



# 2008 Annual Report

A healthy world begins with you.



LIBERTY HEALTH

Medical Scheme

*live well*

# Contents

**The reports and statements set out below comprise the annual financial statements.  
The Board of Trustees hereby presents its report for the year ended 31 December 2008.**

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# Chairman's Report

The year ushered in a number of substantial changes for the Liberty Health Medical Scheme – from a rebranding exercise that aligns the Scheme with the concept of “healthy living in a healthy world” to moving the Scheme’s administration to Liberty Health. The Scheme celebrated its 10th anniversary and we are proud that we continue to offer rich benefits that have stayed abreast of current medical trends and technology without compromising financial stability.

## The Scheme's performance

The last twelve months have been witness to some of the most severe global economic uncertainty seen in decades. In spite of this, the Liberty Health Medical Scheme has achieved a high measure of success in the same period. The adoption of a relatively conservative investment strategy by the Board of Trustees, proved to be a good decision. This, together with the continuation of an astute operating plan put in place three years ago, saw the Scheme finishing the year on a promising operating profit in excess of R48m. Accumulated Funds per Regulation 9 increased from R190 996 000 to a healthy R239 255 000.

As a consequence, Scheme reserves are in a significantly better state than they were a year ago at 22,8% from 21%. Liberty Health Medical Scheme is in a strong position to meet its 2010 target for a solvency ratio of 25%, as required by legislation.

Membership of the Scheme grew from 46 485 in December 2007 to 48 355 in December 2008 representing an annual growth of 4.5%. This is pleasing and interpreted as an endorsement of the Scheme’s benefit structure, service levels and price. Liberty Health Medical Scheme is however putting increased effort in the area of retention, which is a problem across most schemes.

## Governance of the Scheme

Good governance has been a hallmark of the Liberty Health Medical Scheme since its inception. The function of being a Trustee is becoming increasingly difficult in an industry which is highly regulated and an ever increasing level of responsibility is being placed on the Board of Trustees individually and as a whole. It is for this reason, that the Committee structure has been bolstered, to ensure the governance aspects and day to day running of the Scheme are monitored on a non executive level.

The following is a list of the official committees of the Scheme:

Amalgamation Committee, Audit and Remuneration Committee, Clinical Risk Committee, Ex Gratia Committee, Finance Committee, Operations Committee, Product Committee and Sales, Marketing and Communications Committee.

## Change in administration

The Scheme’s administration and managed care contracts came up for renewal at the end of 2008. It was incumbent on the Board of Trustees to review these contracts and consider possible partners, based on the criteria, of brand, system stability and capacity, distribution, cost, experience, financial soundness, membership retention and growth. As a result of these investigations the Liberty Health Medical Scheme administration and managed care services were transferred from Medscheme to Liberty Health on 1 November 2008 by mutual consent. Our submission to the registrar’s office in terms of Section 43 of the Medical Scheme Act was accepted by the regulator and the “all clear” was given for the administration migration.

Unfortunately any data transfer and administration change of this magnitude, can pose a number of challenges but we are happy to report that our administration and managed care providers are now coming into their own to deliver cost-effective services that are also efficient and user-friendly.

We deeply apologise to any members, service provider, broker or other partner affected during the move, however we are more than confident that the future benefits to the Scheme members and business partners will supercede any short term inconvenience experienced.

## The future

The trustees of the Liberty Health Medical Scheme are optimistic about the Scheme’s future. Our balance sheet is in good order with figures on an upward trajectory, while the increase in membership is very encouraging. The Scheme’s product offerings are amongst the most extensive in the industry and, by virtue of a gradual process of market segmentation, we are offering our clients products that become an ever-closer match to their changing healthcare funding needs.

Liberty Health Medical Scheme prides itself on its record of delivering optimum cover for our member's contributions and for consistently providing our members with the benefits they expect, if and when they should need them.

### **Annual General Meeting**

We continually strive to communicate with the broader membership in the most effectual, cost effective manner. The Scheme has attempted over the last three years to encourage more member participation and attendance at AGM's. It continues to be a difficult focal point and this year a more electronic form of communication with more reach will be attempted to reach more members. This is also in line with the rules and the Medical Scheme's Act.

The AGM has taken place in Johannesburg for the last 10 years since this is where the administrator was based. Although a quorum is achieved, unfortunately the turnout has not always been up to expectations. After considering numerous factors, including ensuring it doesn't add additional costs to the Scheme, the trustees have decided to hold the AGM in Cape Town this year. Not only is our new administrator based in Cape Town, but it will give our members in the Cape Town area the opportunity to attend an AGM locally for the first time. It will also give them the opportunity to address any administration issues with the administrator directly.

The relevant forms are attached and I ask that you participate where you can.

All the best of health,

A handwritten signature in black ink, appearing to be 'Larry Jacques', written in a cursive style.

Larry Jacques

Liberty Health Medical Scheme Chairman.

# Notice of the Eleventh Annual General Meeting

Notice is hereby given of the Eleventh Annual General Meeting of the Liberty Health Medical Scheme. Should you wish to attend, the details are as follows:

Date: Thursday 25 June 2009

Time: 14h00

Venue: Southern Sun

7 Main Road

Newlands

Cape Town

## Agenda

1. Welcome and Quorum.
2. Approval of the minutes of the previous annual general meeting.
3. To receive and adopt the audited financial statements for the year ended 31 December 2008, together with the reports of the Trustees and the Auditors.
4. Election and appointment of Trustees.  
In terms of Rule 18.1.1, Messrs L Smith, M Garland, D Pienaar and Ms. C Kinsman are required to retire at the Annual General Meeting. The election to fill four Trustee vacancies to serve for a three-year term will take place at the Annual General Meeting. Nominations will close on 22 June 2009.
5. Appointment of the auditors of the Scheme for the ensuing year.
6. General.  
Please notify the Executive Principal Officer of any motions at least seven days prior to the meeting (by Thursday 18 June 2009). Notices of motions may be sent by post to:  
Mr Andrew Edwards, Private Bag X10, Florida Hills, 1716.  
Alternatively, these may be faxed to 011 669 7817.

By order of the Board of Trustees

Liberty Health Medical Scheme

## Proxies

Each member is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy (who must be a member of the Scheme) to attend, speak and vote in the member's stead.

The form of Proxy for the Annual General Meeting, which sets out the relevant instructions for its completion, is attached hereto for the convenience of any member who cannot attend the meeting but who wishes to be represented thereat.

In the interest of economy ABRIDGED FINANCIAL STATEMENTS are not included with this notice. Should you wish to receive a copy of the 2008 Annual General Meeting Report, please contact the contact centre on 0860 002 163 or download it on [www.libmed.co.za](http://www.libmed.co.za).

Copies of the report are also available at all walk-in branches.

A set of the FINANCIAL STATEMENTS will be available for inspection at Liberty Health Sandton Twin Towers, East Building, 2nd Floor, corner Maude and 5th street, and are published on the Scheme Website [www.libmed.co.za](http://www.libmed.co.za).

