



Medical Aid Fund

## **MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS HELD ON 4TH OF DECEMBER 2020, AT 09:00HRS, AT MASA PROTEA HOTEL CONFERENCE ROOM & VIRTUALLY VIA ZOOM**

### **BOARD OF TRUSTEES**

M Mothibatsela	(MM)	(Chairman)
B Thipe	(BT)	
G Mahlaka	(GM)	
K Moswela	(KM)	
L Meyer	(LM)	
N Ralebala	(NR)	
I Dipholo	(ID)	
O Sebonego	(OS)	
A Masunga	(AM)	
P De Silva	(PDeS)	Chairman of Finance, Investment & Audit

### **PRINCIPAL OFFICER'S OFFICE (PO)**

K Mapitse	(DKM)	(Principal Officer (PO))
N Otsogile	(NO)	(Recording)
M Mphoeng	(MaM)	
S Malefho	(SM)	
B Sankoloba	(BS)	
T Motswapong	(TM)	

### **GENERAL MEMBERSHIP**

25 members attended in person and 43 proxies

52 members attended virtually

### **ADMINISTRATORS - AFA BOTSWANA (PTY) LTD**

D Thela	(DT)
M Scheffers	(MS)
T Lesetedi	(TL)
S Hlope	(SH)
P Lukashe	(PL)
K Katisenge	(KK)

### **EXTERNAL AUDITORS – DELOITTE & TOUCHE**

I Nyathi	(IN)
E Kyuchukova-Troanska	(EKT)

## MINUTES OF THE ANNUAL GENERAL MEETING

### 1. NOTICE AND CONSTITUTION OF THE MEETING

The notice of the meeting having been circulated was taken as read and noted. With a quorum present the meeting was duly constituted.

### 2. APOLOGIES FOR NON-ATTENDANCE

There were no apologies for non-attendance. Total proxies were 43.

### 3. ADOPTION OF THE AGENDA

The agenda was ADOPTED on proposal by Mr. Masupe and seconded by Mr. Kelathegile

### 4. CHAIRMAN'S OPENING REMARKS

The Chairman welcomed all present to the meeting and thanked them for their attendance amidst the COVID-19 restrictions. He acknowledged and thanked members who attended the meeting virtually via Zoom, which he highlighted as a historic first for the Fund and something the Fund would continue doing to ensure inclusion and participation of all members across the country.

### 5. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 4TH DECEMBER 2020

The minutes of the AGM held on the 4th December 2020 having been duly circulated were taken as read. The minutes were approved as a true record of the proceedings on proposal by Dr. Thihe and Mr. Lukashe.

a) Matters Arising from the minutes of the previous AGM held on the 4th of December 2020:

i. Item 4 a. i) – to roll out a Wellness and Chronic Disease Management Program

The Trustees reported to the Members that the implementation of the programme was deferred to the second half of the new financial year due to anticipated challenges as a result of the COVID-19 pandemic.

### 6. CONSIDERATION AND ADOPTION OF THE REPORT OF THE BOARD OF TRUSTEES TO THE MEMBERS FOR THE YEAR ENDED 30 JUNE 2020

Members were referred to the report for the year ended 30th June 2020, as reflected from pages 13 – 19 of the 2019/2020 Annual Report.

The Chairman highlighted the following salient points from the Annual Report for appreciation by Members:

- the Fund experienced a net principal membership increase of 5.1%, comparing favourably with the 1.5% growth the year prior.
- the Fund's claims ratio closed the year at 72% indicating a decrease of 15% compared to the prior year.
- Investment income (dividends and interest received) grew by 0.2% on the prior year to P4.99M reflecting the challenging investment environment encountered during the period under review.
- the Fund's overall solvency remained strong at 42.8% versus 30.2% in the prior year.
- the Fund closed the year on a historic high comprehensive income surplus of P58.6M compared to P2.3M the previous year.
- there was only one Trustee being tabled to the AGM for appointment, Mr. P De Silva.

It was RESOLVED that the Board of Trustees report to Members for the year ended 30th June 2020 be and is hereby adopted on proposal by Mr. Njua and Mr. Kelathegile.

### 7. CONSIDERATION AND ADOPTION OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020 AND THE REPORT OF THE EXTERNAL AUDITORS

The Members were referred to the Audited Financial Statements for the year ended 30 June 2020 on page 32 – 62 of the Annual Report.

