

**Minutes of the 56th Annual General Meeting
of Southern Cross Medical Care Society**

**Held on Wednesday, 6 December 2017 at 2.03pm
at the Great Northern Room, Ellerslie Event Centre, Auckland**

Present:

G W Gent, Chairman

Ms C M Drayton, Ms E M Hickey, G R W France, Dr P A T Leightley, Ms J M Raue and K B Taylor (Directors)

Senior management and advisors, including N Astwick, V Caisley, S J Azzopardi, C Trigg, R Ogilvie, A McPhail, K Boelle, C Watney, R Cunningham (Secretary), J Smeed (Appointed Actuary, Finity Consulting), M Prichard (KPMG, external auditors) and others totaling in excess of 140 Members

Welcome:

Mr Gent welcomed Members to the meeting, together with representatives of the Society's external auditors and guest speaker Billie Jordan.

Introduction:

Mr Gent introduced each of the Directors, before introducing Mr Astwick, the Chief Executive Officer and Ms Cunningham, the Secretary to the Board.

Apologies:

Ms Cunningham advised that an apology had been received from Ms Suzanne Kallil McPhee.

No apologies were offered from the floor.

Notice of meeting and quorum:

Mr Gent advised that notice of the Annual General Meeting had been given in accordance with the Rules of the Society, and as there was a quorum of more than 12 Members present, Mr Gent declared the meeting open.

Voting and speaking protocol:

Mr Gent 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:**

Item 1: In presenting the Annual Report and Financial Statements, Mr Gent gave a brief overview of the 2016/17 year. (A copy of Mr Gent's presentation is available on the Society's website).

Mr Astwick, the Chief Executive Officer gave a presentation on the Society's performance and future directions (a copy of Mr Astwick's presentation is available on the Society's website).

Mr Azzopardi, the Chief Finance and Risk Officer gave a brief update on the Society's investment performance and strategy (a copy of Mr Azzopardi's presentation is available on the Society's website).

It was moved by Mr Gent and seconded by Ms Hickey, that the Annual Report and Financial Statements for the year ended 30 June 2017, and the Auditor and Appointed Actuary's Reports thereon, be received.

Prior to putting the motion to the vote, Mr Gent invited questions or discussion from Members.

Mrs C White raised concerns about Affiliated Provider options for paediatric allergy treatment. Mrs White agreed with the Chairman's suggestion to come back to the topic in General Business.

A Member asked for a full copy of the financial statements which was provided.

Mrs B Vazifdar expressed concern that the Low Claims Reward might discourage claims. Mr Watney responded that the Low Claims Reward was currently under review.

The motion was put to the meeting and passed on the voices.

Election of Directors:

Mr Gent explained that the number of candidates this year was equal to the number of vacancies. Catherine Drayton and Keith Taylor were retiring by rotation and, being eligible, offered themselves for re-election. Based on their contribution since becoming Directors, and the findings of a recent Board review, the Board supported their re-election.

Item 2.1: It was moved by Mr Gent and seconded by Mr France that Ms Drayton be re-elected as a Director of the Society.

Ms Drayton spoke briefly to the motion. There was no discussion. The motion was put to the meeting and passed on the voices.

Item 2.2: It was moved by Mr Gent and seconded by Dr Leightley that Mr Taylor be re-elected as a Director of the Society.

Mr Taylor spoke briefly to the motion. There was no discussion. The motion was put to the meeting and passed on the voices.

Appointment of a Trustee:

Item 3: Mr Gent asked Ms Hickey to chair the next part of the meeting dealing with his re-appointment as a Trustee.

Ms Hickey outlined the role of the Trustee and that Mr Gent was retiring by rotation and, being eligible, offered himself for re-election.

It was moved by Ms Hickey and seconded by Ms Raue that Mr Gent be re-appointed as a Trustee of the Society.

With no discussion from the floor, the motion was put to the meeting and passed on the voices.

Director remuneration:

Item 4: Ms Hickey briefly introduced the next resolution, to increase the director remuneration pool from \$476,000 to \$499,800 per annum. She declared a conflict of interest on behalf of all Board members and asked Ms Cunningham to chair this part of the meeting.

Ms Cunningham outlined the Director remuneration review process that had been undertaken.

It was moved by Ms Cunningham, and seconded by Dr John Matthews, that the Director remuneration pool be increased as outlined in item 4 in the Notice of Meeting. Ms Cunningham invited discussion from the floor.

Dr A Gunder spoke against the motion, saying that all funds should be used for Members.