# Report of the Board of Trustees

The Board of Trustees hereby presents its report for the year ended 31 December 2008.

Registration Number: 395

## 1. Description of the Medical Scheme

### 1.1 Terms of registration

The Liberty Health Medical Scheme is an open Medical Scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended. With effect from 1 January 2008, the Scheme changed its name to Liberty Health Medical Scheme.

### 1.2 Benefit options within the Liberty Health Medical Scheme

The Scheme offers eight benefit options to employers and members of the public. These are Platinum Complete, Platinum Plus, Platinum Focus, Gold Complete, Gold Plus, Gold Focus, Silver Corporate Network & Silver Focus.

### 1.3 Savings facility

In order to provide a facility for Medical Scheme members to set funds aside to meet future healthcare costs not covered in the benefit options, the Trustees have made the savings plan options available to meet this objective.

The Platinum Complete, Platinum Plus, Gold Complete and Gold Plus options allow members the facility to pay a fixed sum, up to a maximum of 20% of their gross contributions, into a savings account, so as to help pay the members' portion of healthcare costs, up to a prescribed threshold.

Unexpended savings amounts are accumulated for the long-term benefit of the member and interest is paid on the balances at the rate specified in the rules. Interest is charged on savings advanced to members, as per the rules of the Scheme and the Act.

The liability to the members in respect of the member's savings plan is reflected as a financial liability in the financial statements, repayable in terms of Regulation 10 of the Act.

In terms of the rules of the Medical Scheme, the Medical Scheme carries the risk related to the savings accounts, which effectively means that bad debt arising from savings advances is carried by the Scheme.

### 1.4 Risk transfer arrangements

The Scheme entered into a capitation agreement with Netcare 911 (Pty) Ltd to provide services for the duration of the year. The services provided include emergency medical assistance and emergency medical response or transport.

The Scheme entered into a capitation agreement with Primecure Health (Pty) Ltd to pay all claims relating to the Silver Corporate Network Option.

## 2. Management

### 2.1 Board of Trustees in office during the year under review:

			Fees (R'000)	Conferences, travelling, accommodation (R'000)
Mr LA Jacques (Chairman)	Member Trustee		656	136
Mr KS Haarhoff (Vice Chairman)	Member Trustee		321	6
Mr RM Garland	Member Trustee		242	8
Mr JJ Geldenhuys	Employer Trustee	Resigned 31 August 2008	152	4
Ms CM Kinsman	Member Trustee		281	13
Ms D Kotzen	Employer Trustee		177	11
Mr L Smith	Employer Trustee		284	8

At least half of the Trustees must be elected by members from amongst members at an annual general meeting to serve terms of office of three years each. The remaining members shall be elected at the annual general meeting from nominees of participating employers. The Trustees act in a non-executive capacity.

## 2.2 Finance Committee:

The members of the Finance Committee were as follows:

Chairman: Mr L Smith – AIAC (Man), AICB  
Trustee: Mr RM Garland  
Trustee: Mr LA Jacques

The Finance Committee meets monthly and is mandated to review the management accounts of the Scheme and to monitor investments.

## 2.3 Ex Gratia Committee:

The members of the Ex Gratia Committee were as follows:

Chairman: Mr JJ Geldenhuys (Resigned 31 August 2008)  
Trustee: Mr KS Haarhoff  
Trustee: Ms CM Kinsman (Appointed as chairman 1 September 2008)  
Trustee: Mr LA Jacques (Appointed 1 September 2008)

The Ex Gratia Committee meets regularly and is mandated to review ex gratia requests from members.

## 2.4 Sales, Marketing and Communications Committee:

The members of the Sales, Marketing and Communication Committee were as follows:

Chairman: Mr LA Jacques  
Trustee: Ms D Kotzen  
Trustee: Ms CM Kinsman (Appointed 1 February 2008)

The Sales, Marketing and Communications Committee meets monthly and is mandated to define and implement the Scheme's marketing strategy.

## 2.5 Product Committee:

The members of the Product Committee were as follows:

Chairman: Mr L Jacques  
Trustee: Ms D Kotzen

The Product Committee meets monthly and is mandated to review and enhance the Scheme's products.

## 2.6 Operations Committee:

The members of the Operations Committee were as follows:

Chairman: Mr KS Haarhoff (Appointed 1 September)  
Trustee: Mr JJ Geldenhuys (Resigned 31 August 2008)  
Trustee: Ms CM Kinsman

The Operations Committee meets monthly and is mandated to monitor the Scheme's operations and communications.

## 2.7 Clinical Risk Committee:

The members of the Clinical Risk Committee were as follows:

Chairman: Mr LA Jacques  
Trustee: Ms CM Kinsman (Appointed 1 February 2008)

The Clinical Risk Committee meets regularly and is mandated to monitor the Scheme's clinical risk.

## 2.8 Amalgamations and Mergers Committee:

The members of the Amalgamations and Mergers Committee were as follows:

Chairman: Mr LA Jacques  
Trustee: Mr RM Garland  
Trustee: Mr KS Haarhoff  
Trustee: Mr L Smith

The Amalgamations and Mergers Committee meets on an ad hoc basis and is mandated to explore potential amalgamation and merger opportunities.

## 2.9 Executive Principal Officer

Mr AC Edwards  
Private Bag X10  
Florida Hills  
1716

### 2.10.1 Registered office address and postal address

VMed Administrators (Pty) Ltd P O Box 44741  
Paramount Place Claremont  
5 Protea Road 7735  
Claremont  
Cape Town  
7700  
Accreditation Number: 45  
(November & December 2008)

### 2.10.2 Registered office address and postal address

Medscheme Holdings (Pty) Ltd P O Box 70344  
10 Muswell Road South Bryanston  
Bryanston 2021  
Accreditation Number: 21

### 2.11.1 Medical Scheme administrator during the year

VMed Administrators (Pty) Ltd P O Box 44741  
Paramount Place Claremont  
5 Protea Road 7735  
Claremont  
Cape Town  
7708  
(November & December 2008)

### 2.11.2 Medical Scheme administrator during the year

Medscheme Holdings (Pty) Ltd P O Box 70344  
10 Muswell Road South Bryanston  
Bryanston 2021  
Accreditation Number: 21

(January - October 2008)  
Medscheme Holdings (Pty) Ltd has been the Schemes administrator since 2004. The Scheme terminated the contract with Medscheme Holdings (Pty) Ltd as at 31 October 2008 and is currently being administered by VMed Administrators (Pty) Ltd, a member of Liberty Health Holdings (Pty) Ltd, part of the Liberty Group Ltd - a registered Financial Services Provider in terms of FAIS (license no. 2409).

