

**BP MEDICAL AID SOCIETY
(hereinafter referred to as the "Society")**

**MINUTES OF THE SEVENTY-FIRST ANNUAL GENERAL MEETING HELD ON
TUESDAY, 27 MAY 2008 AT 10H30 IN MEETING ROOM NO 8, BP BUILDING, 10 JUNCTION AVENUE,
PARKTOWN, JOHANNESBURG**

PRESENT

Mr J Bush	Member-elected Trustee and Chairman
Ms I Niemietz	Principal Officer

Together with 25 members as per the attendance register.

IN ATTENDANCE

Mr EJ Rood	Chairman of Audit Sub-committee
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APOLOGIES

Ms E Oyegun (Employer-appointed Trustee)
Ms P Parbhoo (Employer-appointed Trustee)
Mr I Pringle (Member-elected Trustee)

1. OPENING AND WELCOME

Mr Bush opened the meeting and welcomed all present. A special word of welcome was extended to Mr EJ Rood, the Chairman of the Audit Committee, and Ms I Niemietz, the Principal Officer of the Society.

There being a quorum of 24 members present, the Chairman confirmed that the meeting was duly constituted in accordance with the rules of the Society.

2. APOLOGIES

Apologies, as recorded above, were noted. In addition, apologies had been received from Mr CH Copeland, Mrs RJ Dacre and five other members.

3. APPROVAL OF THE MINUTES OF THE 70th ANNUAL GENERAL MEETING

The minutes of the 70th Annual General Meeting, held on Tuesday, 29 May 2007, were taken as read. Mr M Wilson proposed acceptance thereof and the motion was seconded by Mr N Cufflin. In addition, 22 proxy forms had been received from members authorising acceptance of the minutes by either the Chairman or the Principal Officer of the Society.

4. ANNUAL REPORT OF THE CHAIRMAN OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2007

Adoption of the Annual Report of the Chairman of the Board for the year ended 31 December 2007 was proposed by Mrs C Lala and seconded by Mrs P van Niekerk.

The Chairman highlighted the central aspects of his report. He noted that the current environment was one of constant change encompassing tensions between service providers and the Department of Health as a result of impending legislation. He stated that the Society was bound to reflect the changes to BPSA's workforce as it concluded its reorganisation. The Society had also changed its logo during the course of its financial year in order to ensure that both its Namibian and South African members could identify with the purpose of the Society. The Board of Trustees were required to make decisions regarding the introduction and use of new technology and the availability of biological drugs and the impact these would have on the Society's expenditure.

The Chairman confirmed that contributions had been increased by 9.75% with effect from 1 April 2008. He reminded members that whilst contributions increased on 1 April every year, benefits were enhanced on 1 January and therefore the 2008 annual increase amounted to 7.31%. Increases were historically effected from 1 April to coincide with BPSA's annual remuneration review as well as the increases granted to pensioners. The Chairman stated that it was the Board's intention to keep increases as low as was reasonably possible. He extended a vote of thanks to the employer for its contribution and especially its continuing financial commitment to the Society.

The Chairman communicated the results of the recent member-elections in confirming that both Mr Albert Myburgh and he had been re-elected for a further three-year term of office. He thanked everyone for their participation in the process. Mr Pringle had notified the Board of Trustees of his resignation from office with effect from 30 June 2008 and he would be replaced by Mr Mike Manson-Smith.

The Chairman requested members to take charge of their health and to prevent opportunistic diseases.

The Chairman advised that members would receive a copy of the minutes of the meeting together with the next newsletter.

5. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

It was noted that the rules required that the annual audited financial statements, together with a copy of the Board's report, be laid before the meeting. Mr Rood advised that the statements for the year ended 31 December 2007 had been circulated to all members prior to the meeting. Mr Rood highlighted the following:

1. The Society continued to act in a transparent manner by circulating a comprehensive set of financial statements to all members. He emphasised that the Society was extremely well governed and complied with all aspects of the legislation. He requested members to pay particular attention to the Board of Trustees' report as the Trustees were free to communicate pertinent issues without having to feel constrained by the format of the financials. He noted that the external auditors, Ernst & Young, had provided an unqualified audit report.
2. As at the end of December 2007 a very healthy reserve ratio of 95.39% had been achieved. This was well in excess of the 2006 reserve ratio of 66.69% as it included the gains made on the sale of its investments on their transfer from Stanlib's Domestic Absolute Return portfolio to Stanlib's Medical Investment Fund. This was well in excess of the statutory minimum of 25%.
3. The primary responsibility of the Audit Committee was to assist the Board of Trustees in carrying out its duties relating to the Society's accounting policies, internal control systems and financial reporting practices. The Committee comprised Evert Rood (Independent Member), Elsabet Bester (Independent Member), Patricia Dourans (Independent Member), John Bush (Member-elected Trustee and Chairman of the Board of Trustees), Albert Myburgh (Member-elected Trustee) and Ilse Niemietz (Principal Officer).

