3 Whenever for any reason an AUDITOR vacates his office prior to the expiration of the period for which he has been appointed, the BOARD must within 30 days appoint another AUDITOR to fill the vacancy for the unexpired period.

25.4 If the MEMBERS of the SOCIETY 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.

25.5 The AUDITOR of the SOCIETY at all times has a right of access to the books, records, accounts, documents and other effects of the SOCIETY, and is entitled to require from the BOARD and the officers of the SOCIETY such information and explanations as he deems

necessary for the performance of his duties.

25.6 The AUDITOR must report to the MEMBERS of the SOCIETY on the accounts examined by him and on the financial statements laid before the SOCIETY in general meeting.

25.7 The BOARD must appoint an audit committee of at least five members of whom at least two must be members of the BOARD.

26. GENERAL MEETINGS

26.1 Annual general meeting

26.1.1 The annual general meeting of MEMBERS must be held not later than 31 May of each year.

26.1.2 The notice convening the annual general meeting, containing the agenda, the annual financial statements, trustee's annual review and auditor's report or at the discretion of the Trustees, a summarised version of the annual financial statements, trustee's annual review together with the auditor's report, must be furnished to MEMBERS at least 21 days before the date of the meeting. The non-receipt of such notice by a MEMBER does not invalidate the proceedings at such meeting.

26.1.3 At least 15 MEMBERS of the SOCIETY present in person constitute 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 must be postponed to a date determined by the BOARD; with notice being reissued in terms of rule 26.1.2 and MEMBERS then present shall constitute a quorum.

26.1.4 The financial statements and reports specified in rule 26.1.2 must be laid before the meeting.

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

26.2 Special general meeting

26.2.1 The BOARD may call a special general meeting of MEMBERS if it is deemed necessary.

26.2.2 On the requisition of at least 15 MEMBERS of the SOCIETY, 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 SOCIETY. Only those matters forming the objects of the meeting may be discussed.

26.2.3 The notice convening the special general meeting, containing the agenda, must be furnished 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 a meeting.

26.2.3 At least 15 MEMBERS present in person constitute a quorum. If a quorum is not present at a special general meeting after the lapse of 30 minutes from the time fixed for the commencement of the meeting, the meeting is regarded as cancelled.

27. VOTING AT MEETINGS

- 27.1** Every MEMBER who is present at a general meeting of the SOCIETY and whose CONTRIBUTION is not in arrears has the right to vote, or may, subject to this rule, appoint another MEMBER of the SOCIETY as proxy to attend, speak and vote in his stead.
- 27.2** 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.
- 27.3** 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, has a casting vote in addition to his deliberative vote.

28. COMPLAINTS AND DISPUTES

- 28.1** MEMBERS may lodge their complaints, in writing, to the SOCIETY. The SOCIETY shall also provide a dedicated telephone number which may be used for dealing with telephonic complaints.
- 28.2** All complaints received in writing will be responded to by the SOCIETY in writing within 30 days of receipt thereof.
- 28.3** A disputes committee of three members, who may not be members of the BOARD, employees of the SOCIETY or officers of the SOCIETY, must be appointed by the BOARD to serve a term of office of 3 years.
- 28.4** Any dispute, which may arise between a MEMBER, prospective MEMBER, former MEMBER or a person claiming by virtue of such MEMBER and the SOCIETY or an officer of the SOCIETY, must be referred by the principal officer to the disputes committee for adjudication.

- 28.5** On receipt of a dispute in terms of this rule, the principal officer must convene a meeting 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.
- 28.6** The disputes committee may determine the procedure to be followed.
- 28.7** The parties to any dispute have the right to be heard at the proceedings, either in person or through a representative.
- 28.8** 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 COUNCIL and shall be furnished to the REGISTRAR not later than three months after the date on which the decision concerned was made.
- 28.9** A MEMBER may appeal to the COUNCIL against a decision of a review panel established in terms of Chapter 5 of the regulations to the ACT.

29. TERMINATION OR DISSOLUTION

- 29.1** The SOCIETY may be dissolved by order of a competent court or by voluntary dissolution.
- 29.2** MEMBERS in general meeting may decide that the SOCIETY must be dissolved, in which event the BOARD must arrange for MEMBERS to decide by ballot whether the SOCIETY must be liquidated. Unless the majority of MEMBERS decide that the SOCIETY must continue, the SOCIETY must be liquidated in terms of Section 64 of the ACT.
- 29.3** Pursuant to a decision by MEMBERS taken in terms of rule 29.2 the principal officer must, in consultation with the REGISTRAR, furnish 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 winding up, together with a ballot paper.

- 29.4** Every MEMBER must be requested to return his 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 SOCIETY, the BOARD must ensure compliance therewith and appoint, in consultation with the REGISTRAR, a competent person as liquidator.

30. AMALGAMATION AND TRANSFER OF BUSINESS

- 30.1** The SOCIETY may, subject to the provisions of Section 63 of the ACT, amalgamate with, transfer its assets and liabilities to, or take transfer of assets and liabilities of any other medical scheme or person, in which event the BOARD must arrange for MEMBERS to decide by ballot whether the proposed amalgamation should be proceeded with or not.

- 30.2** If at least 50 per cent of the MEMBERS return their ballot papers duly completed and if the majority thereof is in favour of the amalgamation or transfer then, subject to Section 63 of the ACT, the amalgamation or transfer may be concluded.

31. RIGHT TO OBTAIN DOCUMENTS AND INSPECTION OF DOCUMENTS

- 31.1** Any BENEFICIARY must on request and on payment of a fee of R 1,00 per page be supplied by the SOCIETY with a copy of the following documents:

- 31.1.1** The rules of the SOCIETY;

31.1.2 the latest audited financial statements, returns, Trustees reports and auditor's report of the SOCIETY.

31.2 A BENEFICIARY is entitled to inspect free of charge at the registered office of the SOCIETY any document referred to in rule 31.1 and to make extracts therefrom.

32. AMENDMENT OF RULES

32.1 The BOARD is entitled to alter or rescind any rule or annexure or to make any additional rule or annexure.

32.2 No alteration, rescission or addition which affects the objects of the SOCIETY or which increases the rates of CONTRIBUTION or decreases the extent of benefits of the Society by more than twenty percent during 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.

32.3 MEMBERS must be furnished with a copy of such amendment within 30 days 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.

32.4 Notwithstanding the provisions of rule 32.1 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.