### 2.12.1 Investment managers during the year

Stanlib Asset Management Ltd  
(A subsidiary of Liberty Group Ltd)  
17 Melrose Boulevard  
Melrose Arch 2196  
Financial Service Provider Number: 719

### 2.12.2 Investment managers during the year

Medscheme Asset Management (Pty) Ltd  
10 Muswell Road South  
Bryanston  
2021  
Financial Service Provider Number: 594  
(Terminated 31 October 2008)

### 2.13.1 Actuaries

V Medical Solutions (Pty) Ltd  
Paramount Place  
5 Protea Road  
Claremont, Cape Town, 7708  
PO Box 44741, Claremont  
7735  
(Appointed 1 November 2008)

### 2.13.2 Actuaries

Medscheme Health Risk Solutions  
(A division of Medscheme Holdings (Pty) Ltd)  
10 Muswell Road South, Bryanston, 2021  
Private Bag X124  
Bryanston  
2021  
(Terminated 31 October 2008)

### 2.14 Auditors

PricewaterhouseCoopers Inc.  
2 Eglin Road, Sunninghill, 2157  
Private Bag X36, Sunninghill, 2157

## 3. Investment Strategy

The Scheme's investment objectives are to maximize the return on its investments on a medium and long term basis at minimal risk. The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees.

The Scheme's Finance Committee also operates as the Investment committee. The investment mandate of the committee is to ensure that:

- the Scheme remains liquid,
- investments are placed at minimum risk and at the best possible rate of return,
- investments made are in compliance with the Regulations of the Act, and a risk assessment is performed with feedback to the Board of Trustees with recommendations on the risks identified.

The Scheme invested in bonds, cash instruments, property shares and preference shares during 2008. This investment policy is reviewed annually, taking into consideration compliance with the Act, the risk and returns of the various investment instruments and the surplus of funds available. Investment performance is reviewed on a monthly basis.

## 4. Management of Insurance Risk

The primary insurance activity carried out by the Scheme assumes the risk of loss from members and their dependants that are directly subject to the risk. This risk relates to the health of the Scheme members. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The Scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements, and the monitoring of emerging issues.

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses and scenario analyses. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims are greater than expected.

Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the financial statements and there are no terms and conditions of insurance contracts that have a material effect on the amount timing and uncertainty of the Scheme's cash flows.

## Review of the Accounting Period's Activities

### 4.1 Operational statistics

2008	Total	Platinum Complete	Platinum Plus	Platinum Focus	Gold Complete	Gold Plus	Gold Focus	Silver Corporate Network	Silver Focus
Number of members at the end of the accounting period (n)	48,355	9,390	1,949	9,970	2,852	7,685	9,476	4,137	2,896
Number of beneficiaries at the end of the accounting period (n)	103,351	22,328	4,117	22,078	6,762	16,301	19,964	6,702	5,099
Average number of members for the accounting period (n)	46,973	9,415	1,693	9,915	2,901	7,518	9,061	3,236	3,233
Average net contributions per member per month (R)	1,692	2,805	1,697	1,692	2,420	1,316	1,266	732	826
Average net contributions per beneficiary per month (R)	769	1,183	698	760	1,038	607	575	353	524
Average claims incurred per member per month (R)	1,304	2,487	1,105	1,370	1,914	876	898	491	781
Average claims incurred per beneficiary per month (R)	610	1,046	523	619	807	413	426	141	444
Average administration costs per member per month (R)	190	208	201	205	206	204	203	64	159
Average administration costs per beneficiary per month (R)	89	87	95	93	87	96	96	40	91
Average managed care: Management services per member per month (R)	42	46	39	49	46	44	43	4	41
Average accumulated funds per member at 31 December (R)	4,948	4,948	4,948	4,948	4,948	4,948	4,948	4,948	4,948
Beneficiaries per member at 31 December (n)	2.1	2.4	2.1	2.2	2.4	2.1	2.1	1.6	1.8
Net claims as a percentage of net contributions (%)	80	89	76	82	78	69	75	40	85
Managed care: Management services as a percentage of net contributions (%)	3	2	3	3	2	3	4	1	4
Administration expenses as a percentage of net contributions (%)	12	7	14	12	8	16	17	11	17
Pensioner ratio (%)	7	12	3	11	10	4	5	0	2

Note: Averages are calculated using the sum of the 12 month's actual membership divided by 12.

Review of the Accounting Period's Activities, continued

4.1 Operational statistics

2007	Total	Platinum Complete	Platinum Plus	Platinum Focus	Gold Complete	Gold Plus	Gold Focus	Silver Complete	Silver Focus
Number of members at the end of the accounting period (n)	46,485	9,275	1,126	10,107	2,989	7,410	8,722	3,920	2,936
Number of beneficiaries at the end of the accounting period (n)	100,291	22,582	2,404	22,515	7,178	15,689	18,540	6,413	4,970
Average number of members for the accounting period (n)	45,238	9,087	827	10,181	3,023	7,139	8,324	3,987	2,671
Average net contributions per member per month (R)	1,483	2,404	1,435	1,511	2,100	1,146	1,150	695	673
Average net contributions per beneficiary per month (R)	684	990	668	676	870	542	535	421	392
Average claims incurred per member per month (R)	1,227	2,248	1,145	1,189	1,641	820	883	588	572
Average claims incurred per beneficiary per month (R)	566	926	533	532	680	388	411	356	333
Average administration costs per member per month (R)	186	191	191	191	191	192	191	152	152
Average administration costs per beneficiary per month (R)	86	79	90	86	79	91	89	92	89
Average managed care: Management services per member per month (R)	45	46	46	46	46	46	46	37	37
Average accumulated funds per member at 31 December (R)	4,109	4,109	4,109	4,109	4,109	4,109	4,109	4,109	4,109
Beneficiaries per member at 31 December (n)	2	2.4	2.1	2.2	2.4	2.1	2.1	1.6	1.7
Net claims as a percentage of net contributions (%)	83	94	80	79	78	72	77	85	85
Managed care: Management services as a percentage of net contributions (%)	3	2	3	3	2	4	4	5	6
Administration expenses as a percentage of net contributions (%)	13	8	13	13	9	17	17	22	23
Pensioner ratio (%)	8	11	5	10	8	5	7	4	7

Note: Averages are calculated using the sum of the 12 month's actual membership divided by 12.

#### 4.2 Results of operations

The results of the Liberty Health Medical Scheme are set out in the annual financial statements, and the Trustees believe that no further clarification is required.

#### 4.3 Solvency ratio

	2008 R'000	2007 R'000
Total members' funds per balance sheet	248,146	191,646
Less: Available-for-sale reserve (Cumulative net gains on re-measurement to fair value of financial instruments included in accumulated funds) *	(8,891)	(650)
Accumulated funds per Regulation 29	239,255	190,996
Gross contributions	1,048,094	910,186
Solvency ratio	22.8%	21.0%

\* Cumulative net gains on re-measurement to fair value are calculated as follows:

Net cumulative gains opening balance at the beginning of the year	650	3,070
Realised loss/ (gains) recognised in the accumulated funds on re-measurement at disposal of financial instruments	1,607	(2,004)
Movement in unrealised gains on re-measurement to fair value of financial instruments	6,634	(416)
Net cumulative gains closing balance at the end of the year	8,891	650

#### 4.4 Reserve accounts

Movements in the reserves are set out in the Statement of Changes in Funds and Reserves. There have been no unusual movements that the Trustees believe should be brought to the attention of the members.

