

MINUTES OF THE 47TH ANNUAL GENERAL MEETING

OF SOUTHERN CROSS MEDICAL CARE SOCIETY

Held on Thursday 27 November, 2008 at 10.00am

at The Ellerslie Convention Centre,

82-100 Ascot Avenue, Ellerslie, Auckland

PRESENT:

J G Todd, Chairman

Dr D D Baird, Ms C B Durbin, G S Hawkins, Dr S C Macken, D J May, P J Meyer and M J Verbiest (Directors)

Dr I B McPherson, P J Tynan, Lee Hohaia, A McPhail, K L Jones, Rachel Cunningham, P J Regtien, J A Feyter, Dr P Cooke, and others totaling in excess of 250 members.

WELCOME:

Mr Todd welcomed members to the meeting.

RESOLUTION 5 TO INCREASE DIRECTORS RENUMERATION:

Mr Todd commented that the decision to introduce Resolution 5 as an item of business was made by the Southern Cross Board prior to the significant, adverse economic change that the country and our members had recently experienced.

Mr Todd explained to the members the rationale behind the proposed increase in the pool from which all Directors remuneration was paid and the need to attract experienced and competent Directors and to pay them appropriately.

Mr Todd then advised the meeting that taking the adverse economic change and some feedback from the membership into account, Resolution 5 was being withdrawn as an item of business.

The decision was applauded by the members.

INTRODUCTION:

Mr Todd acknowledged the presence of representatives from the Society's external Auditors, KPMG; internal Auditors, Ernst & Young; external legal advisors, Minter Ellison Rudd Watts; and two past members of the Board.

Mr Todd introduced the Directors, Dr McPherson, the Chief Executive Officer and Mr Jones, the Secretary to the Board and members of the senior management team to the meeting.

NOTICE OF MEETING:

Mr Todd advised that the notice of this Annual General Meeting was published in the five national newspapers as well as being individually circulated to all members of the Society who were eligible to vote, between 20 October and 3 November 2008.

This confirmed that the Annual General Meeting had been called in accordance with the Rules of the Society.

**VOTING AND SPEAKING
PROTOCOL:**

Mr Todd outlined the voting and speaking protocols to be followed, in dealing with the various motions to be considered in the meeting.

APOLOGIES:

Mr Jones advised that there were no apologies received.

**PRESENTATION OF ANNUAL
REPORT AND FINANCIAL
STATEMENTS:**

Prior to Mr Todd starting his presentation on the Annual Report and Financial Statements, Dr Brian Earnshaw made a point of order.

Dr Earnshaw considered the proxy form was invalid in that it did not allow for voting against the election or re-election of a particular candidate for Director or Trustee. For a democratic vote Dr Earnshaw considered the proxy form should have provision to vote for, against and abstain.

Mr Todd explained that this year the number of candidates equalled the number of vacancies, so members were not being asked to choose one candidate over another for any of the vacancies. It was therefore considered unnecessary to include an "against" box for an uncontested election such as this.

Mr Todd commented that the rules for listed companies are different to those applying to Friendly Societies. The Society's Rules allow the format of the voting form to be determined by the Board. The voting form is legal and the same format has been used for the last 6 years, however Mr Todd confirmed that the design would be reviewed for future years.

Dr Earnshaw responded that, having made his comments, he was happy to leave it to the Board to change the voting form for next year's AGM.

In presenting the Annual Report and Financial Statements, Mr Todd gave a brief overview of the 2007/08 year. A copy of Mr Todd's presentation is available on the Society's website.

Dr McPherson, the Chief Executive Officer, made a presentation on the performance of the Society, and updated members on plans for the future. A copy of Dr McPherson's presentation is available on the Society's website.

It was then moved by Mr Todd, and seconded by Mr Hawkins, that the Annual Report and Financial Statements, including the Auditors Report, for the year ended 30 June 2008, be received and adopted.

Prior to putting the motion to the meeting, Mr Todd and Dr McPherson answered questions from members.

1. In answer to a question regarding the level of loss in Activa, Mr Todd confirmed it was \$1.4 million in 2007/08. Corporate clients are using Activa as a substitute or an add-on for traditional health insurance offerings.

2. In answer to a question regarding the high level of reserves, Mr Todd advised that the reserves were appropriate but not excessive to maintain our Standard & Poor's A+ rating and they needed to be seen in context with the level of premium income and claims.

With no further discussion or questions, the motion was put to the meeting and passed.

ELECTION OF DIRECTORS:

In accordance with the Rules of the Society, two existing Directors, Mr May and Mr Meyer, retired by rotation, and being eligible, stood for re-election.

Mr Hawkins and Mr Verbiest, who were appointed to the Board on 1 October 2008, in accordance with the Rules, sort election.

While the number of candidates this year equaled the number of vacancies, the Rules of the Society still required an election of Directors at the Annual General meeting to be held.

It was moved by Mr Todd and seconded by Dr LeGrice, that Mr Hawkins be appointed to the Board of the Society.

The motion was put to the meeting and passed with Dr Earnshaw voting against the appointment of Mr Hawkins.

It was moved by Mr Todd and seconded by Dr Macken, that Mr May be reappointed to the Board of the Society.

The motion was put to the meeting, and passed.

It was moved by Mr Todd and seconded by Dr LeGrice, that Mr Meyer be reappointed to the Board of the Society.

The motion was put to the meeting, and passed.

It was moved by Mr Todd and seconded by Dr LeGrice, that Mr Verbiest be appointed to the Board of the Society.

In answer to a question from Mr David Kay, Mr Verbiest outlined his experience for this Director role and then the motion was put to the meeting, and passed.

ELECTION OF TRUSTEES:

In accordance with the Rules of the Society, one Trustee, Mr May retired by rotation, and being eligible, stood for re-election.

In answer to a question from Mr Arthur Moore, Mr Todd confirmed that a copy of the Society's Rules could either be downloaded from the website or a copy could be requested from the Call Centre.

While the number of candidates this year equalled the number of vacancies, the Rules of the Society still require an election of Trustees at the Annual General Meeting to be held.

It was moved by Mr Todd and seconded by Mr David Kay,
That Mr May be reappointed as a Trustee of the Society.

The motion was put to the meeting, and passed.

APPOINTMENT OF AUDITORS: KPMG, the Society's external Auditors, who were newly appointed in 2006, were willing to continue in office.

It was moved by Mr Todd and seconded by Mr Hawkins,
That KPMG be appointed Auditors, until the conclusion of
the next Annual General Meeting of the Society.

The motion was put to the meeting, and passed.

GENERAL BUSINESS:

Mr Meyer, the Chairman of the Investment Committee spoke regarding the Society's investment portfolio, which he confirmed was in good shape considering the current world financial crisis.

Mr Todd and Dr McPherson answered further questions from members.

There was no further business, and the meeting closed at 12.07pm.