

Minutes of the 51st Annual General Meeting of Southern Cross Medical Care Society

Held on Thursday, 6 December, 2012 at 7.00pm
at The Ellerslie Convention Centre, 82-100 Ascot Avenue, Ellerslie, Auckland

Present:

G S Hawkins, Chairman

Ms C B Durbin, G W Gent (from 7.30pm), Ms E M Hickey, P J Meyer and K B Taylor (Directors).

Senior management and advisors, including Dr I B McPherson, P J Tynan, Dr J Vaughan, L Bojsen-Moller, A McPhail, April Walker, Michelle McBride, M J Veal, J Smeed, Dr I Pogson, K L Jones, Rachel Cunningham, and others totaling in excess of 75 Members.

Welcome:

Mr Hawkins welcomed Members to the meeting.

Introduction:

Mr Hawkins acknowledged the presence of representatives from the Society's external Auditors, KPMG; internal Auditors, PricewaterhouseCoopers; and external legal advisors, Minter Ellison Rudd Watts; and three past Chairmen of the Board.

Mr Hawkins introduced the Directors, Dr McPherson, the Group Chief Executive Officer, Mr Tynan, the Chief Executive Southern Cross Health Society and Mr Jones, the Secretary to the Board and Members of the senior management team to the meeting.

Apologies:

Apologies were received from current Director Dr Douglas Baird due to illness and former Director Mr Bryan Kensington.

There were no additional apologies from the floor.

Notice of meeting:

Mr Hawkins advised that notice of the Annual General Meeting had been given in accordance with the Rules of the Society.

Quorum:

Under the Society's Rules, the Quorum required for a meeting is 12 Members. As there were more than 12 Members present, Mr Hawkins declared the meeting open.

Voting and speaking protocol:

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

Presentation of Annual Report and Financial Statements:

In presenting the Annual Report and Financial Statements, Mr Hawkins gave a brief overview of the 2011/12 year. (A copy of Mr Hawkins' presentation is available on the Society's website).

Dr McPherson, the Group Chief Executive Officer and Mr Tynan, the Chief Executive of the Health Society made presentations on the Society's performance. (Copies of these two presentations are also available on the Society's website).

It was then moved by Mr Hawkins, and seconded by Ms Hickey, That the Annual Report and Financial Statements, including the Auditor and Appointed Actuary's Reports, for the year ended 30 June 2012 be received.

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

Appointment of Auditors:

KPMG, the Society's external Auditors, who were appointed in 2006, were willing to continue in office.

It was moved by Mr Hawkins and seconded by Mr Meyer, That the re-appointment of KPMG as external Auditors for the year ending 30 June 2013 be confirmed.

The motion was put to the meeting, and passed.

Election of Directors:

While the number of candidates this year equalled the number of vacancies, the Rules of the Society still require an election of Directors to be held at the AGM.

This year, in accordance with the Rules of the Society, Dr Douglas Baird – in absentia - and Carole Durbin – present - retired by rotation and, being eligible, offered themselves for re-election.

The first resolution 3.1 was to re-elect Dr Douglas Baird.

It was moved by Mr Hawkins and seconded by Mr Taylor, That Dr Baird be re-elected as a Director.

This vote was conducted as a poll. Mr Hawkins outlined the voting process to the Members and advised the meeting that the Directors had engaged the Society's external Auditors, KPMG to act as scrutineers.

Although the results of the vote were not available prior to the meeting being closed, they were published on the Society's website on Monday 10 December. The result of the poll, as advised by the scrutineers was that Dr Baird with 98.8% of the vote for was re-elected to the Board of the Society.

Resolution 3.2

It was moved by Mr Hawkins and seconded by Ms Hickey, That Ms Durbin be re-elected as a Director.

This vote was conducted as a poll. Mr Hawkins asked Members to record their vote on their voting forms as previously outlined.

Although the results of the vote were not available prior to the meeting being closed, they were published on the Society's website on Monday 10 December. The result of the poll, as advised by the scrutineers was that Ms Durbin with 97.9% of the vote for was re-elected to the Board of the Society.

Re-appointment of Trustee:

As Mr Hawkins was standing for re-election, Mr Meyer addressed the meeting on Item 4 Re-appointment of Trustee.

Mr Meyer assumed the role of Chair for the voting process and therefore cast any proxy holder votes held by the Chair.

Mr Meyer briefly outlined the role of the Society's Trustees.

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

It was moved by Mr Meyer and seconded by Dr LeGrice, That Mr Hawkins be re-appointed as a Trustee of the Society.

This vote was conducted as a poll. Mr Meyer requested that Members use their voting forms to capture their votes for Resolution 4.

Although the results of the vote were not available prior to the meeting being closed, they were published on the Society's website on Monday 10 December. The result of the poll, as advised by the scrutineers was that Mr Hawkins with 98.4% of the vote for was re-appointed as a Trustee of the Society.