#### 4.5 Outstanding claims

	R'000
Provision for outstanding claims for 2007	46,100
Claims paid in 2008 i.r.o. 2007	(46,078)
Overprovision	22
Provision for outstanding claims for 2008	59,665

There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Scheme, other than the fact that the increase in provision is mainly attributable to higher levels of claims.

### 5. Actuarial Services

The Scheme's actuaries have been consulted in the determination of the contribution and benefit levels, as well as the outstanding claims provision calculation.

## 6. Marketing and Distribution

In line with the Scheme's strategy to grow membership, the Trustees have placed a greater emphasis on Marketing and Distribution. These actions include, amongst others, outsourcing the marketing function to Liberty Healthcare (Pty) Ltd.

## 7. Post Balance Sheet Events

There have been no events that have occurred subsequent to the financial year end that materially affected the annual financial report and that the Trustees believe should be brought to the attention of the members of the Medical Scheme.

## 8. Investments in and Loans to Participating Employers of Members of the Medical Scheme and to other Related Parties

The Medical Scheme holds no investments in, nor has it made loans to, participating employers of Medical Scheme members, or other related parties.

## 9. Compliance

During the year under review the Scheme complied with the Medical Schemes Act 131 of 1998, except for the following items:

### 9.1 Section 26(7)

**"All subscriptions or contributions shall be paid directly to a Medical Scheme not later than three days after payment thereof becoming due."**

The responsibility to deduct contributions and pay them over to the Scheme rests with the employer. The majority of payments to the Scheme comply with this requirement. The Scheme has a stringent credit control policy and collection process.

### 9.2 Section 29(2)

**"Subject to sub-regulations (3),(3A) and (4), a medical scheme must at any time maintain accumulated funds expressed as a percentage of gross annual contributions for the accounting period under review which may not be less than 25%"**

The Scheme's solvency ratio of 22.8% has increased in the current year by 1,8% , due to higher than expected investment returns and lower than expected claims. The Trustees have implemented action to rectify this situation when determining the 2009 rates and the expectation is that the 25% level will be reached over the next 2 years.

### 9.3 Section 33(2) & (4)

**"The Registrar shall not approve any benefit option...unless the Council is satisfied that such benefit option shall be self-supporting in terms of membership and financial performance."**

Five of the Scheme's options made a loss for the year under review, as set out in the annual financial statements prior to investment income. Two options made a loss after investment income.

### 9.4 Section 59(2)&(3)

**"A Medical Scheme shall, in the case where an account has been rendered, ... , pay a member or a supplier of service, ... , within 30 days after the day on which the claim in respect of such benefit was received by the Medical Scheme."**

The Scheme processes and pays the majority of all claims within 30 days from date of receipt. There are however situations beyond the control of the Scheme that could result in claims being paid later than 30 days, e.g. more supporting information may be required from the member.

### 9.5 Regulation 18 Administration agreements should be in writing.

The administration agreement between the Scheme and Medscheme Holdings (Pty) Ltd ended on 31 October 2008. The administration agreement between the Scheme and VMed Administrators (Pty) Ltd was finalised in March 2009.

### 10. Deposit Received by The Scheme from a Third Party

In terms of section 33(3) of the Medical Schemes Act, Medscheme Holdings (Pty) Ltd provided a deposit of R2 500 000 to the Scheme. This deposit has been paid to Medscheme by VMed Administrators (Pty) Ltd. With the consent of the Registrar the deposit may be repaid when the Scheme maintains a solvency margin of 25%.

### 11. Audit Committee

In terms of the Scheme rules, an audit committee is appointed, which complies with the provisions of the Act. The committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The committee consists of five members of which two are members of the Board of Trustees. The majority of the members, including the chairman, are not officers of the Medical Scheme or its third party administrator.

The Audit Committee comprised:		Qualification	Audit Meetings Attended	Fees (R'000)
<b>Independent members:</b>				
Chairman:	Mr M Brown	CA (SA)	4	48*
	Mr LB Williams	CA (SA)	4	18
	Mr GAT Franck	CIMA , CIS	4	17
Trustees:	Mr L Smith	AIAC (Man), AICB	4	- **
	Mr RM Garland	-	4	- **

\* = This includes an annual amount that is paid to the chairman of the Audit Committee for his role as the independent chairman of a panel of medical schemes administered by the Medscheme Holdings (Pty) Ltd focusing on improving governance and risk management. The Trustees on the Audit Committee also attended these panel meetings. This was applicable only until the 31 October 2008, the date of the termination of the administration agreement between Medscheme Holdings (Pty) Ltd and the Scheme.

\*\* = Fees paid to the Trustees for attending these meetings are included under note 2.1.

The Executive Principal Officer of the Medical Scheme, the financial manager of the administrator, the external auditors of the Scheme and internal auditors of the administrator, attend all audit committee meetings and have unrestricted access to the chairman of the committee.

In accordance with the provisions of the Act, the primary responsibility of the committee is to assist the Board of Trustees in carrying out its duties relating to the Medical Scheme's accounting policies, internal control systems and financial reporting practices. The external and internal auditors formally report to the committee on critical findings arising from audit activities.

The Audit Committee also fulfils the function of the Remuneration Committee of the Scheme. Remuneration of the officials of the Scheme is reviewed annually.

## Trustee Meeting Attendance

The following schedule sets out Board of Trustee meeting attendances by members of the Board. Trustee remuneration is disclosed in note 12.

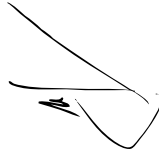
Trustee	Board Meetings		Finance Committee Meetings		Audit Committee Meetings		Ex Gratia Committee Meetings		Marketing Committee Meetings		Product Committee Meetings		Operations Communications Committee Meetings		Clinical Risk Committee Meetings		Amalgamations and Mergers Committee Meetings	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Mr LA Jacques	10	10	12	11	-	3	1	-	10	9	10	9	-	-	5	5	6	6
Mr RM Garland	10	10	12	11	4	4	-	2	-	1	-	1	10	7	-	-	6	6
Mr JJ Geldenhuys	10	4	-	-	-	-	6	3	-	-	-	-	10	3	-	-	-	-
Mr KS Haarhoff	10	10	-	1	-	-	6	5	-	-	-	-	10	8	-	-	6	6
Ms CM Kinsman	10	10	-	1	-	1	6	6	10	10	10	5	10	10	5	4	-	-
Ms D Kotzen	10	7	-	-	-	-	-	-	10	8	10	8	-	-	-	-	-	-
Mr L Smith	10	10	12	12	4	4	-	1	-	1	-	1	-	-	-	-	6	6

### Executive Principal Officer:

Mr AC Edwards	10	10	12	10	4	4	6	4	10	9	10	9	10	10	5	4	6	6
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A = total possible number of meetings could have attended.

