



**Annual General Meeting**

**Time: 09:30**

**Date: Tuesday, 24 June 2025**

**Venue: Via a Hybrid Platform at  
the AECI Offices, Excellence  
Meeting Room, Building 24,  
Woodlands Office Park and  
Microsoft Teams**

## **NOTICE OF ANNUAL GENERAL MEETING**

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**NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF MEMBERS WILL BE HELD ON TUESDAY, 24 JUNE 2025 AT 09H30, VIA A HYBRID PLATFORM AT THE AECI OFFICES, EXCELLENCE MEETING ROOM, BUILDING 24, WOODLANDS OFFICE PARK AND MICROSOFT TEAMS**

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### **A G E N D A**

1. Notice of Meeting
2. Adoption of the Agenda
3. Confirmation of the Minutes of the Annual General Meeting held on 25 June 2024
4. Adoption of the Annual Financial Statements for year the ended 31 December 2024
5. Confirmation of Trustees
6. Confirmation of Audit Committee
7. Appointment of External Auditors
8. General

Notice of any motion to be placed before the Annual General Meeting must reach the Principal Officer's office, Ms M Potgieter, [mada@aecimedicalaidsociety.co.za](mailto:mada@aecimedicalaidsociety.co.za) by no later than 18 June 2025.

By order of the Board of Trustees

*A member is entitled to appoint a proxy. A proxy form is enclosed.*

*In keeping with the Society rules (26.1.2), highlights of the financial results of the Society are included with this notice. A full set of the Audited Annual Financial Statements will be available at the Annual General Meeting, on the AECI Medical Aid Society website [www.aecimedicalaidsociety.co.za](http://www.aecimedicalaidsociety.co.za) or on request from the AECI Medical Aid Society Call Centre, telephone number 086 000 2103.*



## **MINUTES OF ANNUAL GENERAL MEETING HELD AT 09:30 ON TUESDAY, 25 JUNE 2024 VIA A HYBRID PLATFORM: EXCELLENCE MEETING ROOM, AECI OFFICES, WOODLANDS AND MICROSOFT TEAMS**

### **PRESENT**

Ms RP Hamilton	Chairperson
Members personally present	18
Members attending virtually	10
Members present by proxy	15

### **Upon invitation from the Society**

Ms M Potgieter – Principal Officer  
Ms K Hlongwane – Internal Audit: Medscheme  
Ms L Chetty – Assistant Fund Manager and Scheme Coordinator: Medscheme  
Ms E Spann – Senior Finance Manager: Medscheme  
Ms N Viljoen – Client Liaison Manager: Medscheme  
Ms K Macleod - Client Liaison Consultant: Medscheme

### **1. WELCOME**

The Chairperson welcomed all members present to the Annual General Meeting of AECI Medical Aid Society. There being a quorum, the Chairperson declared the meeting duly constituted.

The Chairperson advised that any attendees who were not members of AECI Medical Aid Society had no voting or speaking rights.

The Chairperson asked all members attending via Microsoft Teams to make use of the “raise your hand” icon should they have any questions or to record their votes.

### **2. NOTICE OF MEETING AND ADOPTION OF THE AGENDA**

The members **CONFIRMED** that the notice of the meeting had been duly circulated and was taken as read.

The agenda was adopted by the members without any additional items.

3. **CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 20 JUNE 2023**

The Chairperson **CONFIRMED** that the minutes of the Annual General Meeting held on 20 June 2023 had been circulated with the notice of the meeting, and the minutes were taken as read and reviewed.

The attending members unanimously **APPROVED** the Minutes of the Annual General Meeting held on 20 June 2023 to be a true record of the proceedings.

4. **ADOPTION OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

The Chairperson confirmed that the summarised Audited Financial Statements for the year ended 31 December 2023, as incorporated in the Annual Report, had been distributed to all members together with the notice of the meeting 14 (fourteen) days prior to the meeting, as required by the Scheme Rules, and that a full set was available on the AECI Medical Aid Society's website on [www.aecimedicalaidsociety.co.za](http://www.aecimedicalaidsociety.co.za).

There being no queries or questions on the Financial Statements, the Chairperson moved that the Scheme's Audited Financial Statements for the year ended 31 December 2023, be approved. The motion was **CARRIED** unanimously.

5. **CONFIRMATION OF TRUSTEES**

The Chairperson confirmed that the Trustees and Principal Officer in office as at the date of the Annual General Meeting were as follows:

**EMPLOYER APPOINTED**

Rhonda Hamilton (Chairperson)  
Mfundo Myeza  
Trevor Starke  
Mizpah Oosthuizen

**ALTERNATE  
APPOINTED**

Pieter Breet  
Khabonina Ramoupi

**EMPLOYER**

**MEMBER ELECTED**

Louis van der Walt (Vice-Chairperson)  
Angela Wille  
Gys du Plessis  
Ronnie Madiba

**ALTERNATE MEMBER ELECTED**

Innocent Selepe  
Colin Riley

Principal Officer: Mada Potgieter

6. **CONFIRMATION OF AUDIT COMMITTEE**

The Chairperson confirmed that the Audit Committee members in office as at the date of the Annual General Meeting were as follows:

Trevor Jackson	Chairperson (Independent)
Mfundo Myeza	Trustee
Mizpah Oosthuizen	Trustee
Graham Thompson	Independent
Chantal Govender	Independent

No objections were received from the members concerning the constitution of the Board of Trustees and Audit Committee.

7. **APPOINTMENT OF EXTERNAL AUDITORS**

The Chairperson advised that in terms of the Rules of the Society, the members of the Society were required to appoint the external auditors for the ensuing year at the Annual General Meeting.

The Board of Trustees had proposed that KPMG be re-appointed for the ensuing year as the external auditors for the Society.

