

RULES

OF

THE TSHWANE GROUP LIFE SCHEME

These RULES replace the existing RULES of The Tshwane Group Life Scheme (the SCHEME), as amended, from 1 July 2020.

Certified on behalf of the BOARD of the SCHEME at.....Pretoria..... on ..25 May 2021..

M Scholtz
.....
(Chairman)

W Potgieter
.....
(Member of BOARD)

CONTENTS

	Page
PART 1. INTRODUCTION	1
1.1 Establishment and object of the SCHEME.....	1
1.2 Change of name	1
PART 2. DEFINITIONS	2
PART 3. MEMBERSHIP	6
3.1 Membership	6
3.2 Termination.....	7
PART 4. CONTRIBUTIONS	8
4.2 Days of grace and payment to THE INSURER.....	8
PART 5. DEATH BENEFITS	9
5.1 Death before or on the NORMAL RETIREMENT DATE while an EMPLOYEE	9
5.2 Death benefit in regard to a PENSIONER	10
5.3 Limitations and other conditions regarding the death benefits	10
PART 6. ACCELERATED PAYMENT OF DEATH BENEFITS AT DISABILITY	11
6.1 Benefit.....	11
6.2 Definitions	11
6.3 Termination of service	12
6.4 Limitations and other conditions regarding the disability benefits	13
PART 7. FUNERAL AID BENEFITS.....	14
7.1 Benefit.....	14
7.2 Cessation of contributions.....	14
7.3 Limitations and other conditions regarding the benefits	14
PART 8. OPTION TO EFFECT INDIVIDUAL INSURANCE	16
PART 9. ABSENCE FROM SERVICE.....	17
9.1 Absence with the EMPLOYER'S consent	17
9.2 Termination of MEMBERSHIP	17
PART 10. MANAGEMENT	18
10.1 The Board.....	18
10.2 Powers and duties of the BOARD.....	19
10.3 Procedures of the BOARD.....	20
10.4 Personal liability.....	21
10.5 Indemnity against loss	21

10.6	Expenditure of BOARD.....	21
10.7	Provision of data	21
PART 11. MISCELLANEOUS PROVISIONS		22
11.1	Mode of payment of benefits.....	22
11.2	Interest on late payments.....	22
11.3	Beneficiaries of benefits.....	22
11.4	Benefits inalienable.....	23
11.5	Deductions from benefits	24
11.6	Currency	24
11.7	Proof of claims	24
11.8	Unclaimed benefits	24
11.9	Binding force of the Rules.....	25
11.10	Disputes.....	25
11.11	Inspection of and copies of the Rules	25
11.12	Conditions of service	25
11.13	Dissolution or partial dissolution of the SCHEME	25
11.14	Control at dissolution	26
11.15	Amendment to the RULES.....	26

RULES

OF

THE TSHWANE GROUP LIFE SCHEME

PART 1. INTRODUCTION

1.1 Establishment and object of the SCHEME

- 1.1(1) A group life insurance scheme known as "Groeplewensversekeringskema vir die S.A.V.M.W. (Pretoria-Tak)" (the SCHEME) was established with effect from 1 September 1959.
- 1.1(2) The object of the SCHEME is to provide, in terms of the provisions of these RULES, as amended from time to time, benefits at death or other life contingencies on behalf of persons who qualify for participation in the SCHEME.
- 1.1(3) The SCHEME was established as an association of the MEMBERS referred to in these RULES. The SCHEME is owner of its assets, and is capable of acquiring rights and liabilities in its own name and of suing or being sued in a court of law. As such the SCHEME is a body corporate separate from its MEMBERS.

1.2 Change of name

With effect from 1 July 1984 the name of the SCHEME is "Die Pretoriase Munisipale Groeplewensversekeringskema", with effect from 1 March 1999 the name of the SCHEME is The Greater Pretoria Municipal Group Life Insurance Scheme and with effect from 1 January 2002 the name of the SCHEME is The Tshwane Group Life Scheme.

PART 2. DEFINITIONS

In these Rules, unless the context indicates otherwise,

- ♦ the singular also denotes the plural and vice versa; and
- ♦ the expressions below have the meanings indicated opposite them.

BENEFIT Y means the benefits described in RULE 5.1(a) and RULE 6.1.

BENEFIT Z means the benefits described in RULES 5.1(b) and RULE 6.1.

BOARD means the BOARD which controls and manages the SCHEME in terms of the RULES.

BOARD MEMBER means a member of the BOARD as determined in Rule 9.1(2).

CATEGORY X MEMBER means an EMPLOYEE who has chosen to participate in BENEFIT X as described in the RULES applicable prior to 1 July 2015, and with effect from 1 July 2015 who become a CATEGORY Y or CATEGORY Z MEMBER.

CATEGORY Y MEMBER means an EMPLOYEE who has chosen to participate in BENEFIT Y as described in the RULES.

CATEGORY Z MEMBER means an EMPLOYEE who has chosen to participate in BENEFIT Z as described in the RULES.

COMMENCEMENT DATE means 1 September 1959.

CONTINUATION OPTION in regard to Part 8, means an option available to MEMBERS of the SCHEME to continue with their existing group life insurance cover under an individual insurance policy when exiting the service of the EMPLOYER.

DATE OF DISABILITY means the date of termination of service from the Employer due to disability.

DEPENDANT in regard to a MEMBER means -

- (a) a person in respect of whom the MEMBER is legally liable for maintenance;
- (b) a person in respect of whom the MEMBER is not legally liable for maintenance, if such person -
 - (i) was, in the opinion of the BOARD, upon the death of the MEMBER in fact dependent on the MEMBER for maintenance;
 - (ii) is the spouse of the INSURED, where 'spouse' means the permanent life partner or spouse or civil union partner of an INSURED in accordance with the Marriage Act, 1961, the Recognition of Customary Marriages Act, 1998, or the Civil Union Act, 2006, or the tenets of a religion;

(iii) is a child of the MEMBER, including a posthumous child, an adopted child and a child born out of wedlock; or

(c) a person in respect of whom the MEMBER would have become legally liable for maintenance, had the MEMBER not died.