B = actual number of meetings attended.



Mr LA Jacques  
Chairman  
24 April 2009

# Report of the Independent Auditors

## To the Members of Liberty Health Medical Scheme

We have audited the financial statements of Liberty Health Medical Scheme for the year ended 31 December 2008, from which the summarised financial statements were derived, in accordance with International Standards on Auditing.

In our report dated 24 April 2009, we expressed an unqualified opinion on the financial statements from which the summarised financial statements are derived. Without qualifying our opinion we drew attention to the fact that the Scheme did not comply with Regulation 29 of the Regulations in terms of the Medical Schemes Act, as the Scheme's solvency ratio amounted to 22.8%. Regulation 29 requires the Scheme's solvency ratio to have been 25% at 31 December 2008.

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the financial statements from which they are derived.

For a better understanding of the Scheme's financial position and the results of its operations for the year ended 31 December 2008 and of the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which the summarised financial statements were derived and our audit report on those financial statements.



PricewaterhouseCoopers Inc.

Director: Leon de Wet

Registered Auditor

Johannesburg

24 April 2009

## 1. Balance Sheet

At 31 December 2008

	Notes	2008 R'000	2007 R'000
<b>Assets</b>			
Non-current assets		158,169	8,563
Equipment		74	-
Available-for-sale financial assets		158,095	8,563
<b>Current assets</b>		219,291	294,040
Available-for-sale financial assets		11,809	146,754
Trade and other receivables		12,534	10,699
Cash and cash equivalents		194,948	136,587
<b>Total assets</b>		<b>377,460</b>	<b>302,603</b>
<b>Funds and Liabilities</b>			
<b>Members' funds</b>			
Accumulated funds		239,255	190,996
Available-for-sale reserve		8,891	650
<b>Non-current liabilities</b>		2,500	2,500
Borrowings		2,500	2,500
<b>Current liabilities</b>		126,814	108,457
Outstanding claims provision	3	59,665	46,100
Savings plan liability		43,980	48,526
Trade and other payables		23,169	13,831
<b>Total funds and liabilities</b>		<b>377,460</b>	<b>302,603</b>

## 2. Income Statement

For the year ended 31 December 2008

	Notes	2008 R'000	2007 R'000
Net contribution income	4	953,650	804,961
<b>Relevant healthcare expenditure</b>		<b>(777,531)</b>	(667,539)
Net claims incurred		<b>(761,367)</b>	(664,659)
Claims incurred		<b>(763,755)</b>	(666,244)
Third party claim recoveries		<b>2,388</b>	1,585
Net expense on risk transfer arrangements	5	<b>(16,164)</b>	(2,880)
Risk transfer arrangement fees paid		<b>(30,043)</b>	(5,104)
Recoveries from risk transfer arrangements		<b>13,879</b>	2,224
<b>Gross healthcare result</b>		<b>176,119</b>	137,422
Managed care: management services		<b>(24,195)</b>	(24,261)
Broker service fees		<b>(24,246)</b>	(19,114)
Administration expenditure		<b>(110,265)</b>	(100,798)
Net impairment losses on healthcare receivables		<b>(2,779)</b>	(1,169)
<b>Net healthcare result</b>		<b>14,634</b>	(7,920)
<b>Other income</b>	6	<b>38,929</b>	31,055
Investment income		<b>38,741</b>	31,055
Unidentified deposits older than three years written back		<b>188</b>	-
<b>Other expenditure</b>		<b>(5,305)</b>	(4,495)
Asset management fees		<b>(981)</b>	(880)
Interest paid on savings accounts		<b>(4,323)</b>	(3,615)
<b>Net surplus for the year</b>		<b>48,258</b>	18,640

### 3. Statement of Changes in Funds and Reserves

For the year ended 31 December 2008

	Accumulated Funds R'000	Available-for-sale Reserve R'000	Total Members' Funds R'000
<b>Balance as at 1 January 2007</b>	172,356	3,070	175,426
Net surplus for the year	18,640	-	18,640
Realised gain on disposal of available-for-sale financial assets	-	(2,004)	(2,004)
Movement in unrealised gains on re-measurement to fair value of financial instruments	-	(416)	(416)
<b>Balance as at 31 December 2007</b>	190,996	650	191,646
Net surplus for the year	48,258	-	48,258
Realised loss on disposal of available-for-sale financial assets	-	1,607	1,607
Movement in unrealised gains on re-measurement to fair value of financial instruments		6,634	6,634
<b>Balance as at 31 December 2008</b>	239,255	8,891	248,146

#### 4. Cash Flow Statement

For the year ended 31 December 2008

	Notes	2008 R'000	2007 R'000
<b>Cash flows from operating activities</b>			
Cash utilised in operations before working capital changes		15,450	(10,804)
Working capital changes			
Increase in trade and other receivables		(1,835)	(40)
Increase/(decrease) in trade and other payables		9,338	(1,456)
Increase in outstanding claims provision		13,565	12,100
Decrease in savings plan liability		(4,546)	(237)
<b>Cash utilised in operations</b>		<b>31,972</b>	<b>(437)</b>
Interest paid on savings accounts		(4,323)	(3,615)
Purchase of equipment		(77)	-
Purchase of available-for-sale financial assets		(98,680)	(13,220)
Proceeds on disposal of available-for-sale financial assets		90,727	20,466
Investment income		38,741	31,055
<b>Net cash generated from operating activities</b>		<b>58,361</b>	<b>34,249</b>
Cash and cash equivalents at beginning of year		136,587	102,338
<b>Cash and cash equivalents at end of year</b>		<b>194,948</b>	<b>136,587</b>

# Notes to the Annual Financial Statements

For the year ended 31 December 2008

## 1 Significant Accounting Policies

### **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Medical Schemes Act. The financial statements have been prepared on the historical cost basis. The same accounting policies have been used as in the previous year annual financial statements.

## 2 Surplus/(Deficit) from Operations per Benefit Option

For management and marketing purposes the Scheme is organised into 8 Benefit options - Platinum Complete, Platinum Plus, Platinum Focus, Gold Plus, Gold Complete, Gold Focus, Silver Corporate Network & Silver Focus.

Principle features of the benefit options are set out in the benefit brochure.