It was RESOLVED that the audited Annual Financial Statements for the year ended 30 June 2020 be and are hereby adopted on proposal by Mr. Masupe and seconded by Mr. Njua.

### 8. APPOINTMENT OF TRUSTEE - MR. PRIYALAL DE SILVA

The Chairman reported that in terms of the recommended practice No.8 in Principle 7 of King IV™ "the governing body should comprise a majority of non-executive members, most of whom should be independent." He added that it was against this principle that the Board reviewed the mix of skills and experience and resolved that following the resignation of Ms. Grace Siamisang, who was an employer group representative, in October 2019, the independent professional who had been brought on board in 2019 to chair the Finance and Audit Committee be appointed as an Independent Trustee. The Chairman clarified that the appointment would bring the requisite number of Trustees to six (6) Independent Trustees and four (4) employer group representatives, which would be much closer to the desired King IV™ recommendation.

## MINUTES OF THE ANNUAL GENERAL MEETING

On behalf of the Board of Trustees, the Chairman requested that the membership ratify the appointment of Mr. Ranjith Priyalal De Silva and he further confirmed that none of the other Trustees were at the end of their tenure.

The Annual General Meeting RESOLVED that the appointment of Mr. Ranjith Priyalal De Silva as Trustee of Pula Medical Aid Fund be and is hereby ratified on proposal by Mr. Wicks and seconded by Ms. Masire.

### 9. CONSIDERATION AND APPROVAL OF REMUNERATION PAID TO TRUSTEES FOR THE YEAR ENDED 30TH JUNE 2020

On behalf of the Board of Trustees, the Chairman requested that the membership approve the amount of P1,566,500 paid to the Trustees for the year ended 30 June 2020.

It was RESOLVED that the amount of P1,566,500 paid to the Trustees during FY2019/2020 be and is hereby approved on proposal by Mr. Kelatlhegile and Mr. Wicks.

### 10. CONSIDERATION AND APPROVAL OF THE REMUNERATION STRUCTURE OF THE TRUSTEES FOR THE FINANCIAL YEAR ENDING 30TH JUNE 2020

It was reported that the Board from time to time compare the fees paid to the Trustees to industry benchmarks. In order to avoid conflict of interest in determining their own fees and pay structure, it was reported that Pricewaterhouse Coopers (PwC) was engaged to conduct a benchmark study of board sitting allowances of entities comparable to the Fund in order to determine if the Board was fairly remunerated.

It was reported that PwC submitted a report indicating that Pula Medical Aid Fund's fee structure was relatively low compared to market norms and further that the Fund's current fees were far below the 25th percentile.

The PwC report was said to capture the following market fee structures which were suggested to the Fund:

- A retainer fee plus an attendance fee per meeting.
- A retainer fee only, which would constitute an all-inclusive fee for each Trustee irrespective of the number of meetings attended during the year.

The Chairman reported that unlike closed schemes, the Fund's Trustees must have competitive remuneration rates in order to attract a higher calibre of Trustees to deal with the increasingly onerous role of Trustees.

Based on the benchmarking exercise conducted by PwC, the following fees were recommended for approval by the Annual General Meeting effective 1st July 2020:

	Current fees (BWP)	Proposed fees (BWP)
Annual Retainer (paid to trustees in two halves)	-	50 000
Trustees (per sitting)	6 500	7 500
Chairman of the Board(per sitting)	7 500	15 000

On proposal by Mr. Kelatlhegile and seconded by Mr. Wicks, the Annual General Meeting **RESOLVED** that Trustees' fees be and are hereby approved as follows:

	BWP
Annual Retainer (paid to trustees in two halves)	50 000
Trustees (per sitting)	7 500
Chairman of the Board(per sitting)	15 000

### 11. CONSIDERATION AND APPROVAL OF REMUNERATION PAID TO THE INDEPENDENT EXTERNAL AUDITORS OF THE FUND FOR THE YEAR ENDED 30TH JUNE 2020

The Chairman reported that during the period under review, the external auditors, Deloitte & Touche were paid P421 767.36 for the FY2019/20 audit, which amount was proposed to the Annual General Meeting for approval.

The Annual General Meeting RESOLVED, on proposal by Mr. Matala and seconded by Mr. Njua, that the fees paid to the Fund's external auditors amounting to P421,767.36 for the FY2019/20 external audit be and are hereby approved.