4. The additional continuing financial commitment paid by BPSA (Pty) Ltd in order to assist with the aging profile of the membership had been R10 137 750 for 2007 and BP had reimbursed the Society with R617 556 in respect of HIV/AIDS expenses incurred.
5. The Investment Sub-committee had actively managed the investment of the reserves and the investment income, together with the unrealised gains, had amounted to R6 096 809.
6. The administration fees when compared to the market were very competitive.
7. R847 117 had been spent on managed care to ensure that members and their dependants received the right care at the right price. The Society held a capitation agreement with Preferred Provider Network (PPN) to provide optometric services to its members and it had spent an amount of R1 095 148 in this regard.
8. The increased reporting requirements with regard to risks were noted. Mr Rood noted that the Audit Committee's current focus was to ensure that the Society held a Risk Management Policy and in this regard, Mr Bush had been tasked to drive the project to conclusion.
9. Mr Rood confirmed that the Society was financially sound.
10. Approval of the audited Annual Financial Statements as at 31 December 2007 was proposed by Messrs N Cufflin and B Wolstenholme and they were unanimously adopted.

6. MEMBER-ELECTED AND EMPLOYER-APPOINTED TRUSTEES FOR THE ENSUING YEAR

The Principal Officer advised that the Board comprised three Employer-appointed Trustees, three Member-elected Trustees and one Union-appointed Trustee. All trustees hold a three-year term of office from the date of their election.

The Member-elected and Employer-appointed Trustees for the ensuing year were:

Member-elected Trustees

Mr John Bush
Mr Albert Myburgh
Mr Ian Pringle

Employer-appointed Trustees

Ms Egbe Oyegun
Mr Pradeep Parbhoo

It was noted that Mr Manson-Smith would replace Mr Pringle as a Member-elected Trustee with effect from 1 July 2008.

Trade Union Representative:

The Principal Officer advised that according to the rules, one Trustee must be chosen by the Trade Union(s) represented in the National Bargaining Forum. This Trade Union must also be recognised by BP Southern Africa (Pty) Ltd, as representing employees who are trade union members. Mr Vusi Mbedu had assumed this role on 1 July 2005.

7. ELECTION OF DISPUTES COMMITTEE

The Principal Officer advised that the rules required that a Disputes Committee of three members be appointed by the Board and that the appointment be announced at the Annual General Meeting. She advised that the Disputes Committee had comprised Mr C McClelland, Mr A Ngubo and Ms M Golding until the 71st Annual General Meeting after which point the Board had approved the re-election of Mr A Ngubo and Mr C McClelland to the Disputes Committee. Ms M Golding had been replaced by Mr K Warnett.

The Principal Officer explained that the purpose of the Committee was to deal with disputes between members and the Society and that the basis for such determinations was the rules and governing legislation. The Committee had convened for the first time in many years in November 2004 and again in February 2007 and had considered three complaints. One complaint had been dismissed and the decision of the Board had been upheld in the other two cases. If members were

not satisfied with the decision of the Disputes Committee, they could refer the decision on appeal to the Council for Medical Schemes.

8. APPOINTMENT OF AUDITORS

The Principal Officer advised that the rules require that the auditor be appointed at each Annual General Meeting to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting. On proposal from the Board of Trustees, the current Auditors, Ernst & Young, were unanimously reappointed.

9. REPORT BACK ON MATTERS RAISED BY MEMBERS AT THE 2006 ANNUAL GENERAL MEETING

The Principal Officer confirmed that there were no matters arising from the 2007 Annual General Meeting and therefore a report back was not required.

10. TO TRANSACT ANY OTHER BUSINESS OF WHICH NOTICE WAS GIVEN TO THE PRINCIPAL OFFICER BY 22 MAY 2007

The Principal Officer confirmed that she had not received any requests from members by the cut-off date.

11. BENEFIT ENHANCEMENTS FROM 1 JANUARY 2008

The Principal Officer summarised the benefit enhancements effective from 1 January 2008 as follows:

Most benefits had remained unchanged from their 2007 benefit levels but all limits and sub-limits were subject to a 6% increase with the exception of the prosthesis and hospitalisation benefits which were increased by 10%. The dental benefit remained unchanged with the exception of the annual limit of R5 300 per beneficiary per annum which could be increased to R10 600 on application in respect of orthodontic services only. In the event that the R10 600 was granted, this effectively depleted the per family per annum limit. The optical consultation benefit had increased to R360 per beneficiary, bifocal or multifocal lenses to R220 per lens and the frame benefit was increased to R450pb. PET scans had been included under an approved oncology treatment plan and a practice note on biological drugs had been approved by the Board of Trustees in respect of the treatment of auto-immune diseases such as rheumatoid arthritis, ankylosing spondylitis and psoriatic arthritis. Male circumcision would be approved without the need for a motivation from the registered medical practitioner, but as this is a surgical procedure, pre-authorisation would still be required.