Surplus/(Deficit) from Operations per Benefit Option, continued

2008	Platinum Complete Option R'000	Platinum Plus Option R'000	Platinum Focus Option R'000	Gold Complete Option R'000	Gold Plus Option R'000	Gold Focus Option R'000	Silver Corporate Network Option R'000	Silver Complete Option R'000	Silver Focus Option R'000	Total Scheme R'000
<b>Net contribution income</b>	316,889	34,480	201,287	84,268	118,711	137,676	28,409	(114)	32,044	953,650
<b>Relevant healthcare expenditure</b>	<b>(283,070)</b>	<b>(26,147)</b>	<b>(165,628)</b>	<b>(66,141)</b>	<b>(81,668)</b>	<b>(103,234)</b>	<b>(24,181)</b>	-	<b>(27,462)</b>	<b>(777,531)</b>
Net claims incurred	(282,398)	(26,040)	(164,925)	(65,932)	(81,142)	(102,611)	(11,107)	-	(27,212)	(761,367)
Claims incurred	(282,862)	(26,136)	(165,417)	(66,073)	(81,522)	(103,079)	(11,311)	-	(27,355)	(763,755)
Third party claim recoveries *	464	96	492	141	380	468	204	-	143	2,388
Net expense on risk transfer arrangements	(672)	(106)	(703)	(209)	(526)	(622)	(13,074)	-	(250)	(16,164)
Risk transfer arrangements fees paid	(1,218)	(220)	(1,282)	(375)	(972)	(1,173)	(24,386)	-	(418)	(30,043)
Recoveries from risk transfer arrangements *	545	113	579	166	446	550	11,311	-	168	13,879
<b>Gross healthcare result</b>	<b>33,819</b>	<b>8,333</b>	<b>35,659</b>	<b>18,127</b>	<b>37,043</b>	<b>34,443</b>	<b>4,228</b>	<b>(114)</b>	<b>4,583</b>	<b>176,118</b>
Managed care: management services **	(5,141)	(914)	(5,902)	(1,585)	(4,097)	(4,930)	(207)	-	(1,420)	(24,195)
Broker service fees *	(8,617)	(882)	(4,660)	(2,289)	(3,222)	(3,183)	(651)	-	(742)	(24,246)
Administration expenditure ***	(23,383)	(4,694)	(24,547)	(7,047)	(18,807)	(23,067)	(3,181)	-	(5,539)	(110,265)
Net impairment losses on healthcare receivables *	(551)	(106)	(580)	(169)	(444)	(540)	(213)	-	(176)	(2,779)
<b>Net healthcare result</b>	<b>(3,873)</b>	<b>1,738</b>	<b>(31)</b>	<b>7,037</b>	<b>10,473</b>	<b>2,722</b>	<b>(24)</b>	<b>(114)</b>	<b>(3,293)</b>	<b>14,634</b>

\* = Membership is the driver used to allocate these costs between the options, as they are not otherwise identifiable by option

\*\* = The managed care: management services cost has been allocated to options by membership as per the agreement.

\*\*\* = The administration fee portion of this item is identifiable per option, but the remaining Scheme costs have been allocated to options by membership

Surplus/(Deficit) from Operations per Benefit Option, continued

2007	Platinum Complete Option R'000	Platinum Plus Option R'000	Platinum Focus Option R'000	Gold Complete Option R'000	Gold Plus Option R'000	Gold Focus Option R'000	Silver Complete Option R'000	Silver Focus Option R'000	Total Scheme R'000
<b>Net contribution income</b>	262,121	14,241	184,590	76,167	98,178	114,873	33,225	21,566	804,961
<b>Relevant healthcare expenditure</b>	(245,422)	(11,377)	(145,569)	(59,603)	(70,466)	(88,450)	(28,258)	(18,397)	(667,539)
Net claims incurred	(244,843)	(11,325)	(144,921)	(59,411)	(70,012)	(87,920)	(28,004)	(18,227)	(664,659)
Claims incurred	(245,160)	(11,363)	(145,265)	(59,512)	(70,265)	(88,218)	(28,138)	(18,327)	(666,244)
Third party claim recoveries *	316	38	345	102	253	297	134	100	1,585
Net expense on risk transfer arrangements	(578)	(53)	(648)	(193)	(455)	(530)	(254)	(170)	(2,880)
Risk transfer arrangements fees paid	(1,025)	(93)	(1,149)	(341)	(806)	(939)	(450)	(301)	(5,104)
Recoveries from risk transfer arrangements *	447	41	501	149	351	409	196	131	2,224
<b>Gross healthcare result</b>	16,700	2,863	39,021	16,564	27,712	26,422	4,967	3,169	137,422
Managed care: management services **	(5,012)	(460)	(5,609)	(1,666)	(3,939)	(4,594)	(1,784)	(1,197)	(24,261)
Broker service fees *	(3,840)	(351)	(4,300)	(1,278)	(3,017)	(3,518)	(1,684)	(1,127)	(19,114)
Administration expenditure ***	(20,867)	(1,913)	(23,387)	(6,945)	(16,407)	(19,126)	(7,279)	(4,874)	(100,798)
Net impairment losses on healthcare receivables *	(235)	(26)	(259)	(79)	(187)	(218)	(97)	(68)	(1,169)
<b>Net healthcare result</b>	(13,254)	112	5,466	6,596	4,162	(1,033)	(5,877)	(4,096)	(7,920)

\* = Membership is the driver used to allocate these costs between the options, as they are not otherwise identifiable by option

\*\* = The managed care: management services cost has been allocated to options by membership as per the agreement.

\*\*\* = The administration fee portion of this item is identifiable per option, but the remaining Scheme costs have been allocated to options by membership

### 3. Outstanding Claims Provision

	Notes	2008 R'000	2007 R'000
Provision for outstanding claims incurred but not yet reported		59,665	46,100
<b>Analysis of movements in outstanding claims</b>			
Balance at beginning of year		46,100	34,000
Payments in respect of prior year		(46,078)	(30,662)
Over provision in prior year		22	3,338
Adjustment for current year		59,643	42,762
Balance at end of year		<u>59,665</u>	<u>46,100</u>

The assumptions used in the calculation of the outstanding claims provision are consistent to those used in the prior year.

### 4. Net Contribution Income

	Notes	2008 R'000	2007 R'000
Gross contribution income		1,048,094	910,186
Less: Savings plan contributions (Note 8)		(94,444)	(105,225)
Net contribution income		<u>953,650</u>	<u>804,961</u>

### 5. Net Expense from Risk Transfer Arrangement

	Notes	2008 R'000	2007 R'000
Risk transfer arrangement fees paid - Netcare 911 (Pty) Ltd		(5,657)	(5,104)
Primecure Health (Pty) Ltd		(24,386)	-
Recoveries from risk transfer arrangement - Netcare 911 (Pty) Ltd		2,568	2,224
Primecure Health (Pty) Ltd		11,311	-
Net expense from risk transfer arrangement		<u>(16,164)</u>	<u>(2,880)</u>

The Scheme entered into a capitation agreement with Netcare 911 (Pty) Ltd to provide services for the duration of the year. The services provided include emergency medical assistance and emergency medical response or transport. In addition, the Scheme entered into an agreement with Primecure Health (Pty) Ltd, to settle all claims relating to the Silver Corporate Network Option.

