ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

OLD MUTUAL STAFF MEDICAL AID FUND
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

TABLE OF CONTENTS **PAGE**

OLD MUTUAL STAFF MEDICAL AID FUND
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2024

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

1. DESCRIPTION OF THE FUND

1.1 Terms of registration

The Old Mutual Staff Medical Aid Fund is a not-for-profit closed medical fund registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended. The Fund's registration number is 1214.

1.2 Benefit options within Old Mutual Staff Medical Aid Fund

The Fund offers five benefit options and three efficiency discounted options (EDO) to employees of Old Mutual Life Assurance Company (South Africa) Limited and any other affiliated company. These are:

- Network Plan
- Network Select Plan (EDO)
- Hospital Plan
- Savings Plan
- Traditional Plan
- Traditional Select Plan (EDO)
- Traditional Plus Plan
- Traditional Plus Select Plan (EDO) (closed 31 March 2024)

The Fund discontinued the Traditional Plus Select Plan (EDO) at the end of the 2023/2024 benefit year. Members who were on the Traditional Plus Select Plan were defaulted to the Traditional Select Plan.

1.3 Personal Medical Savings Account (PMSA)

The Board of Trustees has made the PMSA facility available for members to set aside funds to meet the following costs:

- Services not covered under the Wellness and Primary Care Benefit;
- The difference between the actual cost of service and the tariff amount paid by the Fund;
- Co-payments for major medical benefits other than Prescribed Minimum Benefits; and
- Penalties for members who do not obtain pre-authorisation for hospital and specialist procedures.

In the benefit year 2024/2025, members who belong to the Traditional Plan are allocated 10.00% (2023/2024: 11.00%), members of the Traditional Plus Plan are allocated 10.00% (2023/2024: 10.00%) and members of the Savings Plan are allocated 16.00% (2023/2024: 16.50%) of gross contributions into a fixed personal savings account.

Unexpended PMSA amounts are accumulated for the long-term benefit of the members and invested on behalf of members in call deposits, fixed deposits and the current account with one or more banks. Interest is paid on the PMSA monthly based on the effective interest rate method.

The liability to the members in respect of PMSA is included in the insurance contract liabilities and is repayable in terms of Regulation 10 of the Act.

PMSA balances are refundable when a member leaves the Fund or transfers to an option within the Fund which does not have a PMSA option. The money is transferred to the member within five months of the date of the change.

PMSA balances are also transferred to another Fund if the member joins a PMSA option within that Fund.

1. DESCRIPTION OF THE FUND (continued)

PMSA benefits are available to members upfront at the beginning of the Benefit year. In the event that a member leaves the Fund during the year and amounts have been paid by the Fund which exceeded the benefits to which the member was entitled, the member will be liable for the repayment of the shortfall to the Fund.

2. MANAGEMENT

2.1 Board of Trustees in office during the year under review

Name	Position		
J Howell	Employer-appointed (Chairperson)		
A Oosthuizen	Member-elected (Deputy Chairperson)		Term ended 20.06.2024
L Osburn	Member-elected (Deputy Chairperson)	Elected 20.06.2024	
A Fuchs	Member-elected		
C Nel	Member-elected		Resigned 31.03.2024
G Wilson	Member-elected		
L Footman	Member-elected		Term ended 20.06.2024
A Campbell	Member-elected	Elected 20.06.2024	
T Hulley	Member-elected	Elected 20.06.2024	
S Cook	Alternate	Appointed 01.04.2024	Term ended 20.06.2024
B Salie	Employer -appointed		
T le Roux	Employer-appointed		Resigned 20.10.2024
T Moodley	Employer-appointed		
Y Adams	Employer-appointed		Resigned 31.10.2024
T Motlafe	Employer-appointed	Appointed 01.11.2024	
D Sechele	Employer-appointed	Appointed 01.11.2024	