The motion, on being put to the meeting, was **CARRIED** unanimously.

8. **GENERAL**

The Chairperson confirmed that in accordance with the Rules of the Society, notice of any motion to be placed before the Annual General Meeting, should have reached the office of the Principal Officer by 19 June 2024.

The Principal Officer confirmed to the meeting that no motions had been received.

9. **CONCLUSION**

The Chairperson thanked everyone for their participation and attendance at the meeting. There being no further business for discussion, the meeting was duly concluded at 09h40.

**SIGNED AS A TRUE RECORD**

**CHAIRPERSON**

The Board of Trustees hereby presents its report for the year ended 31 December 2024.

This document contains highlights of the Scheme's results for the year ended 31 December 2024. The financial information has been extracted from and is in agreement with the Audited Financial Statements audited by KPMG Inc. The 2024 Audited Financial Statements are available on the AECI Medical Aid Society member portal on [www.aecimedicalaidsociety.co.za](http://www.aecimedicalaidsociety.co.za) or alternatively by calling 086 000 2103.

## 1 DESCRIPTION OF THE MEDICAL SCHEME

### 1.1 Terms of registration

The AECI Medical Aid Society (the Scheme) is a not-for-profit restricted medical scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended.

### 1.2 Benefit options within the Scheme

The Scheme offers three benefit options to the employees and pensioner members of the employer group:  
Comprehensive Option  
Comprehensive Select Option  
Value Option

The Scheme provides traditional medical aid benefits and does not offer a savings element.

### 1.3 Risk transfer arrangement during the year

***Netcare Jet Air Ambulance Proprietary Limited t/a Netcare Limited Administration (Netcare Limited Administration)***

The Scheme contracted with Netcare Limited Administration effective 1 January 2024. Netcare Limited Administration accepts the risk of providing members with ambulance services, including evacuations from accident scenes.

## 2 Management

### 2.1 Board of Trustees

The Board of Trustees in office during the year under review and up to date of signing were:

Name	Designation	Re-Appointed/Re-Elected Date	Resignation date
RP Hamilton	Chairperson (Effective 01 May 2024)	01 January 2024	28 February 2025
GS Thompson	Chairperson	01 January 2024	30 April 2024
LJ van der Walt	Trustee (Vice-Chairperson)	01 January 2024	
PH Breet	Alternate Trustee Trustee	01 January 2024 01 March 2025	28 February 2025
GW Du Plessis	Trustee	01 January 2024	
RA Madiba	Trustee	01 January 2024	
AM Myeza	Trustee	01 January 2024	
T Naudé	Alternate Trustee	01 March 2025	
MG Oosthuizen	Alternate Trustee Trustee (Chairperson effective 1 March 2025)	01 January 2024 01 May 2024	30 April 2024
RK Ramoupi	Alternate Trustee	01 May 2024	
CD Riley	Alternate Trustee	01 January 2024	
TJ Starke	Trustee	01 January 2024	
MI Selepe	Alternate Trustee	01 January 2024	
AL Wille	Trustee	01 January 2024	

## 2 MANAGEMENT (continued)

### 2.2 Principal Officer

Name and Physical Address	Postal Address
M Potgieter AECl Limited Building 24 The Woodlands Office Park Woodlands Drive Woodmead Sandton 2191	P O Box 1101 Florida Glen Gauteng 1708

### 2.3 Registered office address and postal address

Name and Physical Address	Postal Address
AECl Limited Building 24 The Woodlands Office Park Woodlands Drive Woodmead Sandton 2191	P O Box 1101 Florida Glen Gauteng 1708

### 2.4 Medical Scheme Administrator (the administrator)

Name and Physical Address	Postal Address
Medscheme Holdings Proprietary Limited, a subsidiary of Afrocentric Health (RF) Proprietary Limited 37 Conrad Street Florida North Roodepoort 1709 Accreditation Number: MCO 21	P O Box 1101 Florida Glen Gauteng 1708

### 2.5 Managed Healthcare Services Providers

Name and Physical Address	Postal Address
Medscheme Holdings Proprietary Limited, a subsidiary of Afrocentric Health (RF) Proprietary Limited 37 Conrad Street Florida North Roodepoort 1709 Accreditation Number: MCO 53	P O Box 1101 Florida Glen Gauteng 1708

## 2 MANAGEMENT (continued)

### 2.6 Investment Managers

Name and Physical Address	Postal Address
M&G Investment Managers (South Africa) Proprietary Limited 7th Floor Protea Place 40 Dreyer Street Claremont Cape Town 7708 Financial service provider number: 45199	P O Box 44813 Claremont Cape Town 7735
Prescient Life (RF) Limited Prescient House Westlake Business Park Otto Close Westlake 7945 Financial service provider number: 612	P O Box 31142 Tokai 7966
Sanlam Collective Investments (RF) Proprietary Limited 2 Strand Road Bellville 7530	P O Box 30 Sanlamhof 7532
Sanlam Investment Management Proprietary Limited 55 Willie van Schoor Avenue Bellville 7530 Financial service provider number: 579	Private Bag X8 Tyger Valley 7536

### 2.7 Investment Advisors

Name and Physical Address	Postal Address
Fairburn Consult Proprietary Limited (Previously Old Mutual Wealth Trust Company Proprietary Limited) No 1 Mutual Place 2nd Floor 107 Rivonia Road Sandton 2196 Financial service provider number: 18427	P O Box 2444 Saxonwold 2132



## 2 MANAGEMENT (continued)

### 2.8 Actuaries

Name and Physical Address	Postal Address
Insight Actuarial Solutions (Pty) Ltd 2nd Floor Gateway West Offices 22 Magwa Crescent Waterval City Midrand 2066	Postnet Suite # 026 Private Bag x159 Halfway House Midrand 1685

### 2.9 External auditor

Name and Physical Address	Postal Address
KPMG Inc KPMG Crescent 85 Empire Road Parktown 2193	Private Bag 9 Parkview 2122

### 2.10 Internal auditor

Name and Physical Address	Postal Address
AfroCentric Health (RF) Proprietary Limited 37 Conrad Street Florida North Roodepoort 1709	P O Box 1101 Florida Glen Gauteng 1708

## 3 SUB-COMMITTEES

The following committees assist the trustees with their responsibilities and provide expert guidance where required:

- Audit and Risk Committee;
- Investment Committee; and
- Management and Advisory Committee.