EMPLOYEE means a person who -

(a) is in the full-time service of the EMPLOYER;

(b) qualifies for MEMBERSHIP of the relevant EMPLOYER'S retirement fund, if there is such a fund,

except a person who has already reached the NORMAL RETIREMENT DATE, provided that female EMPLOYEES work a five-eighth day on a permanent basis, for purposes of the SCHEME are regarded as EMPLOYEES.

EMPLOYER means the City of Tshwane Metropolitan Municipality.

FAMILY RELATIVE means a blood relative or a relative by marriage, provided that such a FAMILY RELATIVE is not a minor or a DEPENDANT in terms of the RULES.

ILL-HEALTH in regard to a MEMBER means, for purposes of the funeral aid benefits described in Part 7, a condition where the MEMBER - directly and exclusively as a result of a bodily injury or an illness - totally and permanently and continuously is prevented - even with further in-service training -

- ♦ from following the regular occupation which he/she practiced immediately before; and
- ♦ from following the occupations which he/she, in view of his/her training and experience, may reasonably be expected to follow,

and experiences loss of income.

LABOUR RELATIONS ACT means the Labour Relations Act, 1995, and the regulations made in terms of it, or any substituting statutory measures.

LATE INTEREST means the payment of interest in some instances where payment of a benefit is delayed, in accordance with the provisions of RULE 11.2.

MEMBER means any person who is -

(a) a MEMBER of the SCHEME in terms of Part 3 of the RULES; and

(b) a PENSIONER.

MEMBERSHIP has a corresponding meaning.

NOMINEE means a person who is appointed by the MEMBER in terms of the RULES to receive benefits at his/her death.

NORMAL RETIREMENT AGE for purposes of the SCHEME means -

- (a) the retirement age in terms of the Employers applicable conditions of service; or
- (b) the maximum retirement age of 65 years.

NORMAL RETIREMENT DATE in regard to any MEMBER means the last day of the month in which he/she reaches the NORMAL RETIREMENT AGE.

PENSIONER(S) means a MEMBER who prior to 1 July 2015 has chosen to continue his/her MEMBERSHIP of the SCHEME after reaching his/her NORMAL RETIREMENT AGE and whose name appears in Annexure A to these RULES.

REGISTERED INSURER means an institution which is registered in terms of the Long-Term Insurance Act (Act, no. 52 of 1998), to do long term insurance business.

REMUNERATION AMOUNT in regard to any MEMBER and for the purpose of this SCHEME means:

- (a) the total amount of the basic remuneration the MEMBER receives from the EMPLOYER, or
- (b) for a MEMBER who is remunerated by the EMPLOYER at a “cost to company” basis, the total amount expressed as a fixed, agreed upon percentage of 70% of the “cost to company” remuneration the MEMBER receives from the EMPLOYER, provided that –

If in terms of the EMPLOYER’S human resources policy, the benefits and premiums in terms of this Policy in regard to a MEMBER are based only on a certain percentage of the MEMBER’S salary,

- ◆ the applicable salary to be used must be advised to THE INSURER by the EMPLOYER and accepted by THE INSURER in writing for the purposes of the Policy; and
- ◆ THE INSURER must be informed of the applicable percentage as on the COMMENCEMENT DATE; and
- ◆ the percentage must apply to all EMPLOYEES who are insured in terms of this Policy per defined categories; and
- ◆ THE INSURER must be advised in writing if the applicable percentage has changed before the date that the change becomes applicable; and
- ◆ individual choices per MEMBER will not be allowed, unless agreed otherwise between the EMPLOYER and THE INSURER.

RESERVE ACCOUNT means a portfolio of assets kept on behalf of the SCHEME that can be –

(a) invested by the BOARD at any RSA authorized Financial Service Provider; or

(b) used by the BOARD in the best interest of the MEMBERS as the only beneficiaries of the SCHEME, to -

- ♦ stabilize and/or fully or partially subsidize contributions;
- ♦ fully or partially fund claims in respect of MEMBERS; and or
- ♦ fund BOARD approved expenses whereby members directly or indirectly benefit from. These expenses include but are not limited to the following:
 - MEMBER communication,
 - the cost of tracing DEPENDANTS and/or NOMINEES,
 - the cost of BOARD MEMBER training.

RULES means the rules of the SCHEME contained herein, as amended from time to time.

SCHEME means THE TSHWANE GROUP LIFE SCHEME. Where applicable a reference to the SCHEME must be construed as a reference to the BOARD.

SCHEME ANNIVERSARY means the first day of March of each year.

THE INSURER in regard to a particular liability of the SCHEME means Sanlam Life Insurance Limited as THE INSURER underwriting that liability.

PART 3. MEMBERSHIP**3.1 Membership**

- 3.1(1) Every EMPLOYEE that is appointed by the EMPLOYER either by way of a fixed term contract or permanent employment and who contributes to the SCHEME qualifies for MEMBERSHIP of the SCHEME, provided that -
- (a) he/she is on the permanent staff of the EMPLOYER; and
 - (b) he/she has already reached the age of 16 years; and
 - (c) he/she has not reached the age of 65 years.
- 3.1(2) All persons who were MEMBERS before 1 March 1999 remain MEMBERS subject to subsequent provisions of the RULES.
- 3.1(3) An EMPLOYEE who entered the service of the EMPLOYER before the COMMENCEMENT DATE or 1 March 1999 and has since then remained in the EMPLOYER'S service without interruption, automatically and without any specific application becomes a MEMBER of the SCHEME on the date on which he/she qualifies for MEMBERSHIP.
- 3.1(4) MEMBERSHIP of an EMPLOYEE, who becomes a MEMBER in accordance with the preceding sub-RULE, commences on the first day of the month following the date on which he/she qualifies for MEMBERSHIP, unless THE INSURER and the EMPLOYER agree otherwise in the case of a particular EMPLOYEE.
- 3.1(5) Every EMPLOYEE who enters the service of the EMPLOYER on or after 1 March 1999, automatically and without any specific application becomes a CATEGORY Y MEMBER of the SCHEME on the first of the month following the date on which he/she qualifies for MEMBERSHIP and has the option to, within two months of the latter date, also become a CATEGORY Z MEMBER. However, if a MEMBER dies or becomes disabled and he/she has at that stage not exercised the option to become a CATEGORY Z MEMBER, he/she will be regarded as a CATEGORY Y MEMBER only. If such a MEMBER did not exercise the option to become a CATEGORY Z MEMBER he/she has the option to become such a MEMBER later on in terms of the conditions as described in RULE 5.1(c)(A), (B), (C) and (D).
- 3.1(6) The conditions of employment of the EMPLOYER shall contain a clause that an EMPLOYEE must become and remain a MEMBER of the SCHEME subject to the conditions as laid down by the SCHEME.