2.2 Principal Officer

P. Botha (appointed 01.02.2024)
Mutual Park
Jan Smuts Drive
Pinelands
7405

Old Mutual Staff Medical Aid Fund
PO Box 66
Cape Town
8000

R. Subjee (acting 01.11.2023 - 31.01.2024)
Mutual Park
Jan Smuts Drive
Pinelands
7405

Old Mutual Staff Medical Aid Fund
PO Box 66
Cape Town
8000

2.3 Registered office address and postal address

Mutual park
Jan Smuts Drive
Pinelands
7405

Old Mutual Staff Medical Aid Fund
PO Box 66
Cape Town
8000

2. MANAGEMENT (continued)

2.4 Fund administrator during the year

Universal Healthcare Administrators Proprietary Limited
Universal House
15 Tambach Road
Sandton
2194

PO Box 1411
Rivonia
2128

2.5 Managed healthcare provider during the year

Universal Care Proprietary Limited
Universal House
15 Tambach Road
Sandton
2194

PO Box 1411
Rivonia
2128

2.6 Investment managers during the year

Old Mutual Investment Group Proprietary Limited (OMIG)
3rd Floor West Campus
Jan Smuts Drive
Pinelands
7405
Financial Service Provider (FSP) Number: 604

PO Box 878
Cape Town
8000

Old Mutual Life Assurance Company (South Africa) Limited, acting through its division called Old Mutual Multi Managers (OMMM)
Mutual Park
Jan Smuts Drive
Pinelands
7405
Financial Service Provider (FSP) Number: 703

PO Box 44604
Claremont
7735

Old Mutual Wealth Trust Company Proprietary Limited (OMWTC)
1 Mutual Place
107 Rivonia Road
Sandton
2196
Financial Service Provider (FSP) Number: 18427

PO Box 2411
Saxonwold
2132

Sanlam Investment Management Proprietary Limited (SIM)
2 Strand Road
Bellville
7530
Financial Service Provider (FSP) Number: 579

PO Box 1
Sanlamhof
7532

2. MANAGEMENT (continued)

2.7 Investment consultant during the year

Fairbairn Consult Proprietary Limited

Jan Smuts Drive	PO Box 66
Pinelands	Cape Town
7405	8000

Financial Service Provider (FSP) Number: 9328

2.8 Auditor

PricewaterhouseCoopers Inc.

5 Silo Square	PO Box 2799
V&A Waterfront	Cape Town
Cape Town	8001
8002	

2.9 Actuarial services

Universal Healthcare Services Proprietary Limited

Universal House	PO Box 1411
15 Tambach Road	Rivonia
Sandton	2128
2194	

3. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Fund assumes the risk of loss from members and their registered dependants who are directly subject to insurance risk. This risk relates to the health of the beneficiaries. As such the Fund is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The Fund manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling and the monitoring of emerging issues.

The Fund uses several methods to assess and monitor insurance risk exposures, both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analysis, scenario analysis and stress testing. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that claims will be greater than expected.

Insurance events are, by their nature, unpredictable, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques.

4. INVESTMENT STRATEGY OF THE FUND

The Investment Committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duty. The primary responsibility of the Committee is to assist the Board of Trustees to discharge its duties relating to the investment of the Fund's assets. The Committee is a sub-committee of the Board and reports to the Board.

The Fund's investment objectives are to:

- Meet benefit and operating expense commitments as they fall due;
- Make adequate provision for possible long-term adverse claims experience;
- Manage financial risks;
- Satisfy regulatory requirements in respect of medical scheme investments; and
- Maximise investment returns whilst protecting capital.

The Fund invested in term deposit accounts, bonds, equity and cash instruments during 2024. This policy is reviewed regularly, taking into consideration compliance with the Act, the risk and returns of the various investment instruments and the surplus of funds available.

The Investment Committee meets with the investment managers to ensure that the funds within the investment portfolio are being channelled into the appropriate areas. The primary mandate is to comply with prevailing legislative constraints and to ensure value retention while still allowing for growth. There is an active management policy and a mandate has been drawn up with the investment managers identifying the benchmarks for the investment portfolios.