These committees are mandated by the Trustees by means of written terms of reference as to its membership, authority and duties.

### 3.1 Audit and Risk Committee

An Audit and Risk Committee was established in accordance with the provisions of the Act. The Audit and Risk Committee consists of six members of which only two are members of the Board of Trustees. The Chairman of the Audit and Risk Committee is not an officer of the Scheme or its third party administrator.

The Audit and Risk Committee met on three occasions during the year as follows:

7 May 2024  
23 May 2024  
19 November 2024

The Principal Officer, the administrator and the external auditor are invited to all Audit and Risk Committee meetings and have unrestricted access to the Chairman of the Audit and Risk Committee.

### 3 SUB-COMMITTEES (continued)

#### 3.1 Audit and Risk Committee (continued)

In accordance with the provisions of the Act, the primary responsibility of the Audit and Risk Committee is to assist the Board of Trustees in carrying out its duties relating to the Scheme's accounting policies, internal control systems and the financial reporting practices. The external auditor and administrator's internal auditors formally report to the committee on critical findings arising from their activities.

The Audit and Risk Committee comprised of:

Name	Designation	Appointed/Re-appointed date	Resignation date
T Jackson	Independent member/ Chairperson	01 January 2019/13 April 2021/12 April 2023	
DR Crisp	Independent member	01 October 2024	
M Dullabh	Independent member	01 January 2019	30 April 2024
C Govender	Independent member	01 January 2023	
AM Myeza	Trustee	01 May 2024	
MG Oosthuizen	Alternate Trustee	01 January 2024	30 April 2024
	Trustee	01 May 2024	
CE Ranger	Independent member	01 November 2024	
GS Thompson	Trustee	01 January 2024	30 April 2024
	Independent member	01 May 2024	30 September 2024

#### 3.2 Investment Committee

The primary responsibility of the Investment Committee is to assist the Board of Trustees in implementing the investment strategy of the Scheme. The Investment Committee's mandate ensures that:

- the Scheme remains liquid;
- the investments are placed after consideration of the risk and returns of each asset;
- the investments are made in compliance with the regulations of the Act; and
- a risk assessment is performed regularly with feedback to the Board of Trustees with recommendations on the risks identified.

The Investment Committee met on four occasions during the year:

19 March 2024

05 June 2024

26 September 2024

20 November 2024

The Principal Officer, the administrator and the investment advisor are invited to all Investment Committee meetings and have unrestricted access to the Chairman of the Investment Committee.

The Investment Committee comprised of:

Name	Designation	Appointed/Re-appointed date	Resignation date
GS Thompson	Chairperson	01 January 2024	30 April 2024
TJ Starke	Chairperson (Effective 5 June 2024)	01 January 2024	
PH Breet	Alternate Trustee	01 January 2024	28 February 2025
	Trustee	01 March 2025	
RP Hamilton	Trustee	01 January 2024	28 February 2025
CD Riley	Alternate Trustee	01 March 2025	

## 3 SUB-COMMITTEES (continued)

### 3.3 Management and Advisory Committee

The primary responsibility of the Management and Advisory Committee is to assist the Board of Trustees in dealing with operational and strategic aspects of the Scheme's management, unrelated to finances. The Management and Advisory Committee's mandate is to take the following decisions and action:

- approve or decline properly motivated applications for ex gratia assistance;
- approve or decline properly motivated applications for extension of benefits;
- approve or decline applications for additional/special dependants;
- take decisions and action as required to achieve the agreed objectives and levels of performance within the policies and strategies set by the Board of Trustees.

The Principal Officer, the administrator (if required) and other third party providers (if required) are invited to all Management and Advisory Committee meetings and have unrestricted access to the Chairman of the Management and Advisory Committee.

The Management and Advisory Committee comprised of:

Name	Designation	Appointed/Re-appointed date	Resignation date
GW Du Plessis	Chairperson	01 January 2024	
RP Hamilton	Trustee	01 January 2024	28 February 2025
MG Oosthuizen	Alternate Trustee	01 January 2024	30 April 2024
	Trustee	01 May 2024	
MI Selepe	Alternate Trustee	01 January 2024	
AL Wille	Trustee	01 January 2024	

## 4. INVESTMENT STRATEGY OF THE SCHEME

The investment strategy of the Scheme ensures that its accumulated funds are invested in accordance with the Act and the regulations thereto, and further takes into consideration constraints imposed by the Board of Trustees.

The Scheme invests its accumulated funds to ensure that it always has sufficient liquidity to meet its day to day commitments for healthcare and non-healthcare expenditure. Funds that are not immediately required to meet the Scheme's short-term needs are invested in assets that are expected to achieve an investment return significantly better than the inflation rate, as measured by the consumer price index, over time. These assets comprise of listed equity shares, listed government and corporate bonds, cash and money market instruments. The investment return on listed equity shares is benchmarked against All Share Index and the investment return of the remaining investments is benchmarked against the BESA Total Return All Bond Index.

## 5 MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Scheme assumes the risk arising from the health of the Scheme members and their dependants. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The principal risk is the frequency and severity of claims being greater than expected.