- 3.1(7) Except if otherwise provided in any Part of the RULES relating to benefits set out in that Part, a MEMBER takes part in the benefits as from the date on which his/her MEMBERSHIP commences.
- 3.1(8) An EMPLOYEE who was a MEMBER of the SCHEME as well as employees who were not MEMBERS of the SCHEME on 28 February 1999 has the choice to either participate in BENEFIT X or alternatively participate in BENEFIT Y and BENEFIT Z, on the understanding that –
- (a) an EMPLOYEE who was a MEMBER on 28 February 1999 and who did not exercise his/her choice before or on 31 May 1999 participates in Benefit X;
 - (b) an EMPLOYEE who was not a MEMBER of the SCHEME on 28 February 1999 and who did not exercise his/her choice before or on 31 May 1999 becomes a Benefit Y Member as from 1 June 1999. In terms of the conditions as described in Rule 5.1(c) such a Member has the option to later also become A CATEGORY Z MEMBER.
 - (c) an EMPLOYEE who is a CATEGORY X MEMBER on 1 July 2012 has the option to become a CATEGORY Y MEMBER. (In terms of the conditions as described in RULE 5.1(c) such a MEMBER has the option to later also become a CATEGORY Z MEMBER
- 3.1(9) Any option exercised is irrevocable except the option in RULE 5.1(c)(A), (B), (C) and (D) and those options in RULES 3.1(5) and 3.1(8) referring to RULE 5.1(c)((A), (B), (C) and (D).
- 3.1(10) As from 1 June 1999 nobody shall be allowed to start participating in BENEFIT X.
- 3.1(11) On 1 July 2015, all CATEGORY X MEMBERS become a CATEGORY Y or a CATEGORY Z MEMBER.
- 3.1(12) As from 1 July 2015, no MEMBER shall be allowed to become a PENSIONER.

3.2 Termination

- 3.2(1) A MEMBER'S MEMBERSHIP may not be terminated as long as he/she remains an EMPLOYEE.
- 3.2(2) A MEMBER'S MEMBERSHIP terminates -
- (a) at the MEMBER'S death; or
 - (b) as soon as the MEMBER, after he/she has ceased to be an EMPLOYEE, ceases to be entitled to a benefit in terms of the RULES; or
 - (c) at the dissolution of the SCHEME,
- whichever event occurs first.

PART 4. CONTRIBUTIONS

- 4.1(1) Unless otherwise stipulated in the Rules, a monthly contribution, as laid down by THE INSURER from time to time, plus an additional administration fee agreed to with the SCHEME, must be paid to the SCHEME by the EMPLOYER in regard to every MEMBER, on account of his/her MEMBERSHIP.
- 4.1(2) On 1 July 2015, a once-off contribution regarding a PENSIONER is paid by the SCHEME on behalf of a PENSIONER out of the RESERVE ACCOUNT and no further contributions in regard to a PENSIONER is payable to THE INSURER.
- 4.1(3) The monthly contribution regarding a MEMBER must be paid by the MEMBER and the EMPLOYER in the proportion the SCHEME and the EMPLOYER, having regard to statutory requirements, agree on from time to time.
- 4.1(4) The contribution payable for a particular month by a MEMBER who is an EMPLOYEE must be deducted by the EMPLOYER from the MEMBER'S REMUNERATION and paid to the SCHEME at the end of that month.
- 4.1(5) The proportionate/full contribution by the EMPLOYER in respect of the benefits described in Rules 5.1 for a particular month must also be paid to the SCHEME at the end of that month.
- 4.1(6) If a MEMBER becomes entitled to a benefit or an increase in a benefit, a contribution must be paid for the month concerned as if the MEMBER were entitled to the benefit or increase, as the case may be, for the whole month.
- 4.1(7) If a MEMBER is no longer entitled to a benefit or if a benefit to which a MEMBER is entitled decreases, a contribution must be paid for the month concerned as if the MEMBER is entitled to the benefit or the benefit before its decrease, as the case may be, for the whole month.
- 4.1(8) The SCHEME may agree with the EMPLOYER and THE INSURER on a manner of determination and payment of contributions that differs from that set out in the preceding sub-RULES.

4.2 Days of grace and payment to THE INSURER

- 4.2(1) The contributions to the SCHEME must be paid by the EMPLOYER directly to THE INSURER within fifteen days of the end of the month in respect of which the contributions are payable.
- 4.2(2) If the BOARD of the SCHEME assigns an intermediary between the SCHEME and THE INSURER to receive and transfer the contributions on behalf of the SCHEME, the BOARD must cause the intermediary to pay the contributions received by him in this way to THE INSURER in accordance with the preceding sub-RULE.