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 Operational statistics

Operational Statistics for 2024	Network Plan	Hospital Plan	Savings Plan	Traditional Plan	Traditional Plus Plan	2024
Average number of members during the accounting period	4,538	2,957	7,559	2,512	200	17,766
Number of members at 31 December	5,266	2,853	7,415	2,470	185	18,189
Average number of beneficiaries during the accounting period	6,271	4,553	13,859	4,158	284	29,125
Number of beneficiaries at 31 December	7,113	4,387	13,599	4,086	265	29,450
Dependant ratio at 31 December	0.4	0.5	0.8	0.7	0.4	0.6
Insurance revenue per average beneficiary per month	R 1,926	R 1,594	R 1,862	R 4,008	R 7,349	R 2,194
Insurance service expenses per average beneficiary per month	R 1,731	R 1,353	R 1,674	R 5,250	R 7,256	R 2,201
Relevant healthcare expenditure incurred per average beneficiary per month	R 1,641	R 1,266	R 1,600	R 5,168	R 7,138	R 2,120
Directly attributable insurance service expenses per average beneficiary per month	R 89	R 87	R 75	R 81	R 119	R 81
Insurance service expenses as a percentage of insurance revenue	89.8%	84.9%	89.9%	131.0%	98.7%	100.3%
Relevant healthcare expenditure as a percentage of insurance revenue	85.2%	79.4%	85.9%	129.0%	97.1%	96.6%
Directly attributable insurance service expenses as a percentage of insurance revenue	4.6%	5.5%	4.0%	2.0%	1.6%	3.7%
Average age	31	35	32	56	68	36
Pensioner ratio (per beneficiary) at 31 December	3.0%	7.0%	5.7%	43.6%	70.2%	11.1%
Average non-current insurance contract liability per member at year-end						R 18,652
Breakdown of total amounts paid to the administrators:						
- Administration fees: Universal Healthcare Administrators						R 27,027,990
Return on investments as a percentage of investments						9.6%

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES (CONTINUED)

5.1 Operational statistics (continued)

Operational Statistics for 2023	Network Plan	Hospital Plan	Savings Plan	Traditional Plan	Traditional Plus Plan	2023
Average number of members during the accounting period	3,595	3,035	7,633	2,641	237	17,141
Number of members at 31 December	4,121	3,063	7,708	2,581	227	17,700
Average number of beneficiaries during the accounting period	5,009	4,676	14,094	4,422	339	28,540
Number of beneficiaries at 31 December	5,676	4,723	14,150	4,294	321	29,164
Dependant ratio at 31 December	0.4	0.5	0.8	0.7	0.4	0.6
Insurance revenue per average beneficiary per month	R 1,778	R 1,417	R 1,673	R 3,470	R 6,384	R 1,984
Insurance service expenses per average beneficiary per month	R 1,543	R 1,315	R 1,489	R 4,813	R 8,629	R 2,070
Relevant healthcare expenditure incurred per average beneficiary per month	R 1,460	R 1,235	R 1,417	R 4,736	R 8,540	R 1,994
Directly attributable insurance service expenses per average beneficiary per month	R 83	R 81	R 72	R 77	R 90	R 76
Insurance service expenses as a percentage of insurance revenue	86.7%	92.9%	89.0%	138.7%	135.2%	104.3%
Relevant healthcare expenditure as a percentage of insurance revenue	82.1%	87.2%	84.7%	136.5%	133.8%	100.5%
Directly attributable insurance service expenses as a percentage of insurance revenue	4.7%	5.7%	4.3%	2.2%	1.4%	3.8%
Average age	30	34	31	55	69	36
Pensioner ratio (per beneficiary) at 31 December	3.5%	6.3%	4.9%	42.0%	69.8%	11.1%
Average non-current insurance contract liability per member at year-end						R 18,980
Breakdown of total amounts paid to the administrators:						
- Administration fees: Universal Healthcare Administrators						R 24,627,839
Return on investments as a percentage of investments						8.5%

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES (continued)

5.2 Results of operations

The results of the Fund are set out in the annual financial statements, and the Trustees believe that no further clarification is required.