5     **MANAGEMENT OF INSURANCE RISK (continued)**

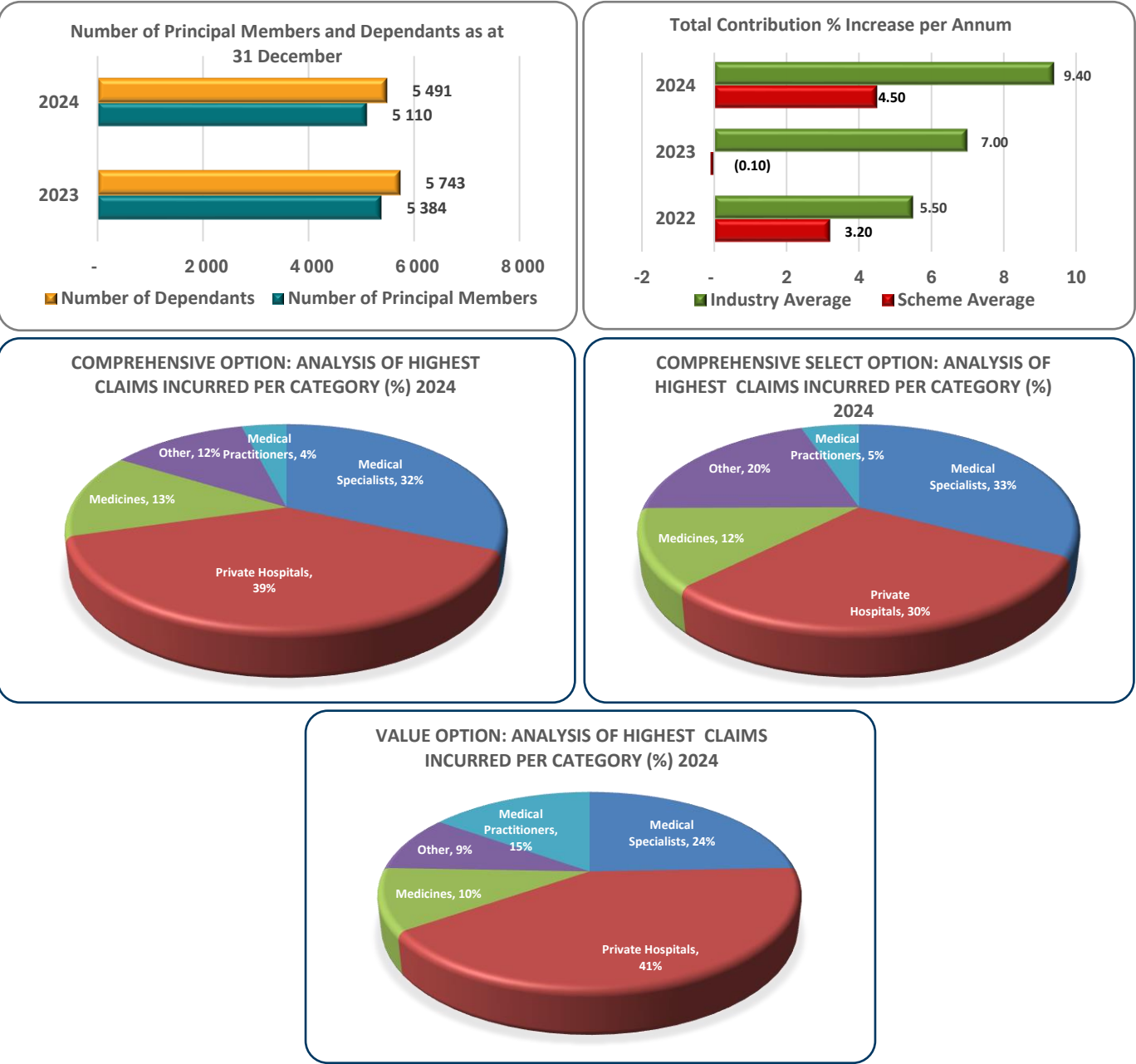
The Scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for claims, guidelines for pricing, pre-authorisation and case management, risk transfer arrangements and the monitoring of emerging issues.

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual and overall risks. These methods include internal risk measurement models, sensitivity analyses, scenario analyses and stress testing. The theory of probability is applied to the pricing and provisioning for risk exposures.

Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the financial statements and there are no terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the Scheme’s cash flows.

6     **REVIEW OF THE YEAR'S ACTIVITIES**

*Key indicators*



## 6 REVIEW OF THE YEAR'S ACTIVITIES (continued)

### 6.1 Results of operations

The results of the Scheme are set out in the attached financial statements. The Scheme reported a net income before amounts attributable to future members of R47 343 124 (2023 net expense before amounts attributable to future members: R2 311 651) for the year ended 31 December 2024. The results of the Options are set out in note 15.

### 6.2 Solvency ratio

In terms of Regulation 29(2) of the Act, the Scheme must maintain accumulated funds expressed as a percentage of insurance revenue income for the financial year under review of not less than 25%.

	2024 R	2023 R
Total members' funds (Insurance liability to future members) per the statement of financial position	669 470 723	622 127 599
Less: Revaluation reserve (Cumulative net gains on re-measurement to fair value of financial instruments included in accumulated funds)	(60 406 714)	(37 625 739)
<b>Accumulated funds per Regulation 29</b>	<b>609 064 009</b>	<b>584 501 860</b>
<b>Risk contribution income (insurance revenue)</b>	<b>430 203 086</b>	<b>411 536 877</b>
<b>Solvency ratio</b>	<b>141.58%</b>	<b>142.03%</b>

\*Cumulative net gains on re-measurement to fair value of financial assets at fair value through profit or loss included in the accumulated funds are calculated as follows:

<b>Balance at beginning of the year</b>	37 625 739	56 246 587
Movement in unrealised gains on re-measurement to fair value of financial assets at fair value through profit or loss included in accumulated funds (note 11)	22 780 975	(18 620 848)
<b>Balance as the end of the year</b>	<b>60 406 714</b>	<b>37 625 739</b>

Unrealised net losses are ignored in the calculation of accumulated funds as per Circular 13 of 2001.