### 12. APPOINTMENT OR RE-APPOINTMENT OF EXTERNAL AUDITORS OF THE FUND FOR THE ENSUING YEAR

The Chairman reported that in terms of the Pula Rule Book, Members must appoint an external auditor who shall be a body corporate, at each Annual General Meeting to hold office from the conclusion of that Annual General meeting until the conclusion of the next Annual General Meeting.

It was reported that subsequent to the 2019 Annual General Meeting, Deloitte and Touche was appointed as the Fund's external auditors, through an open tender process, for a period of three (3) years subject to an annual re-appointment by the AGM in line with the Rules of the Fund. The Board recommended that members approve the re-appointment of Deloitte and Touche as external auditors of the Fund from the conclusion of this AGM until conclusion of the 2021 AGM at a fee to be agreed.

## MINUTES OF THE ANNUAL GENERAL MEETING

It was RESOLVED on proposal by Mr. Matala and seconded by Mr. Njua that Deloitte and Touche be re- appointed as external auditors of the Fund from conclusion of the 2020 AGM until conclusion of the 2021 AGM at a fee to be agreed upon.

### SPECIAL BUSINESS

#### 13. CONSIDERATION AND APPROVAL OF PROPOSED AMENDMENTS TO THE RULES OF THE FUND

The Members were referred to the proposed rule changes for consideration at the 2020 Annual General Meeting on page 30 – 31 of the Annual Report. The proposed Rule changes were as follows:

PROPOSED AMENDMENT / PROPOSED NEW RULE	PROPOSED RULE WORDING	REASON FOR PROPOSED CHANGE
Amendment of Clause 6.7	"child" shall mean a member's child, step child, <i>child under legal guardianship</i> or legally adopted child, who is under the age of 21 years, who is unmarried and not in receipt of a regular remuneration exceeding the amount prescribed in Annexure Ä"	To cater for a child who is cared for by a member who has been appointed the child's legal guardian. This is a more formal relationship and would cater for families bringing up child relatives. Provides for and is aligned to norms in Botswana. An application for a dependant under guardianship will be accompanied by proof of guardianship such as a Court Order or a letter from the District Commissioner confirming guardianship.
Amendment of Rule 9 Additional Clause 9.4	9.4 <i>The Fund shall require members to update their information and/or provide additional records, from time to time, as may be required by relevant regulators or legislation. Failure on the part of a member to provide the required information and/or update their records, within the stipulated period at the time, may result in withholding of benefits or termination of membership.</i>	9.4 To ensure compliance with the law and regulatory requirements (e.g. AML etc).
Additional Clause 9.4.3	9.4.3 <i>a member under Rule 8.1 or 8.2, who requires treatment for a chronic condition within three (3) months of the member's admission and had not disclosed the pre-existing condition (e.g. chronic condition/illness, disorder or disability) and which condition the member might not have been aware of but ought to have been aware of based on the clinical data, shall be subject to twenty four (24) months waiting period.</i>	9.4.3 To ensure that there is no anti-selection and that members declare their conditions. To explicitly state the waiting period under these circumstances.
Amendment of Clause 9.5.1	9.5.1 a member under Rule 8.1 who has made full disclosure of a pre-existing condition ( <i>e.g. chronic condition/illness, disorder or disability</i> ) or requires an elective procedure <i>which is a major intervention within three (3) months of the member's admission</i> , may be subject to a twelve (12) months waiting period.	9.5.1 To clarify that the waiting period applies for disclosed chronic conditions/illness, disorder or disability  9.5.1 To clarify that the waiting period applies for disclosed chronic conditions/illness, disorder or disability