5.3 Solvency ratio

	2024 R	2023 R
Insurance contract liabilities - amounts attributable to current and future members per statement of financial position	366,203,655	342,678,588
Less: Unrealised gains on investment held through profit and loss	(26,017,990)	(12,483,276)
Accumulated funds per Regulation 29 *	340,185,665	330,195,312
Gross annual contributions	851,572,763	761,753,668
Solvency ratio: (Accumulated funds/Gross annual contributions x 100)	**39.9%**	**43.3%**
Net gains on investments held through profit and loss: Opening balance	12,483,276	4,680,322
Movement	13,534,714	7,802,954
Net gains on investments held through profit and loss: Closing balance	26,017,990	12,483,276

*In terms of Regulation 29(2) of the Medical Schemes Act 131 of 1998, as amended, the Fund must maintain accumulated funds (insurance contract liabilities - amount attributable to current and future members) expressed as a percentage of gross annual contributions (insurance revenue) for the accounting period under review which may not be less than 25%.

6. ACTUARIAL SERVICES

The Fund's actuary was consulted during the year in the determination of the contribution and benefit levels. The Fund further engaged with the actuary for the IFRS 17 calculations being the liability for incurred claims and risk adjustment.

7. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE FUND AND TO OTHER RELATED PARTIES

The Fund held investments through Old Mutual Investment Group Proprietary Limited, Old Mutual Life Assurance Company (South Africa) Limited, acting through its division called Old Mutual Multi Managers and Sanlam Investment Managers. In June 2024, a complete disinvestment was executed, transferring all funds from Old Mutual Life Assurance Company (South Africa) Limited, acting through its division called Old Mutual Multi Managers to Sanlam Investment Managers.

The investments are held in property, equity, bonds, and cash instruments as disclosed in Note 2 to the annual financial statements.

The Fund holds no direct loans in participating employers of members of the Fund.

8. RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 18 to the annual financial statements.

9. EVENTS AFTER REPORTING PERIOD

There are no other events subsequent to the reporting period and up to the date of signature of the financial statements that have a material effect on the Fund.

10. CONTINGENT LIABILITY

There were no contingent liabilities.

11. GOVERNANCE

The Fund had the following Committees for the year under review: Audit Committee, Benefit Review Committee, Clinical Risk Committee, Investment Committee, Marketing and Communications Committee, Remuneration and Nominations Committee, Risk and Governance Committee, and Working Committee. These Committees are mandated by the Board of Trustees as to their authority and duties.

In terms of good corporate governance practices, the Fund complies with a recognised governance framework which includes regular monitoring of third party service providers and the management of internal controls and their effectiveness.

The Principal Officer attended all committee meetings as an ex officio member.

11. GOVERNANCE (continued)

11.1 Audit Committee

An audit committee was established in accordance with the provisions of the Act section 36(10). The Committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Committee consists of five members, two of whom are part of the Board of Trustees. The majority of the members, including the chairperson, are not officers of the Fund or its third party administrator. The Committee met on four occasions during the course of the year.

In accordance with the provisions of the Act, the primary responsibility of the Committee is to assist the Board of Trustees in carrying out its duties relating to the Fund's accounting policies, internal control systems and financial reporting practices. The External Auditor formally reports to the Committee on critical findings arising from their audit activities.

The Committee during the year under review comprised of:

Name	Details	
D Mitchell	Chairperson (Independent member)	
J George	Independent member	
C de Vries	Independent member	
G Wilson	Trustee	
A Oosthuizen	Trustee	Term ended 20.06.2024
T Hulley	Trustee	Appointed 20.06.2024
P Botha	Principal Officer	Appointed 01.02.2024

11.2 Benefit Review Committee

The primary responsibility is to act in an advisory capacity for the benefit and contribution review, make recommendations to the Board of Trustees regarding the choice and appointment of new and existing third party agreements, including provider networks and capitation agreements and approve provider tariffs on behalf of the Board within the guidelines set by the Board. The Committee meetings are driven by the benefit and contribution review issues. The Committee met on five occasions during the course of the year.

The committee during the year under review comprised of:

Name	Details	
L Footman*	Chairperson (Independent member)	
J Howell	Trustee	
G Wilson	Trustee	
C Nel	Trustee	Resigned 31.03.2024
Y Adams	Trustee	Resigned 31.10.2024
A Campbell	Trustee	Appointed 20.06.2024
L Osburn	Trustee	Appointed 20.06.2024
P Botha	Principal Officer	Appointed 01.02.2024

* Ms. L Footman's term as Trustee concluded on 20 June 2024. She was appointed as an Independent Chairperson of the Benefit Review Committee on 17 July 2024.

