



NAMDEB

Medical Scheme

Affordable and quality health cover for employer groups

NEWSLETTER

May 2015

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NAMDEB

1. THE FUTURE OF THE NAMDEB MEDICAL SCHEME

SPECIAL MEMBERS COMMUNICATION ON OUTCOME OF SPECIAL GENERAL MEETING HELD ON 16 APRIL 2015 IN ORANJEMUND AND HOW IT AFFECT THE NAMDEB MEDICAL SCHEME AND MEMBERS.

The main objective of the Board of Trustees of the Namdeb medical scheme has for years been to provide a Scheme with competitive benefits at an affordable price. Like any business organization the Scheme is influenced by economic factors such as increasing medical costs and inflation, as well as the claim ratios of members. Since 2014 the Scheme's claim ratios have increased significantly, which has led to a corresponding increase in the Scheme's operating costs.

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- 1. Review and recommend a new benefit structure for the existing Namdeb Medical Scheme and/or
- 2. Investigate ways to reduce the Scheme's operating costs and/or
- 3. Investigate ways to increase the Scheme's income and/or
- 4. Consider the option of amalgamating the Scheme with another scheme and/or
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As is standard practice in the industry, the Namdeb Scheme premiums are reviewed annually in April. With the new financial year's increases, a concern was raised that the Scheme was not affordable to all members and that affordability was further affected by the change in the company subsidy from Namdeb Diamond Corporation that changed back from 80/20 to 60/40 in line with the agreement between Namdeb and the Union during 2014.

When the increases were published, members called for a Special General Meeting as per rule 25.2 of the Rules of the Scheme. A Special General Meeting was held on 16 April 2015 in Oranjemund. The main objective of the Special General Meeting was to discuss the future of the Scheme and to recommend a new benefit structure for the Scheme.



2. DISCUSSIONS AND OUTCOME OF SPECIAL GENERAL MEETING

The following options were presented at the meetings:

Option 1: Maintain current Namdeb Medical Scheme and

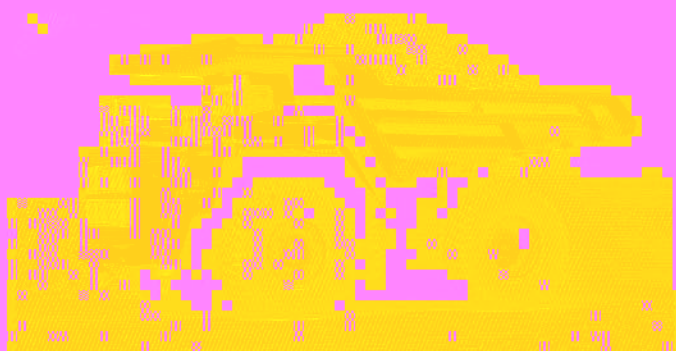
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Option 2: Amalgamate the Scheme with another scheme

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Option 3: Namdeb Medical Scheme amalgamates with another scheme

- 1. Review and recommend a new benefit structure for the existing Namdeb Medical Scheme and/or
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AGM

Option 4: To dissolve Namdeb Medical Scheme

- In this option, the Namdeb Medical Scheme closes down. The process needs to be concluded within the provisions of the Medical Schemes Act and the rules of the Namdeb Medical Scheme.
- At the final date of the dissolution, the assets and liabilities are distributed amongst all members.
- The Scheme then ceases to exist and members join other Schemes of their choice.
- The process of the distribution and calculations of the assets is done by appointed Actuaries who oversees the entire process and adhere to strict criteria set by the rules and the Medical Schemes Act.
- It is however important to note, that according to the Medical Schemes Act no cash can be distributed to members. Thus the cash value of each member's share will be paid directly to the new scheme/fund that respective members have chosen to join.

Outcome of the SGM:

The members deliberated on the above mentioned at the hand of a presentation by the Principal Officer and the majority of the members voted in favour of Option 4, namely to dissolve the Namdeb Medical Scheme. As prescribed by law, the outcome of the SGM was discussed at a Board of Trustee meeting on 23 April 2015, where the resolution was ratified and a Task Team appointed to implement the process as prescribed in the Rules of the Scheme and the Medical Schemes Act.