PART 5. DEATH BENEFITS

5.1 Death before or on the NORMAL RETIREMENT DATE while an EMPLOYEE

- (a) If a CATEGORY Y MEMBER dies before or on the NORMAL RETIREMENT DATE while he/she is an EMPLOYEE, an amount equal to once the MEMBER's annual REMUNERATION, is paid to his/her DEPENDANTS and/or NOMINEES.
- (b) If a CATEGORY Z MEMBER dies before or on the NORMAL RETIREMENT DATE while he/she is an EMPLOYEE, one of the following amounts (over and above BENEFIT Y), according to the choice which the MEMBER exercised, is paid to his/her DEPENDANTS and/or NOMINEES:
- ◆ three times the MEMBER's annual REMUNERATION; or
 - ◆ twice the MEMBER's annual REMUNERATION; or
 - ◆ once the MEMBER's annual REMUNERATION.
- (c) A MEMBER who has not yet reached the age of 50 years may increase the benefit described in this Rule 5.1(b) in the following circumstances:
- (A) in the event of his/her marriage;
 - (B) the birth or adoption of a child for a MEMBER;
 - (C) the promotion of the MEMBER to a higher position by the EMPLOYER;
 - (D) if the MEMBER submits satisfactory proof of good health to the satisfaction of THE INSURER.
- or
- decrease the benefit in this Rule 5.1(b) at any given point in time, provided that this option has to be done in writing to the SCHEME and THE INSURER must be advised thereof in writing.
- (d) A MEMBER who has reached the age of 50 years at the date the insurance described in this Part commences with regard to him/her, he/she has a once-off option on that date to increase the benefit described in Rule 5.1(b) provided that the MEMBER submits satisfactory proof of good health to the satisfaction of THE INSURER for the increase;
- or
- he/she may decrease the benefit in this Rule 5.1(b) at any given point in time, provided that this option has to be done in writing to the SCHEME and THE INSURER must be advised thereof in writing.

5.2 Death benefit in regard to a PENSIONER

5.2(1) A PENSIONER is entitled to a death benefit as reflected on Annexure A as agreed by the SCHEME and THE INSURER until his/her death.

5.2(2) The death benefit is paid to his/her DEPENDANTS and/or NOMINEES.

5.3 Limitations and other conditions regarding the death benefits

The death benefit in terms of this Part is subject to the same limitations and conditions as those which are applicable to the death insurance which the SCHEME has effected with THE INSURER in regard to the benefit.

The insurance is inter alia subject to stipulations regarding the following:

- ◆ limitation of the benefit or payment of additional premiums, payable by the MEMBER, if the MEMBER does not submit satisfactory proof of good health;
- ◆ the maximum period (6 months) in the case of a PENSIONER and (12 months) in the case of a CATEGORY Y and Z MEMBER within which notification of a claim must be given to THE INSURER;
- ◆ postponement of the commencement of the insurance or an increase in the insurance if the MEMBER at the commencement thereof is absent from his/her EMPLOYER'S service as a result of illness or injury;
- ◆ the deduction of disability benefits which comprise accelerated payment of death benefits and which were paid by THE INSURER in respect of the MEMBER;
- ◆ exclusions with regard to war and terrorism;
- ◆ Territorial Limitations;
- ◆ Interest on payment of the death benefit.

PART 6. ACCELERATED PAYMENT OF DEATH BENEFITS AT DISABILITY

6.1 Benefit

If a MEMBER who is an EMPLOYEE, becomes TOTALLY AND PERMANENTLY DISABLED after the latest date on which the insurance described in this Part becomes applicable to him/her, but before the BENEFIT CESSATION DATE, , the following disability benefit is paid to him/her.

- (a) In the case of a MEMBER whose disability is in no way caused by a mental disorder, the DISABILITY SUM ASSURED is paid in a lump sum.
- (b) In the case of a Member whose disability is caused to some degree by a mental disorder, the Disability Sum Assured is paid in monthly instalments. Each monthly instalment is equal to 1,667% of the DISABILITY SUM ASSURED.

No benefit is payable in respect of disability which has commenced before the latest date on which the MEMBER starts participating in the benefit in terms of this Part.

When the MEMBER dies within a period as specified in Rule 6.3, the difference, if any, between the DEATH SUM ASSURED and the amounts paid to the MEMBER in terms of this Part, is paid to the MEMBER'S DEPENDANTS and/or NOMINEES.

6.2 Definitions

In this Part -

BENEFIT CESSATION DATE in regard to a MEMBER means the day on which he/she reaches the age of 65 years.

DEATH SUM ASSURED in regard to a CATEGORY Y MEMBER means an amount equal to the benefit in terms of RULE 5.1(a) and with regard to a CATEGORY Z MEMBER means an amount equal to one half of the benefit in terms of RULE 5.1(b) that would have been paid in terms of the RULES in the event of his/her death while an EMPLOYEE and immediately before the commencement of his/her disability.

DISABILITY SUM ASSURED in regard to a MEMBER means his/her DEATH SUM ASSURED, but not more than the maximum as defined in the policy of the SCHEME. If the benefit described in this Part in respect of a MEMBER becomes payable in a lump sum within the 60 months before the BENEFIT CESSATION DATE, the **DISABILITY SUM ASSURED** is equal to the amount as described, multiplied by $t/60$, where t represents the period, expressed in months, until the BENEFIT CESSATION DATE; a part of a month is counted as a full month.

TOTAL AND PERMANENT DISABILITY means a condition where the MEMBER - directly and exclusively as a result of a bodily injury or an illness -

(a) totally and permanently and continuously is prevented - even with further in-service training -

- ♦ from following the regular occupation which he/she practised immediately before; and
 - ♦ from following the occupations which he/she, in view of his/her training and experience, may reasonably be expected to follow,
- and experiences loss of income;

or

(b) totally and permanently and continuously cannot use both eyes, or both hands, or both feet, or one hand and one foot,

provided that the condition

- ♦ is not attributable to the MEMBER's having negligently or wilfully exposed himself/herself to danger, except in the interests of the law or to protect his/her or another's life or property; and
- ♦ is not attributable to intentional self-inflicted injury; and
- ♦ cannot be substantially removed by surgery or any other medical treatment which, taking into account the risk and the prospect of success of that treatment, can reasonably be expected of the MEMBER to undergo,

and **TOTALLY AND PERMANENTLY DISABLED** has a corresponding meaning.