11. GOVERNANCE (continued)

11.3 Clinical Risk Committee

The primary responsibility of the Committee is for oversight and governance of the Fund's managed care activities. This includes ensuring, within budgetary constraints and legislative requirements, that cost-effective, good quality treatment is funded for members of the Fund, as well as assisting the Board of Trustees in carrying out its duties relating to ex-gratia applications. The Committee met on five occasions during the course of the year.

The committee during the year under review comprised of:

Name	Details	
A Fuchs	Chairperson (Trustee)	
M Khan	Independent member	Resigned 01.06.2024
L Footman	Trustee	Term ended 20.06.2024
C Nel	Trustee	Resigned 31.03.2024
Y Adams	Trustee	Resigned 31.10.2024
B Salie	Trustee	
P Botha	Principal Officer	Appointed 01.02.2024

11.4 Investment Committee

The primary responsibility of the Committee is to assist the Board of Trustees in carrying out its duties relating to the investment policy of the Fund. The Committee met on four occasions during the course of the year.

The Committee during the year under review comprised of:

Name	Details	
S Rambhai	Chairperson (Independent member)	
T Browne	Independent member	
A Oosthuizen	Trustee	Term ended 20.06.2024
J Howell	Trustee	Stepped down 20.06.2024
T Moodley	Trustee	
T le Roux	Trustee	Resigned 20.10.2024
L Osburn	Trustee	Appointed 20.06.2024
P Botha	Principal Officer	Appointed 01.02.2024

11.5 Marketing & Communications Committee

The primary responsibility is to assist the Board in building OMSMAF's brand identity and to assist in the development and implementation of an annual communication strategy, plan and budget. The Committee met on five occasions during the course of the year.

The committee during the year under review comprised of:

Name	Details	
T Moodley	Chairperson (Trustee)	
G Wilson	Chairperson (Trustee)	Resigned 30.06.2024
A Fuchs	Trustee	
A Oosthuizen	Trustee	Term ended 20.06.2024
B Salie	Trustee	Appointed 20.06.2024
P Botha	Principal Officer	Appointed 01.02.2024

11. GOVERNANCE (continued)

11.6 Remuneration and Nominations Committee

The primary responsibility is to assist the Board of Trustees in establishing and executing formal and transparent remuneration and Trustee nomination procedures. This also includes recommendations to the Board of Trustees on succession planning. The Committee met on one occasion during the course of the year.

The committee during the year under review comprised of:

Name	Details	
P Botha	Chairperson (Principal Officer)	Appointed 01.02.2024
J Howell	Trustee	
G Wilson	Trustee	

11.7 Risk and Governance Committee

The primary responsibility of the Committee is to assist the Board of Trustees in carrying out its duties relating to risk and governance assessments and evaluation of management processes. Risks are reviewed and identified and appropriate strategies are implemented. The Committee met on four occasions during the course of the year.

The committee during the year under review comprised of:

Name	Details	
K Gabriels	Chairperson (Independent member)	
C Davids	Independent consultant	
A Fuchs	Trustee	
G Wilson	Trustee	
T le Roux	Trustee	Resigned 20.10.2024
P Botha	Principal Officer	Appointed 01.02.2024

11.8 Working Committee

The primary responsibility of the Committee is to assist the Principal Officer in carrying out her duties relating to the day-to-day management of the Fund and to provide guidance to the Board on operational and industry-related issues. The Committee met on four occasions during the course of the year.

The committee during the year under review comprised of:

Name	Details	
C Nel	Chairperson (Trustee)	Resigned 31.03.2024
A Fuchs	Chairperson (Trustee)	
L Footman	Trustee	Term ended 20.06.2024
A Oosthuizen	Trustee	Term ended 20.06.2024
T le Roux	Trustee	Resigned 20.10.2024
G Wilson	Trustee	Appointed 20.06.2024
T Hulley	Trustee	Appointed 20.06.2024
A Campbell	Trustee	Appointed 20.06.2024
P Botha	Principal Officer	Appointed 01.02.2024

12. BOARD OF TRUSTEES AND SUB-COMMITTEES' MEETING ATTENDANCE

The following schedule sets out Board of Trustees and Sub-committees' meeting attendance from 1 January to 31 December 2024:

Trustee/ Committee Member	Board Meetings Closed		Board Meetings Open		Audit Committee		Benefit Review Committee		Clinical Risk Committee		Investment Committee		Marketing & Communications Committee		Remuneration and Nominations		Risk and Governance Committee		Working Committee	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
* J Howell	3	3	3	3	-	-	5	5	-	-	2	2	-	-	1	1	-	-	-	-
* A Oosthuizen	1	1	1	1	2	2	-	-	-	-	2	2	-	-	-	-	-	-	2	1
* Y Adams	2	1	2	1	-	-	-	-	4	1	-	-	-	-	-	-	-	-	-	-
* L Footman	1	1	1	1	-	-	5	5	2	2	-	-	-	-	-	-	-	-	2	2
* A Fuchs	3	3	3	3	-	-	-	-	5	5	-	-	5	4	-	-	4	4	4	4
* T le Roux	2	2	2	2	-	-	-	-	-	-	3	2	-	-	-	-	4	3	-	-
* T Moodley	3	1	3	1	-	-	-	-	-	-	4	3	5	4	-	-	-	-	-	-
* C Nel	1	1	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
* B Salie	3	2	3	2	-	-	-	-	5	4	-	-	4	4	-	-	-	-	-	-
* G Wilson	3	3	3	3	4	4	5	5	-	-	-	-	3	3	1	1	4	4	3	3
* T Hulley	2	2	2	2	2	2	-	-	-	-	-	-	-	-	-	-	-	-	2	1
* A Campbell	2	2	2	2	-	-	5	5	-	-	-	-	-	-	-	-	-	-	2	2
* L Osburn	2	2	2	2	-	-	-	-	-	-	2	1	-	-	-	-	-	-	-	-
D Mitchell	-	-	-	-	4	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C de Vries	-	-	-	-	4	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
J George	-	-	-	-	4	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
K Gabriels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	4	-	-
C Davids	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	2	-	-
M Khan	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-
S Rambhai	-	-	-	-	-	-	-	-	-	-	4	2	-	-	-	-	-	-	-	-
T Browne	-	-	-	-	-	-	-	-	-	-	4	3	-	-	-	-	-	-	-	-
Principal Officer's Office																				
# P Botha	3	3	3	3	4	4	5	5	5	5	4	4	5	5	1	1	3	3	4	4
R Subjee	3	3	3	3	4	4	5	5	5	5	4	4	5	5	-	-	4	4	4	4
T Ackerwary	3	2	3	2	4	3	5	5	5	5	4	4	5	5	-	-	3	3	4	4

A	Total possible number of meetings could have attended
B	Actual number of meetings attended
*	Trustee
#	Principal Officer

13. NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT ("THE ACT")

In accordance with the Council for Medical Schemes circular 11/2006 the Fund is required to report all non-compliance matters with the Act noted during the course of the audit irrespective of whether the auditor considers the non-compliance as material or immaterial.

13.1 Non-compliance with Section 26(7) of the Act - Receipt of contributions

Nature and cause of non-compliance
Section 26(7) of the Act requires contributions to be paid to a Medical Fund not later than three days after payment thereof becoming due. Whilst every effort is made to enforce this requirement the onus is on the member or employer group to ensure compliance. During the financial year certain contributions were identified that were not paid to the Fund within three days of becoming due.

Possible impact of the non-compliance
The non-compliance increases the liquidity risk to the Fund and could result in amounts due to the Fund being irrecoverable. As at year end, outstanding contributions amounted to 0.07% (2023: 0.09%) of insurance revenue.

Corrective course of action adopted to ensure compliance
Outstanding amounts are actively pursued if not received within three days of becoming due.

13.2 Non-compliance with Section 35(8)(a) of the Act - Investments in Participating Employers and Medical Scheme Administrators

Nature and cause of non-compliance
In terms of section 35(8)(a) of the Act a Medical Fund shall not invest any of its assets in an employer who participates in the Medical Fund or in any administrator.