Following completion of the voting procedure, Mr Hawkins returned to Chair the meeting.

Special resolution to replace the Society's existing Rules:

Mr Hawkins outlined that Item 5 in the Notice of Meeting was a Special Resolution; the purpose of which was to ensure the Society's constitution (known as the Rules) remains current.

Many of the proposed amendments arise from the need to improve the Rules' consistency with the new Insurance (Prudential Supervision) Act 2010 which applies to licensed insurers operating in New Zealand.

There were also some updates that seek to clarify or better reflect, current or best practice.

The extent and nature of the resulting changes were summarised in the table that was sent out to all Members in the Notes to Item 5 in the Notice of Meeting.

Mr Hawkins advised the meeting that because of the nature of the AGM postal proxy/ voting process no amendments to the Proposed Rules could be accepted from the floor, because the Membership as a whole had already been given the opportunity to complete and return their proxy/ voting forms based on the Proposed Rules in their published form. However any suggestions would be considered for any future Rules changes.

Mr Hawkins noted the resolution to adopt the Proposed Rules is a Special Resolution, which means it is necessary for 75% of those voting to vote in favour in order for the resolution to be passed. The vote was conducted as a poll.

Mr Hawkins outlined the voting process to the Members and advised the meeting that the Directors had engaged the Society's external Auditors, KPMG to act as scrutineers.

It was moved by Mr Hawkins and seconded by Dr Matthews that the Amended Rules of the Southern Cross Medical Care Society as referred in the Notes to Item 5 in the Notice of Meeting be adopted to replace the Society's existing Rules.

Although the results of the vote were not available prior to the meeting being closed, they were published on the Society's website on Monday 10 December. The result of the poll, as advised by the scrutineers was that the adoption of the Amended Rules of the Society was approved by 99.3% of the Members who voted. Therefore the Special Resolution was passed.

General business:

There were no formal items of general business that were notified by the close-off date of 7 October 2012.

However, Mr Hawkins did invite further discussion by Members.

A Member from the floor made several positive comments in support of My Southern Cross.

A Member from the floor emphasised the need to maintain Southern Cross cover if at all possible as she considered cancelling it but then she had some major health problems and the support she received from Southern Cross in taking care of her medical costs was first class.

A Member from the floor commented that the comments made regarding Southern Cross's Hospital Plan by the Head of the Consumers Institute put Members in a difficult position if they were contemplating a change of Plan to make the correct decision.

Mr Tynan commented that Southern Cross has a range of Plans from comprehensive cover to major medical only to cater for Member requirements. He suggested that the Member contact us to discuss their individual needs.

A Member from the floor asked why there was no choice for the election of Directors.

Mr Hawkins commented that the Insurance (Prudential Supervision) Act 2010 which applies to licensed Insurers reduces the available Directors pool as they must be suitably qualified and experienced to fulfil the role.

Under requirements of this Act, the Reserve Bank of New Zealand has developed Standards for Directors and sets out the factors that an insurer must take into account when making an appointment to one of these positions.

If a vacancy occurred, then as long as any person nominated meets the required skills and experience criteria then they would be put forward for the election process.

A Member from the floor asked for more information around pricing. Mr Hawkins commented that when Southern Cross was losing younger Members to competitors, Community Rating could not continue and pricing to risk was adopted approximately ten years ago.

A Member from the floor wanted to know more about Southern Cross Hospitals business.

Mr Hawkins advised that the Hospitals were owned by a separate legal entity, the Southern Cross Health Trust and today's meeting was for the Southern Cross Medical Care Society.

A copy of the Annual Report for the Southern Cross Health Trust can be obtained from our website.

Mr Tait wanted to know why his daughter paid more under an Affiliated Provider contract than a non-Southern Cross member was charged.

Dr McPherson replied that we would like to know who this Affiliated Provider was as if this was correct after investigation the Affiliated Provider contract would be reviewed.

A Member from the floor wanted to know why age banding was not applied to over 65 year olds rather than Community Rating.

Mr Hawkins commented that due to the number of Members over 65 years old our data showed very little difference to premiums would result so Community Rating has been adopted.

A Member from the floor wanted to know how the Society or a Member can decide on an Affiliated Provider's competency.

Dr Justin Vaughan who is Head of Clinical Operations was asked to reply to the Member. Dr Vaughan commented that there are many regulatory standards and bodies in place to ensure a high standard of quality and safety in New Zealand, including the Ministry of Health, Medical Council and individual speciality colleges. For example private hospital facilities are licensed and in addition, Southern Cross Hospitals Limited then credential the surgeons and define their scope of practice. It is a very robust practice and Southern Cross would not contract with an Affiliated Provider if they were not suitably qualified to perform the procedures.

There was no further business, and the meeting closed at 7.58pm.