

The Annual General Meeting of the Southern Cross Medical Care Society will be held at 2pm on Wednesday, 5 December 2018 at the Westpac Stadium Function Centre, Waterloo Quay, Wellington.

Items of business

Annual Report and Financial Statements

1. To receive the Annual Report and Financial Statements for the year ended 30 June 2018 and the Auditor's and Appointed Actuary's reports thereon. See Notes to item 1.

Election of Directors

There are two vacancies and two candidates for those vacancies.

- 2.1 To re-elect Roger France as a Director. Mr France retires by rotation and, being eligible, offers himself for re-election.
- 2.2 To re-elect Greg Gent as a Director. Mr Gent retires by rotation and, being eligible, offers himself for re-election.

See Notes to item 2 for candidate profiles.

Appointment of a Trustee

3. To re-appoint Elizabeth Hickey as a Trustee. Current Trustee Elizabeth Hickey retires by rotation and, being eligible, offers herself for re-appointment. See Notes to item 3.

General business and member questions

4. That consideration be given to a discounted annual premium based on loyalty and continuous duration of membership and also taking into account claims history over 10, 20 and 30 years membership. See Notes to item 4.

Rachel Cunningham
Secretary
Southern Cross Medical Care Society
20 October 2018

Cast your votes on the Southern Cross Voting Website using the link emailed to members in November; at the meeting; or email communications@southerncross.co.nz for more information.

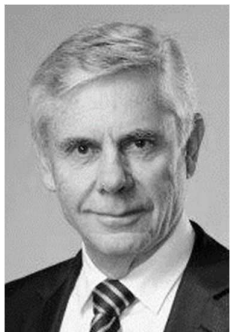
R. Cunningham is authorised to receive and count postal votes, in accordance with the Society's Rules - 13.13(c).

Notes to item 1 – Receive Annual Report

The Annual Report and Financial Statements can be viewed online before the AGM at www.southerncross.co.nz/annualreport. Annual Report summaries will also be available to members attending the meeting.

Notes to item 2 – Election of Directors

There are two candidates seeking election to the Board and two vacancies. The Board supports the re-election of both Roger France and Greg Gent based on their skills, experience and contribution to the Society since their original election to the Board.



2.1 – To re-elect Roger France as a Director

Roger France (ONZM, BCom, FInstD, FCA)

Roger France is a professional, non-executive director and chartered accountant who was elected to the Society Board in 2014 and appointed as a Society Trustee in 2016. He is chair of Tappenden Holdings and the Deep South National Science Challenge; a trustee of the University of Auckland Foundation; and a member of Treasury's Commercial Operations Advisory Board. Mr France's past Board appointments include Fonterra, Air New Zealand, Fisher and Paykel Healthcare, Orion Health Group, Blue Star Group and Team New Zealand. Mr France is a Fellow of both the New Zealand Institute of Directors and Chartered Accountants Australia and New Zealand.



2.2 – To re-elect Greg Gent as a Director

Greg Gent (ONZM)

Greg Gent joined the Society's Board in 2011 and was elected Chairman in 2014. He is also a Trustee of the Society. Mr Gent is a Northland dairy farmer with a wealth of governance experience. From 2001 to 2011 he was a director of New Zealand's largest co-operative business, Fonterra. Prior to Fonterra's formation he was chair of Northland Dairy and Kiwi Co-op Dairies. He is chair of Dairy Holdings Limited; a director of New Zealand Institute for Plant and Food Research; a former chair and director of rural insurer FMG; and was a member of the Northland District Health Board from 2010 to mid-2015. Mr Gent is also chair of the Southern Cross Health Trust.

Notes to item 3 – Appointment of a Trustee

The Rules of the Society provide that there shall be three Trustees. All property belonging to the Society vests in the Trustees who hold it in trust for the Members. Trustees are nominated from among the Directors and elected by Members. Trustees receive no additional remuneration for the role. Elizabeth Hickey was first appointed as a Trustee in 2015. This year she retires by rotation and, being eligible, offers herself for re-appointment. The Board supports Ms Hickey's re-appointment as Trustee based on her skills, experience and contribution to the Society since her original election to the Board.



Elizabeth Hickey (MNZM, MCom(Hons), FCA, CMIInstD)

Liz Hickey is a chartered accountant and chartered member of the Institute of Directors. She joined the Society's Board in 2009 and chairs the Audit and Risk Committee. Ms Hickey is a trustee of the University of Auckland Foundation and has been a member of various commercial and not-for-profit boards. She is a Fellow and past-President of Chartered Accountants Australia and New Zealand. Ms Hickey is also a trustee of Southern Cross Health Trust.

Notes to item 4 – General business

This is a member-initiated item for discussion:

“That consideration be given to a discounted annual premium based on loyalty and continuous duration of membership and also taking into account claims history over 10, 20 and 30 years membership.

To make premiums fairer the following should be taken into consideration: Loyalty – length of continuous time being a member of Southern Cross; Claims history banded over 10 years, 20 years and 30 years plus.

At the moment there is a small discount for “no claims” however it does not take into account loyalty of membership and claims history over the total time a client has been a member of Southern Cross.”

C. Stewart Tauranga

Comments from the Board:

We thank Mrs Stewart for raising this topic and look forward to the discussion.

Loyalty and low claims discounts, in various forms, have been the subject of extensive work and regular review in past years.

A key consideration in any discussion of this sort is that if a discount is offered to some members, then other members will need to fund it. As a not-for-profit insurer, there is no profit margin that we can use to fund discounts. If lower premiums were offered to older members, long-standing members or those with lower claims, premiums for other members (younger, newer, higher claiming members) would have to be correspondingly higher.

The Society was the first New Zealand health insurer to introduce a low claims reward in 2005; it provided a 10% discount for many adult members whose claims levels were below certain thresholds over the two-year period prior to their policy renewal. Following a recent review, some changes to this discount came into effect on 1 June of this year, but the two-year claims review period has been retained for now.

Discounts based on length of membership are complex and problematic in a health insurance context. The Board commissioned an in-depth study on this topic following AGM discussions in 2011. The resulting Member Tenure Report (2012) is available to members at www.southerncross.co.nz/agm.

When reporting the findings of the project to the membership in 2012, the Board concluded a discount based on length of membership would not be equitable to all members and would likely be unsustainable for the Society.

Guest speaker: Dr Stephen Child

Having joined the Society late last year as its Chief Medical Officer, Dr Stephen Child brings his perspective as an experienced medical professional to Southern Cross Health Society and the wider industry. He will talk about the journey that brought him to his role, his impressions of the organisation from the outside looking in, and what he has learned since joining. He will also give his perspective on the future of healthcare in New Zealand.

Dr Child is a Canadian-trained General Physician and an engaging speaker. Since coming to New Zealand in 1991, his many roles have included Chair of the New Zealand Medical Association, member of the DHB National Workforce Strategy Group and member of the Minister of Health’s Medical Training Board.