6.3 Termination of service

6.3(1) If a MEMBER'S service with the EMPLOYER is terminated and he/she is disabled, as is required for this benefit, on the date of termination of service, his/her MEMBERSHIP is continued as if he/she continues to be an EMPLOYEE and as if the EMPLOYER consented to his/her absence from work. His/Her MEMBERSHIP is, however, continued thus only until the earlier of-

- ♦ the expiry of two years;
- ♦ the date on which a benefit becomes payable in terms of this Part; or
- ♦ a claim for the benefit is declined.

6.3(2) Notwithstanding anything to the contrary in the RULES, the MEMBERSHIP of a MEMBER who remains in service of the EMPLOYER after he/she has received a disability benefit in terms of this Part 6 as the result of the loss of the use of both eyes, both hands or both feet or one hand and one foot, will continue and for purposes of the RULES he/she will still be regarded as an EMPLOYEE.

6.4 Limitations and other conditions regarding the disability benefits

The disability benefit is subject to the same limitations, exclusions and conditions as those which are applicable to the disability insurance which the SCHEME has effected with THE INSURER in regard to the benefit. Further, the disability benefit, together with other income and benefits as determined by THE INSURER, is limited to the extent required by THE INSURER.

The insurance is inter alia subject to stipulations regarding the following:

- ◆ the submission of proof by or in respect of the MEMBER that the disability
 - ◆ is not attributable to negligent or willful exposure to danger; and
 - ◆ cannot substantially be removed by surgery or any other medical treatment which he/she can reasonably be expected to undergo;
- ◆ limitation of the benefit or payment of additional premiums if the MEMBER does not submit satisfactory proof of good health;
- ◆ the maximum period (12 months) within which notification of a claim must be given to THE INSURER;
- ◆ the period of duration of the disability before the benefit becomes payable;
- ◆ payment of the cost of proof of disability by the MEMBER or THE INSURER;
- ◆ exclusions with regard to war and terrorism;
- ◆ postponement of the commencement of the insurance or an increase in the insurance if the MEMBER at the commencement thereof is absent from his/her EMPLOYER'S service as a result of illness or injury;
- ◆ exclusion of claims for the benefit or an increase in the benefit where the benefit originates from existing or recent injuries or diseases;
- ◆ deduction of benefits which have been paid for previous periods of disability;
- ◆ suspension of further payments if THE INSURER is not satisfied with the duration of the disability.
- ◆ Territorial limitations.

PART 7. FUNERAL AID BENEFITS

7.1 Benefit

- 7.1(1) If a MEMBER dies before or on the NORMAL RETIREMENT DATE while he/she is an EMPLOYEE, an amount as determined and agreed upon by the BOARD and the INSURER from time to time is paid.
- 7.1(2) For purposes of the payment of benefits in terms of sub-Rule (1) above a MEMBER whose service is terminated owing to ILL-HEALTH, is still regarded as an EMPLOYEE until he/she reaches the NORMAL RETIREMENT AGE if the EMPLOYER has informed the INSURER in writing of such termination of service and proof of such ILL-HEALTH has been submitted to the INSURER's satisfaction.

7.2 Cessation of contributions

- 7.2(1) No further contributions for the benefit in terms of this Part are payable to the INSURER from the date on which the MEMBER is TOTALLY AND PERMANENTLY DISABLED.
- 7.2(2) The benefits which a MEMBER remain entitled to in terms of this Part after the cessation of contributions, cease
- (a) at the MEMBER 's death; or
 - (b) as soon as the benefits in terms of this Part is cancelled with regard to the group of MEMBERS of whom he/she was a MEMBER; or
 - (c) at the dissolution of the SCHEME,
- whichever event occurs first.

7.3 Waiver of premiums

Premiums payable to SANLAM for the benefits in terms of this Schedule in respect of a MEMBER are waived from the date -

- (a) of the MEMBER's death;
- (b) on which the MEMBER's service with the EMPLOYER is terminated owing to ILL-HEALTH,

whichever event occurs first.

7.4 Limitations and other conditions regarding the benefits

The funeral aid benefit is subject to the same limitations and conditions as those which are applicable to the funeral aid insurance which the SCHEME has effected with THE INSURER in regard to the benefit.

The insurance is inter alia subject to stipulations in terms of the Policy issued to the SCHEME regarding the following:

- ◆ the maximum period (6 months) in the case of a PENSIONER and (12 months) in the case of a CATEGORY Y and Z MEMBER after the death of the MEMBER within which notification of a claim must be given to THE INSURER;
- ◆ exclusions with regard to war and terrorism where death was a direct or indirect consequence of active participation.

PART 8. OPTION TO EFFECT INDIVIDUAL INSURANCE

- 8.1(1) A MEMBER who ceases to be a MEMBER, or his/her DEPENDANT, may effect individual life insurance on the MEMBER'S life with THE INSURER insuring the death benefit in RULE 5.1, the funeral aid benefit in RULE 7.1, or individual disability insurance on the MEMBER'S life with THE INSURER insuring the MEMBER'S disability insurance in RULE 6.1.
- 8.1(2) The proposal for the individual insurance must be submitted to an office of THE INSURER within sixty days of ceasing to be an EMPLOYEE.
- 8.1(3) A MEMBER who is an EMPLOYEE, may at any time between his/her child's fourteenth and fifteenth birthday effect individual life insurance on that child's life with THE INSURER in terms of the death benefit in RULE 5.1.
- 8.1(4) These options are subject to the conditions in the policy regarding the insurance of the death benefit in RULE 5.1, the disability benefit in RULE 6.1 and the funeral aid benefit in RULE 7.1.

PART 9. ABSENCE FROM SERVICE

9.1 Absence with the EMPLOYER'S consent

If a MEMBER is absent from the service of the EMPLOYER with the EMPLOYER'S consent the MEMBER'S MEMBERSHIP continues subject to the following:

- (a) During the period of absence the MEMBER'S REMUNERATION is deemed to be equal to the REMUNERATION he/she received immediately before the commencement of absence.
- (b) The benefits in terms of the RULES remain applicable to the MEMBER during the period of absence but not for longer than two years. Periods of absence that are interrupted by periods of less than three months, are added together to determine whether the period of two years has elapsed or not.

