



PRESS RELEASE
FOR IMMEDIATE RELEASE

Reference : Update on Bonitas Medical Fund
To : Media
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PRESS RELEASE 1 OF 2011: THE LATEST ON BONITAS MEDICAL FUND

Bonitas Marketing (Pty) Ltd

In November 2010 the Registrar of Medical Schemes appointed independent inspectors to conduct an inspection into the affairs of Bonitas Marketing (Pty) Ltd and Bonitas Medical Fund in terms of the Inspection of Financial Institutions Act 80 of 1998. Bonitas Marketing approached the South Gauteng High Court in Johannesburg that same month to try and interdict the Council for Medical Schemes (CMS) from conducting an inspection into the company.

But by the time Bonitas Marketing had launched its court application, the inspection had already been completed and the inspectors had furnished a report to the CMS. The application is pending and is expected to be heard soon.

Bonitas Marketing is a wholly owned subsidiary of Bonitas Medical Fund. The former Managing Director of Bonitas Marketing had brought allegations of irregularities in the management of both Bonitas Marketing and the scheme to the Registrar. Some allegations were levelled directly at Gerhard van Emmenis, the acting Principal Officer of Bonitas Medical Fund who is vested with the powers and functions of the Board of Trustees pending the election of a new Board.

Bonitas Medical Fund has a direct interest in Bonitas Marketing and the latter is therefore seen as an associated institution of the medical scheme for the purposes of the Inspections Act. This Act empowers the Registrar to conduct inspections into the affairs of financial institutions associated with medical schemes – in this case Bonitas Marketing.

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Bonitas Medical Fund

In December 2010 the CMS approached the South Gauteng High Court for an order divesting Gerhard van Emmenis of the powers and functions of the Board and instead placing them with independent persons (case number 33573/2010). Gerhard van Emmenis is opposing this application. His application is also pending and is expected to be set down for hearing soon.

Bonitas Medical Fund was required to hold a special general meeting for its members to elect a new Board by 6 December 2010 but the CMS and the scheme had agreed to change this date to 5 February 2011. The scheme has failed to appoint an independent electoral body to conduct the elections and did not timeously publish a second notice calling for nominations of trustees. In terms of its rules, Bonitas Medical Fund is required to send to members a list of qualified nominees 14 days before the date of the special general meeting during which a new Board is to be elected by members.

The scheme approached the South Gauteng High Court on Tuesday and obtained a postponement of the special general meeting and elections to 28 May 2011.

In the meantime, on 31 January 2011, the trustees of Bonitas Medical Fund approached the South Gauteng Court seeking an order to be re-vested with their powers and functions (case number 4206/2011). They also want a court order declaring that Gerhard van Emmenis and the Bonitas Medical Fund do not have to comply with the terms of the court order of 17 September 2010 which divested them of their powers and directed that Gerald van Emmenis ensure that a new Board be elected. The trustees also want the compliance officer, Joseph Maluleke, to be removed immediately.

The CMS will soon take a decision on the fitness and propriety of some of the trustees who want their powers and functions back.

“This is another example of how committed we are to serving the best interests of beneficiaries,” said Dr Monwabisi Gantsho, the Registrar and Chief Executive of the CMS, today. “We are prepared to do whatever it takes to ensure that beneficiaries are protected and the sustainability of medical schemes is promoted with the support and cooperation of trustees who are fit and proper to run these complex insurance vehicles.”

We will publish more information when possible.

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