12. CLOSURE

The Chairman formally closed the meeting at 12h15.

(A copy of the slide presentation is attached to these minutes.)

CHAIRMAN

DATE

71st ANNUAL GENERAL MEETING

Tuesday 27 May 2008
Johannesburg

AGENDA

1. Opening and Welcome
2. Apologies
3. Adopt the minutes of the AGM held on 29 May 2007
4. Adopt the Annual Report of the Chairman of the Board for the year ended 31.12.2007
5. Adopt the Financial Statements for the year ended 31.12.2007
6. Note the member-elected and employer-appointed Trustees for the ensuing year
7. Note the composition of the Disputes Committee for the ensuing year
8. Note the appointment of the Auditors for the ensuing year
9. Report back on matters raised by members at the 2007 AGM
10. Transact any other business of which notice was given to the Principal Officer by 22 May 2008

ANNUAL FINANCIAL STATEMENTS

- Process leading up to the approval of the financials by the Board of Trustees is overseen by an Audit Committee
- The Audit Committee comprises the following members:
 - Evert Rood (Chairman) – Independent Member
 - Elsabet Bester – Independent Member
 - Patricia Dourans – Independent Member
 - John Bush – Member Trustee
 - Albert Myburgh – Member Trustee
- Annual audited Financial Statements together with a copy of the Board's report to be presented by Evert Rood, Chairman of the Audit Sub-Committee

ANNUAL FINANCIAL STATEMENTS HIGHLIGHTS 2007

- As at December 2007 a very healthy reserve ratio of 95.39% was achieved and includes unrealised gains on investments. Well in excess of the statutory minimum of 25%
- BPSA's continuing financial commitment for 2007 was R10 137 750
- R617 556 reimbursed by BPSA in respect of HIV&AIDS
- Investments – capital interest of R2 090 589 + unrealised gains of R4 006 220
- R847 117 spent on managed care - i.e. hospital mgnt, chronic medication, HIV&AIDS, oncology and Prescribed Minimum Benefit programmes

BOARD OF TRUSTEES

- Member elections were held in May 2008 and Messrs Bush and Myburgh were re-elected for another 3-year term of office
- **7 Trustees**
 - 3 Member elected - elected for a 3 year term
 - 3 Employer appointed - confirmed by the employer every year
 - 1 Union appointed - confirmed by the trade Union(s) represented in the National Bargaining Forum

BOARD OF TRUSTEES

Employer-appointed Trustees

- Egbe Oyegun
- Pradeep Parbhoo
- Denise Orgill

Member-elected Trustees

- John Bush
- Albert Myburgh
- Ian Pringle

Trade Union Trustee

- Vusi Mbedu

Principal Officer

- Ilse Niemietz

TRUSTEE REMUNERATION



- R4000 per month wef 1 July 2007
- R5000 per month wef 1 July 2007 iro the Chairman of the Board
- Increased by CPIX on 1 July of every year
- Paid to non-employee Trustees only

DISPUTES COMMITTEE



The Disputes Committee consists of 3 Members, none of whom may be:

- Members of the Board as defined in the Rules;
- The Principal Officer or any other officer of the Society
- The Administrator

The Committee is appointed by the Board for such period as determined by the Board

Current Members:

- Colin McClelland
- Alpheus Ngubo
- Keith Warnett

DISPUTES COMMITTEE



Purpose:

- To consider a dispute between a Member, a prospective Member, a former Member or a person claiming by virtue of such Member, and the Society.
- Lodged in writing to the Principal Officer
- Basis for determination: Rules and Legislation

Convened in November 2004 and February 2007

Considered 3 complaints to date

Dissatisfied members may appeal to the Council for Medical Schemes

AUDITORS



An auditor who is in public practice is appointed by the Board before each Annual General Meeting to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting.