A MEMBER is deemed to be absent with the EMPLOYER'S consent while he/she is engaged in a strike that is protected in terms of the LABOUR RELATIONS ACT.

9.2 Termination of MEMBERSHIP

A MEMBER'S MEMBERSHIP lapses and the MEMBER'S service is regarded as terminated if and as soon as his/her service is terminated by the EMPLOYER.

PART 10. MANAGEMENT

10.1 The Board

- 10.1(1) The SCHEME is controlled and managed by a BOARD which itself or through its duly authorised assignees performs all acts for and on behalf of the SCHEME.
- 10.1(2) The BOARD consists of twelve persons called BOARD MEMBERS, and is constituted as follows:
- (a) Four representatives appointed by the City Manager from the EMPLOYER, with at least one representative from the Department Group Human Capital at a functional level not lower than Director.
 - (b) Two councilors appointed on behalf of the EMPLOYER by the Chief Whip.
 - (c) Three Board Members as elected by the Regional Committee of the Tshwane Metropolitan Region of The Independent Municipal and Allied Trade Union (IMATU) from MEMBERS of the SCHEME who are EMPLOYEES of the City of Tshwane Metropolitan Municipality.
 - (d) Three Board Members as elected by the Executive Committee of the South African Municipal Workers Union (SAMWU) of the City of Tshwane region from MEMBERS of the SCHEME who are EMPLOYEES of the City of Tshwane Metropolitan Municipality.
- 10.1(3) The BOARD MEMBERS shall appoint their alternates.
- 10.1(4) A BOARD MEMBER or an alternate holds office for five years, after which he/she must retire, but his/her term of office also ceases -
- (a) if he/she resigns by giving written notice to the BOARD; or
 - (b) if a BOARD MEMBER resigns from the employment or membership of the organization they represent on the BOARD; or
 - (c) if he/she becomes incompetent to be a director of a company in terms of the Companies Act no. 71 of 2008; or
 - (d) If someone else is appointed or elected in his/her place in terms of the RULES before the end of his/her term by the organisation the BOARD MEMBER represents; or
 - (e) If a BOARD MEMBER has failed to attend the number of board meetings as specified in the "Board Attendance Policy; or
 - (f) if he/she is found guilty of misconduct of which dishonesty and/or fraud is an element by a competent court or a disciplinary committee of the EMPLOYER; or

(g) if he/she has in the opinion of the BOARD been guilty of neglecting his/her duties, he/she can by a resolution of the BOARD, taken with a two-thirds majority of votes, be removed from his/her office as BOARD MEMBER after he/she has had a chance to state his/her case.

10.1(5) At any time the EMPLOYER, Organised Labour or CHIEF Whip may, respectively, appoint or elect someone else in the place of a BOARD MEMBER for the remainder of the respective person's term of office if required.

10.1(6) A retired BOARD MEMBER or alternate may be re-appointed or re-elected, as the case may be, if he/she is willing or otherwise competent to hold office.

10.2 Powers and duties of the BOARD

10.2(1) The BOARD must carry out the objects of the SCHEME. In so doing the BOARD must direct, control and oversee the operations of the SCHEME in accordance with the RULES.

10.2(2) Without detracting in any way from the generality of the previous provision, the BOARD has the following powers:

- (a) to receive, administer and apply the moneys of the SCHEME;
- (b) to open and administer a banking account in the name of the SCHEME, to keep proper accounts of all transactions of the SCHEME and, each year on a suitable date determined by the BOARD, to close such accounts and have them audited by an auditor;
- (c) in the name of the SCHEME to institute, conduct, defend, compound, settle or abandon any legal proceedings by or against the SCHEME;
- (d) to delegate any of its powers and duties to any institution or person including a committee of BOARD MEMBERS;
- (e) to effect policies with one or more INSURERS for the purpose of insuring the benefits payable in terms of these RULES and to maintain existing policies for as long as it may deem fit;
- (f) generally to do whatever, in its opinion, is conducive to attaining the objects of the SCHEME.

10.2(3) The BOARD must obtain the benefits of the SCHEME by applying the contributions payable to the SCHEME in terms of the RULES under policies of insurance. The policies of insurance must be effected by the BOARD, in the name of the SCHEME, with one or more REGISTERED INSURERS as determined from time to time by the EMPLOYER in consultation with the BOARD.

- 10.2(4) The BOARD shall adopt and review all BOARD approved policies every second year.
- 10.3 Procedures of the BOARD**
- 10.3(1) The BOARD will elect from the BOARD MEMBERS a chairperson and deputy-chairperson to preside over meetings.
- 10.3(2) If the chairperson is absent from a meeting of the BOARD, the elected deputy-chairperson will act as chairperson for that meeting.
- 10.3(3) If both the chairperson and deputy-chairperson is absent from a meeting, the BOARD MEMBERS present will elect a chairperson for that meeting from the BOARD MEMBERS present.
- 10.3(4) The BOARD may lay down regulations with regard to the procedures of the BOARD which may not be inconsistent with the RULES.
- 10.3(5) A quorum of six BOARD MEMBERS, with at least one representative from the EMPLOYER, IMATU and SAMWU are required for concluding business.
- 10.3(6) If a board meeting does not quorate, a follow-up board meeting will be scheduled within ten (10) working days and the subsequent meeting will proceed regardless if a quorum is present.
- 10.3(7) At a meeting of the BOARD all resolutions must be decided by majority vote. The chairman has a deliberative as well as a casting vote.
- 10.3(8) A resolution in writing signed by all the BOARD MEMBERS is of the same force and effect as a resolution passed at a meeting of the BOARD.
- 10.3(9) All resolutions passed at a meeting of the BOARD or otherwise must be recorded in the form of written minutes.
- 10.3(10) The chairperson and deputy-chairperson's term of office will be dealt with as follows:
- (a) The term of office for the chairperson and deputy-chairperson shall be for a period of one (1) year.
 - (b) The chairperson and deputy-chairperson will be elected at the 1st BOARD meeting following the SCHEME ANNIVERSARY.
 - (c) The chairperson and deputy-chairperson may be re-elected by the BOARD to serve for one (1) additional term.
- 10.3(11) In terms of 10.2(2)(d), the BOARD shall appoint BOARD MEMBERS to serve on approved sub-committees established by the BOARD. The term of office for sub-committee members will be dealt with as follows:
- (a) The term of office for each sub-committee member shall be for a period of one (1) year.