Possible impact of the non-compliance
At 31 December 2024 investments were held in Old Mutual, to the value of R54,532 (2023: R1,087,566), Sanlam Limited, to the value of R451,461 (2023: R1,677,580), Momentum Metropolitan Life Limited, to the value of R25,032 (2023: R123,611), and Discovery Holdings Limited, to the value of R1,457,613 (2023: R17,811).

Corrective course of action adopted to ensure compliance
During 2022, the Fund applied to renew the three-year exemption. The application was declined as Council for Medical Schemes is of the view that the market is very competitive and that the Board of Trustees were to avoid doing business with the participating employer groups and its related parties. In reply, the Fund submitted an appeal, which was set down for hearing on 29 May 2023. To date there has been no update on this matter. The current three-year exemption will remain valid, until the outcome of the appeal.

In March 2024, as the appeal results were still pending, the Fund opted to disinvest funds from the Old Mutual Multi Managers (OMMM) portfolio and reinvest them in SIM Absolute Return Medical portfolio. As a result of the move, 50% of the assets will be managed by Old Mutual Investment Group Proprietary Limited and the other 50% by Sanlam Investment Management. The Fund is in the process of submitting a new application at the time of signing the Annual Financial Statements.

13. NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT ("THE ACT") (continued)

13.3 Non-compliance with Section 33(2) of the Act - Benefit Options

Nature and cause of non-compliance
Section 33(2) of the Act stipulates that each benefit option shall be self-supporting in terms of membership and financial performance and be financially sound. The ageing profile of members on the Traditional and Traditional Plus plans creates financial challenges as the Fund would need to implement significant contribution increases for these plans in order to improve the operating results in the short-term. The imposition of such an increase could result in members buying down to lower contributing plans which would worsen the financial experience on the plan.

Possible impact of the non-compliance
At 31 December 2024, the Traditional Plan did not comply with Section 33(2). The Traditional plan realised a net healthcare deficit of R58,873,263 (2023: R68,684,277). Refer to note 16 for the results per benefit option.

Corrective course of action adopted to ensure compliance
The Trustees are aware of the situation and have decided to address the loss over a longer period by implementing higher contribution increases on the Traditional and Traditional Plus Plans than on other plans. Following the benefit review process, the Fund decided to discontinue the Traditional Plus Select Plan at the end of the 2023/2024 benefit year. Members who were on the Traditional Plus Select Plan were defaulted to the Traditional Select Plan.

13.4 Non-compliance of Section 59(2) of the Act - Payment of claims

Nature and cause of non-compliance
Section 59(2) of the Act, requires a Medical Fund, in the case where an account has been rendered, subject to the provisions of this Act and the rules of the Fund concerned, to pay to a member or a supplier of service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect of such benefit was received by the Fund.

Possible impact of the non-compliance

Exceptions to the 30-day claims payment period
In exceptional cases claims may be paid more than 30 days after the date of submission. These delays are generally due to members or healthcare suppliers submitting claims without the necessary details required for timely payment. Such instances are isolated and do not materially affect the Fund.

EDI Incident in 2024
An exception to the above occurred in 2024, when three claims batches were inadvertently omitted from a claims payment run. After processing, the value of these omitted claims amounted to R1,167,484. This amount is included in the total for claims paid after the 30-day period as at 31 December 2024.

As of 31 December 2024, the total value of claims paid more than 30 days after becoming due amounted to R1,198,876. By comparison, no such cases were reported as of 31 December 2023.

13. NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT ("THE ACT") (continued)

13.4 Non-compliance of Section 59(2) of the Act - Payment of claims (continued)

Corrective course of action adopted to ensure compliance
Management has implemented additional controls to prevent the recurrence of the EDI incident. These controls include monitoring the number of batch files received and processed, along with establishing a system where management has full oversight. Additionally, any delays are addressed promptly, and the necessary assistance is provided to the identified members and healthcare suppliers to minimise these

13.5 Non-compliance of Section 10(4) and 10(5) of the Act - Personal Medical Savings Accounts (PMSA)

Nature and cause of non-compliance
In terms of Regulation 10(4) and 10(5) of the Act, members' PMSA balances must be transferred to another medical scheme or paid out as a cash benefit promptly upon their exit from the Fund. In certain instances, the Fund did not comply with these requirements due to invalid or missing bank and contact information, which prevented the payment of the PMSA balances within the prescribed timeframe.