During 2023 the Scheme's actuaries prepared a Risk-Capital Based Solvency assessment to assess the Scheme's solvency requirements based on specific risk factors affecting the Scheme. The outcome of the assessment was that the Scheme's Risk-Based Capital Solvency requirement is between 47.9% and 53.8%.

### 6.3 Liability for incurred claims

The basis for calculating the liability for incurred claims including the movements in the liability for incurred claims are set out in note 6.3 to the financial statements.

## 6 REVIEW OF THE YEAR'S ACTIVITIES (continued)

### 6.4 Operational statistics

Details	2024				2023			
	Comprehensive Option	Comprehensive Select Option	Value Option	Consolidated	Comprehensive Option	Comprehensive Select Option	Value Option	Consolidated
Dependant ratio to members at 31 December (%)	86	132	142	107	87	125	140	107
Number of members at 31 December (n)	3 142	101	1 867	5 110	3 358	75	1 951	5 384
Number of dependants at 31 December (n)	2 712	133	2 646	5 491	2 908	94	2 741	5 743
Number of beneficiaries at 31 December (n)	5 854	234	4 513	10 601	6 266	169	4 692	11 127
Average number of members during the year* (n)	3 239	101	1 906	5 246	3 427	58	1 774	5 259
Average number of beneficiaries during the year* (n)	6 030	233	4 604	10 867	6 378	136	4 662	11 176
Average age of the beneficiaries at 31 December* (yrs)	51	29	27	40	50	29	27	40
Average insurance revenue per beneficiary per month* (R)	4 414	3 487	1 829	3 299	4 115	3 445	1 626	3 069
Average insurance service expense per member per month (R)	9 632	7 010	2 789	7 095	9 133	7 131	2 685	6 935
Average insurance service expense per beneficiary per month (R)	5 174	3 039	1 155	3 425	4 907	3 041	1 022	3 264
Average directly attributable expenses incurred per beneficiary per month (R)	92	74	71	30	88	70	69	29
Insurance service expense as a percentage of insurance revenue (Claims ratio) (%)	115	85	59	101	117	86	58	104
Attributable expenses incurred as a percentage of insurance revenue (%)	2	2	4	3	2	2	4	3
Pensioner ratio (%) (> 65 years) at 31 December	54	9	2	34	53	9	2	34
Chronic Profile (%)	64	23	14	45	61	19	13	43
Average insurance liability for future members per member at 31 December (R)	n/c	n/c	n/c	131 012	n/c	n/c	n/c	115 551
Breakdown of total amount paid to the administrator and managed healthcare providers:								
- Administration fees (R)	7 990 849	248 572	4 701 455	12 940 876	8 248 301	139 526	4 670 541	13 058 368
- Fraud IT investigation fees (R)	427 429	13 391	252 090	692 910	312 512	5 290	176 966	494 768
- Accredited managed healthcare services (R)	4 067 715	126 534	2 393 260	6 587 509	4 112 000	69 601	2 843 849	7 025 450
Return on investments (%)	n/c	n/c	n/c	11	n/c	n/c	n/c	5

\* Averages are calculated using the sum of the 12 months' actual membership divided by 12.

n/c - not calculated

**Member:** any person who has been enrolled or admitted as a main member or principal member.

**Dependant:** is the spouse or partner, dependant children or other members of the member's immediate family in respect of whom the member is liable for family care and support or any other person that, under the rules of the Scheme, is recognised as a dependant of such a member and is eligible for benefits under the rules of the Scheme.

**Beneficiary:** is a member and a person registered as a dependant of a member to the Scheme. Beneficiaries include both members as well as dependants.

## **7 ACTUARIAL SERVICES**

The Scheme's actuaries have been consulted in the determination of the contribution, benefit levels and the outstanding claims provision.

## **8 SUBSEQUENT EVENTS**

There have been no events that have occurred subsequent to the financial year-end that affect the financial statements which the Board of Trustees believes should be brought to the attention of the members of the Scheme.

## **9 GOING CONCERN STATEMENT**

The financial statements have been prepared on the going concern basis. The trustees reviewed the going concern assessment taking the Scheme's financial position as at 31 December 2024, as well as the budget for the year ending 31 December 2025 into account. The Scheme reflected a net income before amounts attributable to future members of R47 343 124 (2023 net expense before amounts attributable to future members: R2 311 651) for 2024 and budgeted a net expense before amounts attributable to future members of R8 071 478 for 2025. The insurance liability to future members as at 31 December 2024 was R669 470 723 with a solvency level of 141.58% (2023: 142.03%).

Based on the above, the trustees considers that:

- The Scheme's assets currently exceeds its liabilities; and
- The Scheme will be able, in the ordinary course of the Scheme's business, to settle its liabilities as they arise in the foreseeable future.

Based on the assessment conducted, the Board of Trustees has no reason to believe that the Scheme would not be a going concern in the foreseeable future.

## **10 INVESTMENTS IN AND LOANS TO EMPLOYERS OF MEMBERS OF THE SCHEME AND TO OTHER RELATED PARTIES**

The Scheme holds bonds in AECI Limited of R31 751 (2023: Rnil) and has not made loans to employers of the members of the Scheme and to other related parties.

## **11 RELATED PARTY TRANSACTIONS**

Related party transactions are disclosed in note 17 to the financial statements.