# MINUTES OF THE ANNUAL GENERAL MEETING

PROPOSED AMENDMENT / PROPOSED NEW RULE	PROPOSED RULE WORDING	REASON FOR PROPOSED CHANGE
Amendment of Clause 9.5.2	9.5.2 a member under Rule 8.2.3 who has made full disclosure of a pre-existing condition <i>(e.g. chronic condition/illness, disorder or disability)</i> or an elective <del>procedure that will require a major intervention within three (3) months of the member's admission</del> , shall be subject to a twenty four (24) months waiting period	9.5.2 To clarify that the waiting period applies for disclosed chronic conditions/illness, disorder or disability
Amendment of Rule 11  Deletion of Clause 11.2	11.2 <del>Notwithstanding the provisions of Rule 11.1 above, should the member lose his membership card and/or request for an additional card, he will be charged a fee as may be determined by the Board of Trustees from time to time for the replacement of the card and/or additional card.</del>	11.2 The Fund does not wish to charge its Members extra for card replacements or additional cards. The amount that can be charged for member cards is nominal and the Rule has never been implemented and it was an audit finding in the FY2019/20 internal audit for the Fund.
Amendment of Clause 20.2	20.2 Where a claim is submitted more than three (3) months after the date on which services were rendered, benefits will be granted only at the discretion of the Board of Trustees, who may impose a <i>penalty of 15%</i> for late submission	20.2 This is to clarify and state the penalty that may be applied
Amendment of Rule 25	25.1.1 At least <i>four (4)</i> <del>five (5)</del> shall be representatives of major employer groups contributing to the Fund. It shall be desirable that all appointees to the Board of Trustees be members or beneficiaries of PULA, however, the Board of Trustees may at its discretion appoint a major employer representative to the Board of Trustees who is not a member or beneficiary of PULA.	25.1.1 A change necessitated by the implementation of King IVTM – requirement to have more independent Board members (Trustees) than non-independents (employer group representatives) for the efficiency of the Fund.
Additional Rule 25.1.4	25.1.4 <i>Notwithstanding Rule 25.1.3 above, where the Board needs to extend a term for a retiring Trustee for whatever business need, the Board may extend such Trustee's tenure by a period prescribed in the Board Charter, subject to ratification at the next Annual General Meeting.</i>	25.1.4 Considering where the Board has been in the recent past – an unprecedented turnover of trustees (mostly attributable to resignations by employer group representatives) resulting in bottlenecks in running the Fund, the proposed additional Rule 25.1.4 would allow, under exceptional circumstances, for a governed continuance of members who have served on the Board for 10 years to serve for an extended prescribed period of time, which period will be defined in the Board Charter.

## MINUTES OF THE ANNUAL GENERAL MEETING

PROPOSED AMENDMENT / PROPOSED NEW RULE	PROPOSED RULE WORDING	REASON FOR PROPOSED CHANGE
Amendment of Rule 25.6	25.6 Every three (3) years, at the first meeting of the Board after the Annual General Meeting of the members, the Board shall elect from its members, a Chairman <del>and Vice Chairman</del> . Such office bearers shall hold office for a period of three (3) years but shall be eligible for re-election subject to Rule 25.1.3 above. Should <del>any</del> a vacancy occur in the office of the Chairman and Vice Chairman, the Board shall forthwith from among its members, select a person to fill such office for the remainder of the period for which the vacating incumbent would have held the office, subject to Rule 25.1.3 above.	25.6 The concept of Vice Chairman is a dying concept in modern governance (with its only duty being to chair meetings when the Chairman is not around) and the Board of Trustees proposes that it be dealt away with.
Amendment to Rule 25.7	25.7 All meetings of the Board shall be presided over by the Chairman and, failing him <del>the Vice Chairman, the Trustees present shall elect one amongst their number, to preside over the meeting. In the event of neither the Chairman nor Vice Chairman being present at the meeting of the Board, the Trustees present shall elect one amongst their number,</del>	25.7 Same justification as Rule 25.6 above.
Additional clauses to Rule 39.1.1.3	<del>39.1.1.3 the appointment and re-election of Trustees:</del>  <del>39.1.1.4 the approval or ratification of Trustees fees:</del>  <del>39.1.1.5 the approval or ratification of external auditors' fees:</del>	A change necessitated by principles of good governance.
Amendment of Annexure A: Contributions	Amend Annexure A to read, "Child <del>or Special</del> dependent" everywhere "Child dependant" appears on the contributions table.	This is to make the process of determining contributions easier and assist members to support their special dependants in time of need.

The 2020 Annual General Meeting **RESOLVED** that the proposed rule changes be and are hereby approved on proposal by Dr. Masire and seconded by Mr. Motlhabi.

#### 14. ANY OTHER BUSINESS

There was no other business discussed.

#### 15. MEETING CLOSURE

There being no other business to discuss, the Chairman declared the meeting closed at 09:56hrs. The Chairman invited the members to a question and answers session

and advised that the PO and the administrators would be available to address the questions.

Verified and signed by the Chairman on

this \_\_\_\_ day of \_\_\_\_\_ 2021

**M MOTHIBATSELA**  
CHAIRMAN