

Update on bonitas medical fund

The Council for Medical Schemes had issued a press release updating the industry on developments at Bonitas Medical Fund.

The Council for Medical Schemes (CMS) had placed the acting principal officer of Bonitas Medical Fund, Mr. Gerhard van Emmenis and the compliance officer Mr. Joseph Maluleke in charge of the Fund, who were required to report to the CMS on a weekly basis. In November 2010, the Registrar appointed independent inspectors to conduct an investigation into the affairs of Bonitas Medical Fund and Bonitas Marketing (Pty) Ltd, a wholly owned subsidiary of the Fund.

As a result of allegations of irregularities in the management of the Fund and at Bonitas Marketing, the CMS approached the High Court in December 2010 for an order divesting Mr. van Emmenis of his powers, which application was opposed. The CMS had also previously reported that a new Board was to be elected at a Special General Meeting (SGM) on 6 December 2010. The CMS and the scheme postponed this date to 5 February 2011 by agreement. The scheme subsequently approached the High Court to request a postponement of the SGM and elections to 28 May 2011, which was granted.

Other court applications have been instituted by the former trustees of the scheme to be re-vested with their powers and to have the compliance officer removed with immediate effect. The CMS advised that it would be considering the fitness and propriety of some of these trustees soon.

IMPACT ON BENEFICIARIES: The impact of the developments on beneficiaries of Bonitas was unclear, but the developments raised concerns about governance practices at the scheme.

IMPACT ON FINANCIAL ADVISERS: Financial advisers also serving Bonitas members should take note of and monitor the developments at the Fund.

IMPACT ON SCHEMES: Schemes should again be mindful of their management and corporate governance practices as inappropriate practices could ultimately lead to an investigation and intervention by the CMS.