## **12 FRAUD MANAGEMENT**

The Scheme has a zero tolerance policy against fraud, waste and abuse. The Scheme has ensured that there are effective measures in place to detect, prevent and manage fraud, waste and abuse.

Medscheme Holdings Proprietary Limited's forensic department has been appointed by the Scheme and use the FICO Insurance Fraud Manager (IFM) system. Fraud management within the healthcare industry is outdated and fragmented which has led to rapidly escalating instances of fraud. This currently represents a significant cost driver within a medical scheme's expenditure. IFM is a robust solution that detects irregular claiming behaviour at the claim (pre-payment or quick post-payment) and provider (retrospective post-payment) levels. It uses an automated data driven approach that leverages proven, advanced analytic models and workflows that are integrated in purpose-built software to rapidly and effectively enhance a scheme's ability to identify and address existing and emerging losses. Thus, by the use of this system, the Scheme is actively managing and preventing fraud, waste and abuse.

## 13 FIDELITY INSURANCE

The Scheme's Fidelity Insurance Policy was renewed in March 2024 to the value of R40 million with Lloyd's Syndicate 2987 (Brit) for 40%, Lloyd's Syndicate 1274 (Antares) for 10%, Lloyd's Syndicate 1618 (KI Insurance) for 12,5%, Lloyd's Syndicate 1686 (Axis) for 7,5%, Compass Insurance Company Limited for 25% and Bryte Insurance Company Limited for 5%. The policy is underwritten by Camargue Underwriting Managers Proprietary Limited.

## 14 NON-COMPLIANCE

The following areas of non-compliance of the Act were identified during the course of the year:

### 14.1 Non-compliance with Section 35(8)(a) and (c) of the Act

#### ***Nature and cause of non-compliance***

Per Section 35(8) of the Act states that:

(8) A medical scheme shall not invest any of its assets in the business of or grant loans to:

- a) an employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme;
- b) any other medical scheme;
- c) any administrator; and
- d) any person associated with any of the abovementioned.

The Scheme invests its assets in accordance with an Investment Policy. These assets are invested in a series of pooled and segregated investment vehicles each having a specific investment mandate, benchmark and chosen investment manager.

Some of these mandates may allow exposure to shares or bonds listed in the South African market. The investment manager has full discretion to choose a combination of shares and bonds that will best achieve the benchmark. The representatives of the Scheme have given discretionary powers in terms of the investment mandate, in accordance with Annexure B, to the underlying investment manager.

A number of shares and bonds are held in ultimate holding companies of Scheme administrators and in the Scheme's employer company AECl Limited.

#### ***Possible impact of non-compliance***

For the current year, the Scheme holds shares and bonds in ultimate holding companies of Scheme administrators and in the Scheme's employer company AECl Limited, which is prohibited in terms of Section 35(8)(a) and (c) of the Act.

Company name	31 December 2024	
	Shares R	Bonds R
Discovery Holdings Limited	5 707 345	230 897
Momentum Metropolitan Holdings Limited	3 493 729	-
Sanlam Limited	6 515 739	-
Sanlam Capital Markets Limited	-	73 855
AECl Limited	-	31 751

By applying Section 35(8) and (c) of the Act, the Scheme will not be able to invest in these companies. The diversification of opportunities is reduced and the Scheme will be forced to take on additional risk. This is not in the best interest of the members.

#### ***Corrective course of action adopted to ensure compliance, including timing of corrective action***

The Scheme received exemption from Section 35(8)(a) and (c) of the Act from the Council for Medical Schemes which is applicable in so far as the investment relates to investments placed with asset managers who invest on behalf of the Scheme and where such investment choices are not influenced by the Scheme.



## 14 NON-COMPLIANCE WITH THE ACT (continued)

### 14.1 Non-compliance with Section 35(8)(a) and (c) of the Act (continued)

#### ***Corrective course of action adopted to ensure compliance, including timing of corrective action (continued)***

In terms of compliance to Annexure B of the Act, the Scheme does perform a comprehensive analysis of the total assets to monitor the Scheme's investments against limitations set out per Annexure B. When a non-compliance is identified, the Investment Committee will ensure that corrective action is taken. It would not be prudent to remove these investment opportunities from the scope of investments available to the underlying investment managers.

### 14.2 Claim payments not within 30 days of receipt by the Scheme

#### ***Nature and cause of non-compliance***

The Act requires a medical scheme to pay to a member or a supplier of service within 30 days after the day on which the claim was received. The Scheme processes and pays the majority of all claims within 30 days from date of receipt. Situations beyond the control of the Scheme could result in claims being paid later than 30 days after receipt when for example further supporting information will be required.

#### ***Possible impact of non-compliance***

These are isolated cases and have not resulted in a material gain or loss to the Scheme, inconvenience to members or healthcare service providers.

#### ***Corrective course of action adopted to ensure compliance, including timing of corrective action***

The necessary assistance is provided to the identified members and healthcare providers to ensure that these types of isolated cases are minimised.

### 14.3 Contributions not paid within 3 days thereof becoming due

#### ***Nature and cause of non-compliance***

Section 26(7) states that: "All subscriptions or contributions shall be paid directly to a medical scheme not later than three days after the payment thereof becoming due". Certain contributions were submitted to the Scheme more than three days after the payment thereof became due. The Scheme does not hold any special contracts with members nor employer paypoints authorising such late payments.

During the reporting period the Scheme received 19 late payments from paypoints averaging R364 285. The majority of these payments were a few days late.

#### ***Possible impact of non-compliance***

Late payments may result in a loss of interest to the Scheme. This amount would, however, not be considered significant.

#### ***Corrective course of action adopted to ensure compliance, including timing of corrective action***

The Scheme's credit control policy ensures that losses to the Scheme are minimised. The Board of Trustees has reviewed the list of instances where contributions were submitted to the Scheme more than three days after the payment thereof became due and will contact the paypoints concerned to decrease instances in the future.