## 6. Investment Income

	Notes	2008 R'000	2007 R'000
Interest income on cash and cash equivalents		1,077	12,951
Interest income on available-for-sale financial assets		36,312	15,355
Interest on savings plan advances		2,197	1,612
		<b>39,587</b>	29,918
Dividend income		762	613
Realised (loss)/gain on disposal of available-for-sale financial assets		(1,607)	524
Realised (loss)/gains released from available-for-sale reserve on disposal of prior year available-for-sale financial assets		(1,607)	2,004
Realised losses on disposal of current year available-for-sale financial assets		-	(1,480)
		<b>38,741</b>	31,055

## 7. Related Party Transactions

### Parties with significant influence on the Scheme

Medscheme Holdings (Pty) Ltd provided administration and managed care services to the Scheme and had significant influence over Liberty Health Medical Scheme, as it participated in Liberty Health Medical Scheme's financial and operating policy decisions until the Scheme terminated their agreement with Medscheme Holdings (Pty) Ltd on the 31 October 2008. The Scheme has entered into an agreement with Vmed Administrators (Pty) Ltd with effect from 1 November 2008, which has significant influence on the Schemes financial and operating decisions, but do not control Liberty Health Medical Scheme.

Medscheme Asset Management (Pty) Ltd managed the short-term investments of the Scheme and has significant influence over Liberty Health Medical Scheme until the Scheme terminated their agreement with Medscheme Asset Management Ltd on 31 October 2008. Stanlib Asset Management Ltd has a significant influence on the Schemes investment portfolio they manage on behalf of the Scheme and participates in Liberty Health Medical Scheme's financial and operating decisions, but does not control Liberty Health Medical Scheme.

Liberty Healthcare (Pty) Ltd provides marketing and distribution services to the Scheme and has significant influence over Liberty Health Medical Scheme, as it provides input into Liberty Health Medical Scheme's financial and operating decisions, but does not control Liberty Health Medical Scheme.

### Key management personnel and their close family members

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Scheme. Key management personnel include the Board of Trustees and the Executive Principal Officer. The disclosure deals with full time personnel that are compensated on a salary basis (Executive Principal Officer), and part time personnel that are compensated on a fee basis (Board of Trustees).

Close family members includes close family members of the Board of Trustees and Executive Principal Officer.

### Terms and conditions of the administration agreement

The administration agreement with Vmed Administrators (Pty) Ltd is in terms of the Rules of the Scheme and in accordance with instructions given by the Trustees of the Scheme. The agreement is for a period of 3 years, having commenced on 1 November 2008. At the end of that period (unless notice of termination has been given more than 180 days before the expiry date of the agreement) the agreement shall automatically be renewed for successive periods of 2 years each.

### Terms and conditions of the managed care agreement

The managed care agreement with Vcare a business unit within Vmed Administrators (Pty) Ltd is in terms of the Rules of the Scheme and in accordance with instructions given by the Trustees of the Scheme. The agreement is for a period of 3 years, having commenced on 1 November 2008. At the end of that period (unless notice of termination has been given more than 180 days before the expiry date of the agreement) the agreement shall automatically be renewed for successive periods of 2 years each.

### Terms and conditions of the broker agreement

The broker agreement with Liberty Life (Pty) Ltd is in terms of the Rules of the Scheme and in accordance with instructions given by the Trustees of the Scheme. The agreement commenced on 1 January 2002 and shall continue indefinitely until terminated by either party at any time. The outstanding balance bears no interest and is due within 30 days. The broker fees are paid in accordance with the requirements contained in the Act.

### Terms and conditions of the investment management agreement

The investment management agreements with Stanlib is in terms of the investment policy of the Scheme and in accordance with mandates given by the Trustees of the Scheme. The agreement operates on a month-to-month basis and may be terminated by either party at any time, giving one month's notice. The outstanding balance bears no interest and is due within 30 days.

	Notes	2008 R'000	2007 R'000
<b>Transactions with related parties</b>			
Vmed Administrators (Pty) Ltd - Administration fees		11,999	-
Managed care fees		2,199	
Medscheme Holdings (Pty) Ltd - Administration fees		62,877	70,589
Managed care fees		21,996	24,261
Stanlib			
Investment management fees		536	382
Liberty Group Ltd			
Broker service fees		24,246	19,114
Liberty Healthcare (Pty) Ltd			
Marketing fees		26,096	12,346
Key Management Personnel (including close family members):			
Remuneration paid (in aggregate)		-	3,038
Contributions paid (in aggregate)		288	411
Claims incurred (in aggregate)		251	135
V Medical Solutions (Pty) Ltd (Subsidiary of Liberty Health Holdings (Pty)Ltd)			
Equipment purchased		30	-

	Notes	2008 R'000	2007 R'000
<b>Balances as at 31 December</b>			
Medscheme Holdings (Pty) Ltd		303	3,038
Administration fees payable/(receivable)		303	(311)
Managed care fees payable		-	849
Borrowings		-	2,500
Medscheme Asset Management (Pty) Ltd			
Investment management fees payable		-	32
Liberty Group Ltd			
Broker fees payable		2,185	3,457
Key Management Personnel (including close family members):			
Remuneration payable (in aggregate)		265	-
Savings balances payable at year-end (in aggregate)		8	17
Liberty Healthcare (Pty) Ltd			
Marketing fees		8,256	4,795
V Medical Solutions (Pty) Ltd (Subsidiary of Liberty Health Holdings (Pty)Ltd)			
Equipment purchase payable		30	-
Vmed Administrators (Pty) Ltd			
Borrowings		2,500	-

## 8. Contingent Assets

The Scheme has 324 outstanding road accident claims to the value of R29,172,587 (2007: R26,825,895). Due to the uncertain outcome of claims to the Road Accident Fund, the Scheme has not accounted for the inflow of economic benefits. The income will be accounted for on a cash received basis.

# Form of Proxy

## Liberty Health Medical Scheme (“the Scheme”)

**This proxy form is to be completed and returned by post to:**

Heike Mackenzie  
Private Bag X10  
Florida Hills, 1716

Alternatively it may be faxed to 011 669 7817.

**NOTE:**

In order to be effective, duly completed forms of proxy must be received by no later than seven (7) days prior to the meeting, namely by 18 June 2009.

I, \_\_\_\_\_, being a member of the Scheme, do hereby appoint:

tick

Member name \_\_\_\_\_ Membership number \_\_\_\_\_

Signature \_\_\_\_\_ as my proxy to vote on my behalf at the AGM.

or

tick

the Chairperson of the meeting, as my proxy to vote for me on my behalf at the Annual General Meeting which will be held at 14h00 on Thursday, 25 June 2009.

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy who must be either a member of the Scheme or the Chairperson of the meeting, who is a member of the Scheme, to attend, speak and vote in his/her stead.
2. This proxy must reach the Scheme by no later than seven (7) days prior to the meeting (for details see NOTE above.)
3. Any alteration made on this proxy form must be initialled.
4. Incomplete forms will be declared null and void.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2009

Signature \_\_\_\_\_ Membership number \_\_\_\_\_

# Trustee Nomination Form

## Participating Member

Liberty Health Medical Scheme (“the Scheme”)

**Nomination forms may be sent by post to:**

Mr Andrew Edwards  
Private Bag X10  
Florida Hills, 1716  
Alternatively these may be faxed to 011 669 7817.