(b) Sub-committee members will be elected at the 1st BOARD meeting following the SCHEME ANNIVERSARY.

(c) Sub-committee members may be re-elected by the BOARD to serve for one (1) additional term.

10.4 Personal liability

The BOARD MEMBERS and assignees of the BOARD are not personally liable for any loss which the EMPLOYER, MEMBERS or their DEPENDANTS may suffer as a result of their actions, provided the actions are in accordance with the RULES and the loss does not arise from their negligence, dishonesty or fraud.

10.5 Indemnity against loss

The BOARD must devise means of safeguarding the SCHEME against losses owing to fraud or dishonesty of anyone having the receipt or charge of money of the SCHEME.

10.6 Expenditure of BOARD

All expenses incurred by the BOARD in directing, controlling and overseeing the operations of the SCHEME, must be borne by the SCHEME.

10.7 Provision of data

The EMPLOYER must from time to time furnish to the BOARD those particulars about MEMBERS that affect their benefits from the SCHEME or their entitlement to benefits. The BOARD may act upon those particulars without further enquiry and is not responsible to anybody for any mis-statements, errors or omissions that may be contained in those particulars.

PART 11. MISCELLANEOUS PROVISIONS

11.1 Mode of payment of benefits

- 11.1(1) If, in terms of provisions contained elsewhere in the RULES a lump sum benefit becomes payable and those provisions do not require payment to be made by instalments, the SCHEME decides, notwithstanding those provisions, in what form, whether by way of a lump sum, instalments, annuities or in whatever other way, the benefit must be paid and the SCHEME may at any time alter the mode of payment of the portion of a benefit not yet paid.
- 11.1(2) Until such time as the SCHEME makes a decision in terms of the preceding sub-Rule, a MEMBER or any other beneficiary has no claim against the SCHEME for payment of the benefit to him/her in any form whatsoever and his/her claim is confined to a claim against the SCHEME to take the required decision.
- 11.1(3) The SCHEME may, on request of a MEMBER or any other beneficiary or if deemed desirable by the SCHEME, with the permission of THE INSURER where its liabilities are affected, pay the benefits payable by instalments in terms of the RULES, in a way other than that stipulated elsewhere in the RULES.

11.2 Interest on late payments

- 11.2(1) If a benefit payable to a DEPENDANT and/or NOMINEE is delayed for a period or reason due to a resolution by the BOARD, interest may be paid by the SCHEME.
- 11.2(2) The interest payable in terms of clause 11.2(1) will be at a rate of interest determined or agreed to by the SCHEME.

11.3 Beneficiaries of benefits

- 11.3(1) The SCHEME shall pay the benefits payable to DEPENDANTS and/or NOMINEES in terms of the RULES, to such DEPENDANTS and/or NOMINEES as decided upon by the SCHEME and in proportions deemed equitable by the SCHEME.
- 11.3(2) Subject to the prescriptions laid down by the SCHEME, a MEMBER shall, in writing, designate a person, institution or trust (and revoke such a designation in writing) to receive the benefits at his/her death. Provided that in the exercise of its discretion in terms of clause 11.3(1) above the SCHEME shall –
- (a) consider the most recent nomination form completed by the MEMBER but the SCHEME shall not be compelled to give effect thereto; and
 - (b) uphold the common law principle “de bloedige hand en neemt geen erf” to the effect that a person is not allowed to derive any benefit from a deliberate unlawful act.

- 11.3(3) If the SCHEME does not become aware of or cannot trace any DEPENDANT and NOMINEE within twelve months of the death of the MEMBER, the SCHEME shall pay the benefits-
- (a) into the estate of the MEMBER;
 - (b) if the estate is closed and cannot reasonably be reopened again or particulars of the estate cannot reasonably be obtained, the SCHEME shall pay the benefits to a FAMILY RELATIVE as decided upon by the SCHEME; or
 - (c) If payment of the benefit cannot be made as stipulated above within 36 months of the death of the MEMBER because the SCHEME is unable to trace any DEPENDANT and NOMINEE and the estate is closed and cannot reasonably be reopened or the estate details cannot reasonably be obtained and the SCHEME cannot trace any FAMILY RELATIVE then the benefit becomes an unclaimed benefit which must be dealt with in terms of Rule 11(8).
- 11.3(4) Any payment to be made to a person in terms of the RULES, may be made for the benefit of such a person to a guardian or trust (the trustees of which may not be officials of the SCHEME) on conditions decided upon by the SCHEME. Such payments relieve the SCHEME of any further liability regarding such a person.
- 11.3(5) The SCHEME may at any time before any payments and investments have been made alter its decision to make a payment to a particular person.
- However, a decision taken by the BOARD may also be revisited and reviewed by the BOARD if found that the information provided by the DEPENDANT(s), beneficiary(s) or any other person were misrepresenting, fraudulent, incorrect or bias.
- 11.3(6) If a person, other than a MEMBER, to whom payment is made in terms of the RULES, dies before payment of the benefit to him/her has been completed, the SCHEME, at its discretion, may pay the benefit into the estate of such a person or to another DEPENDANT and/or NOMINEE as decided upon by the SCHEME.
- 11.4 Benefits inalienable**
- No benefit provided for in the RULES or right to such benefit, or right in respect of contributions made by or on behalf of a MEMBER, may be transferred or otherwise ceded, or pledged or hypothecated. In the event of the MEMBER or beneficiary concerned attempting to transfer or otherwise cede, or to pledge or hypothecate such benefit or right, the SCHEME may withhold or suspend payment of it.