## 14 NON-COMPLIANCE WITH THE ACT (continued)

### 14.4 Scheme's option (Comprehensive Option) generating a net healthcare deficit

#### ***Nature and cause of non-compliance***

Per Section 33(2) of the Act:

The Registrar shall not approve any benefit option under this section unless the Council is satisfied that such benefit option:

- a) includes the prescribed benefits;
- b) shall be self-supporting in terms of membership and financial performance;
- c) is financially sound; and
- d) will not jeopardise the financial soundness of any existing benefit option within the medical scheme.

The results for the Comprehensive Option during the year were the following:

	2024 R	2023 R	Change R
Insurance service result	(54 768 976)	(60 403 551)	5 634 575
Net expense	(15 544 511)	(45 344 488)	29 799 977

Insurance revenue per average beneficiary per month (pabpm) for this option amounted to R4 414 (2023: R4 115) compared to an insurance service expense pabpm of R5 174 (2023: R4 907). Thus insurance service expense exceeded insurance revenue by R760 pabpm, contributing to the negative insurance service result.

The higher insurance service expense were mainly due to high cost claims, change in claiming patterns and change in case mix. The increase to the insurance revenue was lower to minimise the contribution increase to members and utilise some of the excess reserves. A negative insurance service result for the Comprehensive Option of R61 142 363 was budgeted for 2024.

#### ***Possible impact of non-compliance***

The Comprehensive Option may be deemed as not self-supporting in terms of financial performance, nor financially sound.

The Scheme is financially sound and has a high level of reserves available to cover instances where deficits occurs. A negative insurance service result was budgeted for to minimise the contribution increase to members and utilise some of the excess reserves.

#### ***Corrective course of action adopted to ensure compliance, including timing of corrective action***

A negative insurance service result was budgeted for. The Trustees will continue to monitor the variances between the actual and budgeted net healthcare results, investigate any significant variances and take the necessary corrective actions.

The Scheme introduced a new option in 2023, the Comprehensive Select Option, which is an Efficiency Discount Option with negotiated tariffs and Hospital Networks. The introduction of the new option will assist in the management of the relevant healthcare expenditure. The Trustees have also considered the required increase in contributions and implemented minimum increases to tariffs and benefit limits for the 2025 financial year.

### 14.5 Non-compliance with Annexure B and Regulation 30(2)

#### ***Nature and cause of non-compliance***

Per Regulation 30 (2) "Limitation on assets": The assets that a medical scheme is required to have in terms of subregulation (1), when expressed as a percentage of the aggregate fair value of the liabilities and the minimum accumulated funds to be maintained in terms of Regulation 29, must not exceed the percentage specified against it in column 3 of Annexure B.

### 14 NON-COMPLIANCE WITH THE ACT (continued)

#### 14.5 Non-compliance with Annexure B and Regulation 30(2) (continued)

##### ***Nature and cause of non-compliance (continued)***

Per Annexure B no exposure is allowed in category 7 (b) "Any other assets not referred to elsewhere in this Annexure: Territories outside the Republic".

The Council for Medical Schemes (CMS) issued Circular 3 of 2025: Categorisation of assets in terms of Annexure B to the Regulations of the Medical Schemes Act on 24 February 2025. The categorisation per the Circular resulted in the reallocation to category 7(b) "Any other assets not referred to elsewhere in this Annexure: Territories outside the Republic", resulting in the Scheme reflecting a total offshore investment of R71 340 at yearend in the Sanlam Active Income Fund (Pooled investment).

##### ***Corrective course of action adopted to ensure compliance, including timing of corrective action***

The Scheme holds offshore investments which is prohibited in terms of Regulation 30(2) and Annexure B. The market value of the Scheme's investment in offshore investments equates to 0.01% of the total investments.

##### ***Corrective course of action adopted to ensure compliance, including timing of corrective action***

The Scheme has liaised with the portfolio managers to correct the non-compliance.

### 15 GOVERNANCE AND COMPLIANCE

#### 15.1 CMS routine inspection

During 2022, CMS conducted a routine inspection and the Scheme provided all the necessary documents and assistance. The Chairman of the Board of Trustees and the Principal Officer provided comments on draft findings. CMS communicated on 22 January 2024 that the final inspection report will be issued in due course.

The Board of Trustees closed the inspection at the end of 2024 and further consideration will be given when a formal response has been received from CMS.

#### 15.2 The Protection of Personal Information Act (POPIA)

POPIA (Act 4 of 2013) was promulgated on 17 June 2020 with an effective date of 1 July 2021. The Scheme and its contracted service providers have been compliant with the requirements of POPIA from the effective date of 1 July 2021.

The Scheme will share member information with their contracted service providers in line with the POPIA act to ensure health care services to the members. During 2024, data were shared with Netcare Limited Administration and Insight Actuaries & Consultants. The Scheme has appointed a data officer who is responsible for the overseeing of the information shared and the monitoring of the compliance requirements of POPIA.