There being no further discussion, Ms Cunningham called for a poll and asked members and proxy holders to complete their voting forms in relation to item 4. Following the meeting, votes cast at the meeting (in person and by proxy) and postal votes were counted, and the motion was carried (65.9% in favour).

Ms Cunningham handed the chair back to Mr Gent, who commented briefly on Directors' responsibilities and the rationale for ensuring remuneration was sufficient to attract suitably qualified individuals.

General business:

Item 5: Electronic AGM communication

Mr Gent spoke to the first item of General Business set out in the Notice of Meeting, regarding changes planned to the way the Society communicates with members about the AGM. The change, to have effect in 2018, would enable the Society to save around \$300,000 per year. Members wanting to stay in touch with the AGM were encouraged by sign-up for My Southern Cross.

Mr Gent invited members at the meeting needing help to receive future AGM notices to talk with staff who could advise options.

One member stated that while she had a computer, some others did not and members should be able to opt in or opt out. Mr Gent responded that the financial saving was compelling but the Society would seek to accommodate individual Members' requirements.

Item 6: Specialist care for rare conditions

Mr Gent introduced the second item of General business set out in the Notice of Meeting, regarding specialist care for rare conditions, and invited the Member who raised the item, S Atkins, to speak to the topic.

Ms Atkins said she had raised the topic as a result of personal experiences and was seeking a way forward on behalf of members dealing with rare and chronic conditions. Ms Atkins said since raising the item she had had very positive dealings with Society management and believed Southern Cross had shown good commitment to on-boarding specialists into the Affiliated Provider programme to provide options for the care of rare conditions. She particularly wanted to thank the Society's Chief of Healthcare Partnerships, R Ogilvie, for her role in the discussions. Ms Atkins said she continued to be supportive of the Society's Affiliated Provider approach.

Mr Astwick commented briefly on the subject and asked Ms Ogilvie to provide a further update. Ms Ogilvie said that the Society had been very successful in negotiating contracts with providers and had over 1,850 in place. The Society was still working with around 5% of providers for specialist consultations, x-rays and ultrasounds. Negotiations had resumed with the particular specialist that had

prompted Ms Atkins item of business, and it was hoped he would soon join the AP programme.

Ms Ogilvie thanked Ms Atkins for her role as a patient advocate in the discussions, and for bringing the New Zealand Organisation for Rare Diseases (NZORD), and its database of rare condition specialists, to the Society's attention.

Mrs White, whose question earlier in the meeting had been deferred, was invited by Mr Gent to address the meeting. Mrs White's concerns related to life threatening food allergies that her granddaughter had received treatment for. Mrs White said there was some synergy between her concerns and those raised by Ms Atkins, and she was heartened by the comments Ms Atkins and Ms Ogilvie had made. She was also supportive of the Society's Affiliated provider programme.

Mr Gent commented that the Affiliated Provider programme was important and appeared to be working well in the majority of cases, but that the Society was putting more work into how the programme worked in less common circumstances such as those that had been raised by Ms Atkins and Mrs White. He asked management to respond.

Ms Ogilvie apologised to Mrs White that a letter sent by management in prior weeks had not been received. Ms Ogilvie outlined some specifics relating to negotiations with the paediatric allergy specialist Mrs White's granddaughter had attended. She also indicated that many allergy specialists in private practice felt cases such as this one were best dealt with in the public health system. Ms Ogilvie offered to continue discussion with Mrs White after the meeting.

Other General Business

Mr N Ing asked that criteria for the Society's Low Claims Reward by reviewed, to take into consideration length of membership, claims made and age. He said as a low claimer he had subsidised other members over many years. Mr Gent commented that the Society's approach was to "price to risk" and that any requirement to have younger members subsidise older members would make the Society uncompetitive for younger members compared with other insurers. He said the Society had acted in 2016 to phase in a higher threshold for community rating for older members, from 65 years to 75 years, to reduce impacts on older members.

This had already seen a reduction in older members relinquishing their membership.

Two members raised questions around cover for preventative treatment such as vaccinations, and providing incentives for members to stay healthy. Mr Gent agreed that these ideas had merit but were inherently difficult. Mr Astwick commented that this was a key area of focus for the Society as it sought to evolve from being an insurer to an assurer of Members' health.

Mrs S Cooper said she had found she could not get cover for specialist consultations and diagnostic procedures under her previous SureCare Policy if they weren't associated with subsequent surgery. She and her husband had changed to KiwiCare as a result. She wanted to bring this issue to other Members' attention

The meeting closed at 3.21pm.