3. THE PROCESS AFTER THE SPECIAL AGM OR SGM

- The business of the Scheme will continue as usual, in other words members will continue to utilize their benefits and the premiums remain payable at the beginning of each month. If members retain their membership in good standing, members will not be affected negatively during the process of establishing whether the Scheme will dissolve or not.
- If members default on their payment of premiums, the defaulting member will compromise his/her continued membership and may be suspended or members may not be allowed to benefit from the Namdeb Medical Scheme or take part in the affairs of the Scheme.
- All members will retain their current status until the dissolution process is finalized and a decision is taken whether the Scheme will dissolve or not.
- The process is prescribed in the Rules and the Medical Schemes Act and is expected to take a few months to conclude.

What is the way forward, and what happens next?

According to the Scheme rules all members now have to be allowed the opportunity to participate in an official ballot process to vote "for" or "against" the proposed dissolution of the Scheme. Every single Scheme member will be required to cast their vote.

The ballot paper will be sent to each member at his registered address with the background information and official ballot paper. No information will be distributed in an alternative way.

In terms of the rules at least 50% of the estimated total membership of 3,000 (1,500 members if its 3,000) at the specific point in time need to vote "for" or "against" dissolution before the Scheme can finally be dissolved. Of the number that casts their vote it requires a majority of 50+1%/751 (at least 50% + 1 of the 1,500) members mentioned aforesaid as an example).

4. IMPLEMENTATION PROCESS

To implement the process in terms of the provisions of the rules of the Scheme and the Medical Aid Act the following communications will be distributed:

Communication 1: A sms will be sent to all members to update their personal contact details. The message was distributed to all members and should please be responded to, as all future communication will have to be done via registered postal mail.

Communication 2: A sms will follow to inform members that a formal letter will be forwarded via registered mail to each member. The letter will provide background information regarding the process and the way forward and will include the official ballot paper.

Communication 3: Distribution of the member information pack referred to in the sms under 2 above, by registered post including full set of information on the financial status of the Scheme, exposition paper (overview background information) and official ballot paper. It will also state the sites of the various ballot boxes and procedure to vote. This will be followed by - Collection and submission of ballots to central counting venue (independent auditors)- Verification of ballots and outcome

Communication 4: After collection of ballots a formal letter will be sent to Namfisa and members confirming the outcome of the ballot and confirmation whether the Namdeb Medical Scheme will dissolve or not.

Communication 5: Update on the next step on the future of the Scheme and the impact on members with firm time lines to confirm any actions that will be taken.

General Communication: The administrators in their service offices will be duly updated on the process and to allow them to handle any enquiries from members and others during the process.

We trust that the information will give members peace of mind and appeal to members to continue to look well after their own and families' health. Members should continue to protect the interest of the Namdeb Medical Scheme.

Principal Officer and Board of Trustees

Explanation of Abbreviations:

- AGM - Annual General Meeting
- SPM - Special General Meeting

PROSPERITY HEALTH BRANCHES

www.prosperityhealth.com

Windhoek

Cnr Feld & Thorer St
Windhoek
PO Box 22927
Windhoek
Namibia
Tel: +264 61 299 9000
Fax: +264 61 222 161

Keetmanshoop

Office No. 102
Wurigor Building, Mittel
St
PO Box 1565
Keetmanshoop
Namibia
Tel: +264 63 226 426
Fax: +264 63 226 427

Lüderitz

230 Bismarck St
PO Box 1178
Lüderitz
Namibia
Tel: +264 63 202 143
Fax: +264 63 204 169

Rosh Pinah

Unit 1 SME Park
Kokerboom St
PO Box 71
Rosh Pinah,
Namibia
Tel: +264 63 274 958
Fax: +264 63 274 959

Oranjemund

Cnr 11th Ave & 12th St
PO Box 833
Oranjemund
Namibia
Tel: +264 63 232 295
Fax: +264 63 232 191

Rundu

Main Rd
Medical Center,
2nd floor
Rundu
Tel: +264 66 267 261
Fax: 088 651 5346

Swakopmund

c/o Tobias
Hainyeko & Werft St
PO Box 2869
Swakopmund
Namibia
Tel: +264 64 461 356
Fax: +264 64 461 456

Walvis Bay

Medical Park
Hidipo Hamutenya St
PO Box 731
Walvis Bay
Namibia
Tel: +264 64 206 098/1
Fax: +264 64 206 094

Tsumeb

No. 4 Ndiilimani Cultural
Troupe St
PO Box 791
Tsumeb
Namibia
Tel: +264 67 222 975/924
Fax: +264 67 222 977

Oshakati

Cnr Robert Mugabe & Main Rd, 100
No. 7 The Palms
PO Box 7196
Oshakati West
Namibia
Tel: +264 65 222 335/334
Fax: +264 65 222 985