11.5 Deductions from benefits

The BOARD may recover the following amounts from the benefits payable in terms of the RULES and transfer these to the SCHEME or the EMPLOYER, as the case may be. These amounts are -

- (a) any amount due to the SCHEME or the EMPLOYER by the MEMBER;
- (b) any amount which the SCHEME has paid or will pay by arrangement with, and on behalf of, a MEMBER or beneficiary to a third party;
- (c) any discretionary portion of a proven payment death benefit in respect of which the SCHEME has made an advanced payment to a DEPENDANT and/or NOMINEE.

11.6 Currency

All amounts payable to or by the SCHEME in terms of the RULES are payable in the Republic of South Africa in the currency of the Republic of South Africa.

11.7 Proof of claims

The SCHEME is not obliged to grant any benefit unless it has been satisfied with regard to the age of the person on whose life the benefit is provided and with regard to any other circumstance which it considers relevant to the benefit and for which it requested proof or information.

11.8 Unclaimed benefits

- 11.8(1) Once a claim in terms of the RULES has been admitted, the rights of a MEMBER in respect of payment of an unclaimed benefit remains intact indefinitely and the SCHEME must keep record of all unclaimed benefits.
- 11.8(2) THE INSURER shall take reasonable steps to trace beneficiaries as set out in the ASISA Standard on Unclaimed Assets, or in any Standard or Code replacing the aforesaid Code.
- 11.8(3) THE INSURER shall pay interest on an unclaimed benefit from the date that all information needed for the evaluation of the relevant claim has been received, at the rate as determined by THE INSURER taking into account prevailing after administration charge money market interest rates and any other factors that THE INSURER may deem relevant.
- 11.8(4) An unclaimed benefit may be reduced by the amount of any reasonable costs incurred by THE INSURER in identifying and tracing the relevant beneficiary.
- 11.8(5) An unclaimed benefit may be reduced by all fees levied by THE INSURER in respect of the administration of the unclaimed benefit, on the understanding that, in the event where no fees in respect of administration have been deducted by THE INSURER

from an unclaimed benefit, a fee may be charged by THE INSURER for payment of the unclaimed benefit to the relevant beneficiary.

- 11.8(6) Fees in respect of the administration and payment of unclaimed benefits will be as laid down by THE INSURER from time to time, and shall be communicated by THE INSURER to the SCHEME.
- 11.8(7) If the amount of an unclaimed benefit is less than R1 000, or an unclaimed benefit decreases to less than R1 000, and the cost of tracing the relevant beneficiary will exceed the amount of the unclaimed benefits, no steps, or alternatively no further steps, will be taken by THE INSURER to trace the beneficiary.
- 11.8(8) In the event of an unclaimed benefit decreasing to nil, THE INSURER's liability regarding the payment of the unclaimed benefit automatically terminates, and the beneficiary will have no further claim against THE INSURER in respect of the unclaimed benefit.

11.9 Binding force of the Rules

The RULES bind the EMPLOYER, the MEMBERS, the SCHEME and its officials and anyone who lays a claim in terms of the RULES or whose claim is derived from someone so claiming.

11.10 Disputes

In any dispute in regard to the interpretation of the RULES or the administration of the SCHEME, the ruling of the BOARD binds the officers of the SCHEME, the EMPLOYER, the MEMBERS and other beneficiaries.

11.11 Inspection of and copies of the Rules

The RULES must be open for inspection by MEMBERS at any reasonable time and they may, at a fee determined by the SCHEME, obtain copies of the RULES.

11.12 Conditions of service

Nothing in these RULES curtails the EMPLOYER'S right to dismiss an EMPLOYEE from its service.

11.13 Dissolution or partial dissolution of the SCHEME

- 11.13(1) The BOARD may, if resolved by two thirds of the MEMBERS, dissolve the SCHEME at any time by giving two months' notice of its intention to the MEMBERS and THE INSURER, and on condition that all amounts still owed to THE INSURER are paid.
- 11.13(2) At the dissolution of the SCHEME, the benefits provided in terms of the RULES will, for the purposes of the RULES, be regarded to be cancelled on the date of dissolution. The only benefits payable afterwards will be those payable in terms of the said

benefits' various provisions pertaining to cancellation, in the policy regarding the insurance of the said benefits with THE INSURER.

- 11.13(3) After dissolution, the only contributions payable to the SCHEME will be those still payable in respect of the period before dissolution and those payable after dissolution in terms of the provisions of the policy, referred to in the preceding RULE, pertaining to the cancellation of benefits.
- 11.13(4) The preceding sub-RULES in regard to dissolution apply mutatis mutandis to each separate EMPLOYER, to the MEMBERS in its service and to the part of the SCHEME pertaining to those MEMBERS.
- 11.13(5) If a reconstruction, transfer or amalgamation of employer groups takes place, the SCHEME, in consultation with the new employer group, must decide whether the SCHEME should continue in the same or in an amended form with regard to the new employer group or whether the SCHEME should be dissolved or partially dissolved.
- 11.13(6) The assets, if applicable, in the RESERVE ACCOUNT must, after provision has been made for any costs, be transferred to a new or similar scheme approved by the BOARD and in absence thereof, to the EMPLOYER.

11.14 Control at dissolution

If the SCHEME is dissolved entirely, the BOARD for the time being must continue to exist to perform all acts to be performed by the SCHEME in terms of the RULES at the dissolution.

11.15 Amendment to the RULES

- 11.15(1) The BOARD may amend the RULES at any time by a majority vote of the BOARD MEMBERS, provided that if an amendment affects the rights and liabilities of THE INSURER, the amendment will bind THE INSURER only in so far as THE INSURER approved the amendment beforehand.
- 11.15(2) If the RULES are amended with regard to the benefits that are provided by the SCHEME or with regard to the conditions to which the benefits are subject, the amendment does, unless specifically stated otherwise in the RULES, not apply to -
 - (a) the benefits in respect of those who are former MEMBERS on the amendment date;
 - (b) the benefits in respect of MEMBERS who are no longer EMPLOYEES on the amendment date; and
 - (c) benefits regarding claims which arise before the amendment date.