The following persons are not eligible to serve as an auditor:

- a member of the Board;
- an employee, officer or contractor of the Society;
- an employee, director, officer or contractor of the Society's administrator, or of the holding company, subsidiary joint venture or associate of the administrator;
- a person not engaged in the public practice as an auditor; and
- a person who is disqualified from acting as an auditor in terms of the Companies Act of 1973

Current Auditors: Ernst and Young

Note that Ernst and Young has been reappointed for the ensuing year

MATTERS ARISING & ADDITIONAL ISSUES



Matters arising from the AGM held on 29 May 2007

No matters have been tabled

Additional issues

No additional issues have been raised with the Principal Officer

OBJECTIVE OF THE SOCIETY



"make provision from such fund for the granting of assistance to Members in defraying expenditure incurred by them or their Dependants in connection with health care treatment as provided for and in accordance with the Rules of the Society"

- Sustainable
- Affordable
- Accessible
- Appropriate

DATE OF INCREASE IN CONTRIBUTIONS



- Benefit increases are effective from 1 January
- Contribution increases are only effective from 1 April
- Coincides with salary increase and pensioner increases
- Society pays increased benefits for 12 months, but only receives increased contributions for 9 months
- 9.75% increase from 1 April 2008 (7.31% increase effective from 1 January 2008)

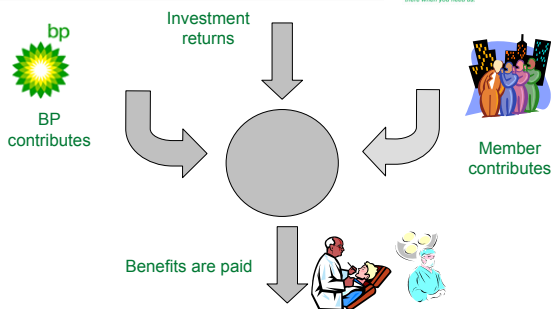
HOW DO WE COMPARE?



	Gross contributions popm	Gross claims popm	Gross Claims as % of gross contributions	Non-health expenses popm	Non-health expenses as % of gross contributions
BP Medical Aid Society	R699 (excl CFC)	R816	118.3%	R58	8.4%
Engen	R857	R810	94.5%	R87	6.6%
Discovery Health Classic Comprehensive	R1158	R1119	96.6%	R135 (incl brokerage)	11.7%
Discovery Health Essential Comprehensive	R1058	R908	85.6%	R134 (incl brokerage)	12.6%
Bontas Std	635	R574	90.4%	R89 (incl brokerage)	14.0%

CMS Annual Report 2006/2007

REVENUE INCOME AND OUTFLOWS



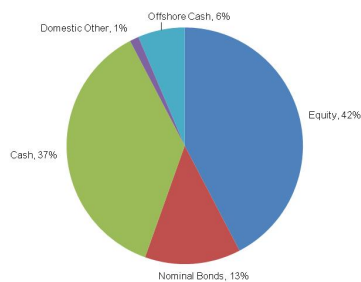
STANLIB MEDICAL INVESTMENT FUND



Strategic vs current position asset composition @ 31.3.2008

Strategic Asset Allocation	Current asset allocation
30% SA value equities	36% SA value equities
10% SA conventional bonds	2% conventional bonds
15% SA inflation linked bonds	11% SA inflation linked bonds
25% SA cash & liquid assets	35% SA cash & liquid assets
10% SA listed property	7% SA listed property
10% offshore cash & bonds	9% offshore cash & bonds

STANLIB MEDICAL INVESTMENT FUND PORTFOLIO



BALANCING THE BOOKS REQUIRED INCOME 2008



Member and Company Contributions	R56 552 million
Continuing Financial Commitment from ER	R 10 588 million
Reimbursement of Aids Costs	R439 000
Investment Income	R2 908 million
Total Income	R70 487 million

**BALANCING THE BOOKS
PROJECTED EXPENSES 2008**



Hospital	R21 645 million
In-hospital GPs and Specialists	R13 609 million
Other In-hospital	R2 499 million
GPs and Specialists (out-of-hospital)	R4 609 million
Radiology / Pathology (out-of-hospital)	R3 969 million
Acute (day-to-day) Medicines	R5 227 million
Non-PMB Chronic Medicines	R1 890 million
PMB Chronic Medicines	R5 477 million
PMB Medical Management	R0.381 million
Dentistry	R2 586 million
Other	R2 707 million
HIV / AIDS	R0.305 million
PPN	R1 208 million
Administration, managed care & other costs	R4 920 million

Total Expenses R71 031 million

BENEFIT ENHANCEMENTS FROM 1.1.2008



- Benefit limits and sub-limits all increased by 6% with the exception of the prosthesis benefit hospitalisation which were increased by 10%
- Dental benefit
- PET scans approved as part of an oncology treatment plan
- Out-of-hospital XRays – sub limit of R600pbpa and paid at 100%
- Biological drugs
- Male circumcision – no need for motivation for procedure performed by a registered medical practitioner. Still need pre-authorisation for surgery
- PPN

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- PPN

WHAT'S NEXT?



- Annual benefit review for 2009 to be conducted in August 2008
- Proposed change in legislation
 - National Health Amendment Bill
 - Medicines and related Substances Bill
- Review of Designated Service Provider (DSP) contract
- Review of managed care offering from Qualsa