## 16 TRUSTEES AND SUB COMMITTEE MEETINGS ATTENDANCE

The following schedule sets out Board of Trustees, Audit and Risk Committee, Investment Committee and Management and Advisory Committee meetings attendances:

Name	Board of Trustees Meetings		Audit and Risk Committee Meetings		Investment Committee Meetings		Management and Advisory Committee Meetings	
	A	B	A	B	A	B	A	B
<b>Trustees</b>								
PH Breet (Alternate)	6	6			4	3		
GW Du Plessis	6	6					2	2
RP Hamilton	6	6			4	4	2	2
RA Madiba	6	3						
AM Myeza	6	4	3	3				
MG Oosthuizen	6	5	3	2			2	2
RK Ramoupi (Alternate) - Appointed 1 May 2024	4	0						
CD Rilley (Alternate)	6	5						
TJ Starke	6	4			4	3		
MI Selepe (Alternate)	6	6					2	2
GS Thompson - Resigned 30 April 2024	2	1	0	0	1	1		
LJ van der Walt	6	5						
AL Wille	6	6					2	2
<b>Principal Officer</b>								
M Potgieter (Principal Officer)	6	6	3	2	4	4	2	2
<b>Audit and Risk Committee (Independent Members)</b>								
T Jackson (Chairperson)			3	2				
DR Crisp - Appointed 1 November 2024			1	1				
M Dullabh - Resigned 30 April 2024			0	0				
C Govender			3	2				
CE Ranger - Appointed 1 November 2024			1	1				
GS Thompson - Appointed 1 May 2024 and resigned 31 July 2024			2	2				

A - Total number of meetings members could attend

B - Number of meetings attended

\* - Attendance of audit committee meetings by invitation

Chairperson

Board of Trustees meeting: 23 April 2025

Trustee

Principal Officer

# STATEMENT OF FINANCIAL POSITION

at 31 December 2024

	Notes	31-Dec-24 R	31-Dec-23 R
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>545 534 652</b>	<b>514 574 538</b>
<b>Investments</b>		<b>545 534 652</b>	<b>514 574 538</b>
Financial assets at fair value through profit or loss	2	545 534 652	514 574 538
<b>Current assets</b>		<b>152 233 237</b>	<b>136 257 245</b>
Cash and cash equivalents	3	146 210 352	130 084 962
Trade and other receivables	4	6 022 885	6 172 283
<b>Total assets</b>		<b>697 767 889</b>	<b>650 831 783</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Non-current liabilities</b>		<b>669 470 723</b>	<b>622 127 599</b>
Insurance liability to future members	5	669 470 723	622 127 599
<b>Current liabilities</b>		<b>28 297 166</b>	<b>28 704 184</b>
Insurance contract liabilities	6	27 317 276	27 707 740
Reinsurance contract liability	7	182 882	203 795
Trade and other payables	8	797 008	792 649
<b>Total funds and liabilities</b>		<b>697 767 889</b>	<b>650 831 783</b>

# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

	Notes	2024 R	2023 R
<b>Insurance revenue</b>		<b>430 203 086</b>	<b>411 536 877</b>
<b>Insurance service expense</b>		<b>(446 663 795)</b>	<b>(437 684 159)</b>
Claims incurred	9.1	(429 281 733)	(420 101 200)
Third party claim recoveries	9.2	-	119 079
Accredited management healthcare services	9.3	(6 587 509)	(7 025 450)
Attributable expenses incurred	9.4	(10 794 553)	(10 676 588)
<b>Net income from reinsurance contract held</b>	<b>10</b>	<b>295 608</b>	<b>365 224</b>
<b>Insurance service result</b>		<b>(16 165 101)</b>	<b>(25 782 058)</b>
<b>Other income</b>		<b>74 717 972</b>	<b>34 506 491</b>
Investment income	11	74 366 664	34 137 954
Sundry income	12	351 308	368 537
<b>Other expenditure</b>		<b>(11 209 747)</b>	<b>(11 036 084)</b>
Administration fees and other operative expenses	13	(7 665 951)	(7 476 552)
Asset management fees	14	(3 543 796)	(3 559 532)
<b>Net income/(expense) for the year before amounts attributable to future members*</b>		<b>47 343 124</b>	<b>(2 311 651)</b>
Amounts attributable to future members*		(47 343 124)	2 311 651
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>

\*Restatement of amounts attributable to future members from insurance service expense to after net income/(expense) for the year before amounts attributable to future members.

**STATEMENT OF CHANGES IN FUNDS AND RESERVES**  
for the year ended 31 December 2024



	Notes	Accumulated funds	Available-for-sale revaluation reserve	Total members' funds
		R	R	R
<b>Balance as at 1 January 2023</b>		-	<b>56 246 587</b>	<b>56 246 587</b>
Transfer of available-for-sale revaluation reserve to accumulated funds		56 246 587	(56 246 587)	-
Transfer of accumulated funds to liability for future members		(56 246 587)	-	(56 246 587)
<b>Restated balance as at 1 January 2023</b>		-	-	-
<b>Balance as at 31 December 2023</b>		-	-	-

Note: Amounts relating to 2024 were Rnil and no amounts disclosed.

# STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

	Notes	2024 R	2023 R
<b>Cash flows from operating activities</b>			
<b>Cash receipts from members and providers</b>		<b>429 152 766</b>	<b>411 767 680</b>
Cash receipts from members: Contributions		428 801 458	411 399 143
Cash receipts from members and providers: Other		351 308	368 537
<b>Cash paid to members and providers</b>		<b>(453 315 442)</b>	<b>(447 865 052)</b>
Cash paid to members and providers: Claims		(445 377 936)	(440 308 506)
Cash paid to providers: Non-healthcare expenditure		(7 937 506)	(7 556 546)
<b>Net cash from operating activities</b>		<b>(24 162 676)</b>	<b>(36 097 372)</b>
<b>Cash inflow from investing activities</b>		<b>40 288 066</b>	<b>31 331 749</b>
Additions of financial assets at fair value through profit or loss		(233 589 956)	(181 056 087)
Disposals of financial assets at fair value through profit or loss		237 322 354	180 678 552
Interest received		25 970 104	21 265 143
Dividend income		13 857 369	13 737 979
Other: Investment management fees		(3 271 805)	(3 293 838)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>16 125 390</b>	<b>(4 765 623)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>130 084 962</b>	<b>134 850 585</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b>146 210 352</b>	<b>130 084 962</b>