**NOTE:**

Nomination forms must reach the Executive Principal Officer by no later than 72 hours (Monday, 22 June 2009) before the meeting.

**Participating Member**

I, (Proposer Name) \_\_\_\_\_  
(Please print name in block letters)

Membership number \_\_\_\_\_

Signature of principal member \_\_\_\_\_

Nominate \_\_\_\_\_  
(Please print name in block letters)

Membership number \_\_\_\_\_

to fill the position of Trustee on the Board of Trustees of Liberty Health Medical Schemes in terms of Rule 18 of the Rules of the Scheme.

**The proposed nominee should ideally comply with the following criteria:**

1. A sound financial knowledge.
2. Knowledge and / or experience of the Medical Schemes Industry.
3. The capacity to attend to Scheme matters for between 16 and 24 hours per month.
4. A Curriculum Vitae for the nominee should be attached to this nomination form.
5. Must comply with all requirements of the Medical Scheme Act.

Date \_\_\_\_\_

# Trustee Nomination Form

## Participating Employer Member

This nomination form is only applicable to Employer Groups  
Liberty Health Medical Scheme (“the Scheme”)

**Nomination forms may be sent by post to:**

Mr Andrew Edwards  
Private Bag X10  
Florida Hills, 1716  
Alternatively these may be faxed to 011 669 7817.

**NOTE:**

Nomination forms must reach the Executive Principal Officer by no later than 72 hours (Monday, 22 June 2009) before the meeting.

**Participating Employer**

We (participating Employer) nominate \_\_\_\_\_  
(Please print name in block letters)

Employer group number/Paypoint number \_\_\_\_\_

Name of employer’s proposer \_\_\_\_\_  
(Please print name in block letters)

Signature of employer’s proposer \_\_\_\_\_

Membership number \_\_\_\_\_

Date \_\_\_\_\_

to fill the position of Trustee on the Board of Trustees of Liberty Health Medical Scheme in terms of Rule 18 of the Rules of the Scheme.

**The proposed nominee should ideally comply with the following criteria:**

1. A sound financial knowledge.
2. Knowledge and / or experience of the Medical Schemes Industry.
3. The capacity to attend to Scheme matters for between 16 and 24 hours per month.
4. A Curriculum Vitae for the nominee should be attached to this nomination form.
5. Must comply with all requirements of the Medical Scheme Act.

**Nominate:**

Name of nominee \_\_\_\_\_  
(Please print name in block letters)

Membership number of nominee \_\_\_\_\_

Signature of nominee \_\_\_\_\_ Designation \_\_\_\_\_

Date \_\_\_\_\_

# Minutes of the Tenth Annual General Meeting

Held on Thursday 26 June 2008 at 15:05 at the Wanderers Club, Illovo.

## Trustees Present:

Mr L A Jacques (Chairman)

Mr R M Garland

Ms C M Kinsman

Mr K S Haarhoff

Mr L Smith

Ms D Kotzen

Mr A C Edwards (Executive Principal Officer)

Members Present (including Chairman and Trustees): 15

Valid Proxies received: 480

## 1. Notice of Meeting

The notice of meeting, having been circulated, was taken as READ.

## 2. Welcome and Apologies for Non-Attendance

The Chairman welcomed all present to the Tenth Annual General Meeting of the Liberty Health Medical Scheme. A quorum of members being present the Chairman declared the meeting duly constituted.

The Chairman informed members that Medscheme staff would be available to assist with individual member queries after the meeting.

Members were reminded to ensure they had completed the Attendance Register before they left the meeting.

## 3. Approval of the Minutes of the Previous Annual General Meeting

The Minutes of the previous Annual General Meeting, held on 28 June 2007, had been circulated to members with the agenda documentation and were taken as read.

There being no questions arising from the minutes, the Chairman proposed that the minutes of the Scheme's Annual General Meeting held on 28 June 2007 be received and approved. The motion was seconded by Mr K van Jaarsveldt and carried unanimously.

## 4. Presentation by the Executive Principal Officer (Epo)

Mr Edwards reported on the financial position of the Scheme during the past year. Mr Edwards also informed members of the decision taken by the Board of Trustees to change administrators later in the year.

Stressing the fact that Liberty Health Medical Scheme remained within its budget for 2008, he thanked the members, the trustees, Medscheme, Liberty Life and the intermediaries for the support received in ensuring the continued success of the Scheme.

## 5. Adoption of the Report of the Board Of Trustees

The Board of Trustees' report to members of the Scheme for the year ended 31 December 2007 had been circulated together with the notice of the meeting.

There being no questions arising from the report, the Chairman moved the adoption of the report. This was seconded by Mr L Smith and carried unanimously.

## 6. Adoption of the Annual Financial Statements and Auditors' Report

The financial statements and Auditors' report for the year ended 31 December 2007 had been circulated to members together with the notice of the meeting.

There being no questions from the floor, the Chairman proposed that the Annual Financial Statements as at 31 December 2007 be adopted. The motion was seconded by Ms C M Kinsman.

The Chairman thanked everyone involved in the preparation of the annual financial statements.

## 7. Election of Members to the Board Of Trustees

As the Chairman had offered himself for re-election, Mr R M Garland took over the chair during the election process.

### Employer Representatives

In terms of Rule 18.2, Messrs L A Jacques and K S Haarhoff were required to retire at this meeting and, being eligible, offer themselves for re-election.

Two valid nominations had been received, one each for Messrs L A Jacques and K S Haarhoff. It was therefore not necessary to hold a ballot. Mr K van Jaarsveldt proposed that Messrs L A Jacques and K S Haarhoff be accordingly re-elected as member representatives on the Board of Trustees for a further period of three years, and the motion was seconded by Mr T Bailey.

The meeting was handed back to the Chairman by Mr Garland who congratulated both Messrs L A Jacques and K S Haarhoff on their re-election.

## 8. Appointment of Auditor

The Chairman noted that the Board of Trustees recommended the appointment of Messrs PricewaterhouseCoopers as auditors to the Scheme to hold office until the conclusion of the next Annual General Meeting.

Ms D Kotzen proposed that the appointment of Messrs PricewaterhouseCoopers be adopted. Mr Garland seconded the motion.

The Chairman declared Messrs PricewaterhouseCoopers duly re-appointed as auditors to the Scheme until the conclusion of the next Annual General Meeting, and thanked them for their continued support to Liberty Health Medical Scheme.

## 9. General

The Chairman stated that no written motions had been received, and that no other matters of a general nature had been raised.

## 10. Closure

There being no further business, the Chairman expressed thanks to the following:

The Board of Trustees;

Mr K S Haarhoff, Vice Chairman;

Medscheme management, staff and Maggie Parker;

Liberty Health, Sales, Marketing and Communications teams;

Auditors – PricewaterhouseCoopers;

Audit Committee chaired by Mr Malcolm Brown

The EPO, Andrew Edwards, and Heike MacKenzie.

The meeting was declared closed at 16:20.

### Signed As A True Record

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Chairman

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Date