Possible impact of the non-compliance
Some resigned members have not had their PMSA refunded as required by regulation 10(4) and regulation 10(5). Unclaimed PMSA balances, where a member cannot be located within three years of leaving the Fund and after all reasonable efforts to trace the member have been exhausted, will be considered prescribed. These amounts will be written back to the Fund. In 2024, a total of R1,540,362 for 312 members, and in 2023, R1,039,762 for 343 members, were written back as income to the Fund.

Corrective course of action adopted to ensure compliance
The Fund is taking further steps in an endeavour to ensure that unclaimed balances are refunded to the members concerned. Any balances that remain unclaimed and have not been refunded will be written back to the Fund. However, should a member come forward after the amounts have been written back, they will still be entitled to claim the PMSA balance from the Fund, provided sufficient proof is submitted. These funds may be claimed by the account holder when the account comes to their attention and they are entitled to it, by way of an application supported by a certified copy of the account holder's identity document or passport.

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Board of Trustees is responsible for the preparation, integrity and fair presentation of the annual financial statements of Old Mutual Staff Medical Aid Fund (the Fund). The annual financial statements presented on pages 26 to 79 have been prepared in accordance with IFRS® Accounting Standards in the manner required by the Medical Schemes Act 131 of 1998, as amended and the regulations thereto, and include amounts based on judgements and estimates made by management.

The annual financial statements comprise the statement of financial position as at 31 December 2024, the statement of comprehensive income, the statement of changes in funds and reserves, the statement of cash flows for the year then ended and the notes to the annual financial statements, which include a summary of material accounting policies and other explanatory notes.

The Board of Trustees considers that in preparing the annual financial statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Board of Trustees is satisfied that the information contained in these annual financial statements fairly presents the results of operations for the year and the financial position of the Fund at year-end.

Accounting records and control environment

The Board of Trustees is responsible for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Fund to ensure that the annual financial statements comply with the relevant legislation.

The Fund operates in a well-established controlled environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute assurance that assets are safeguarded and the risks facing the Fund are being controlled.

Going concern

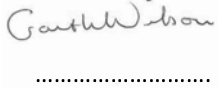
The going concern basis has been adopted in preparing these annual financial statements. The Board of Trustees has no reason to believe that the Fund will not be a going concern in the foreseeable future, based on current forecasts and available cash resources. The annual financial statements support the viability of the Fund.

External auditor's responsibility

The External Auditor, PricewaterhouseCoopers Inc., is responsible for auditing the Fund's annual financial statements in terms of International Standards on Auditing and their report is presented on pages 21 to 25. PricewaterhouseCoopers Inc. had unrestricted access to all financial records and related data. The Board of Trustees believes that all representations made to the independent auditor during their audit were accurate and appropriate.

Approval of the annual financial statements by the Board of Trustees on 23 April 2025 and are signed on their behalf on 25 April 2025 by:

....



....

Chairperson **Trustee** **Principal Officer**

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

Old Mutual Staff Medical Aid Fund is committed to the principles and practice of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Trustees are proposed and elected by the members of the Fund and the employer.

Board of Trustees
The Board of Trustees meets regularly and monitors the performance of the administrator and other service providers. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive.

All Board members have access to the advice and services of the Principal Officer and where appropriate, may seek independent professional advice at the expense of the Fund.

Risk management and internal controls
The Board of Trustees adheres to appropriate risk management principles which includes contract review, maintaining a risk register, review of internal, external and other reports.

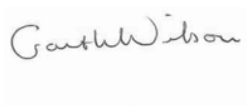
The Fund maintains internal controls and accounting systems designed to provide reasonable assurance as to the integrity and reliability of the Fund's annual financial statements and to safeguard, verify and maintain accountability for its assets adequately. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

No event or item has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.

The Fund adopted a risk framework and maintains a risk register for all identified strategic and operational risks. These are monitored on an ongoing basis at the Board of Trustees' meetings. Clinical risk controls are furthermore implemented by the Fund's managed care provider, Universal Care Proprietary Limited.

Monitoring performance against budget
The budget is set annually for the Fund and approved by the Board of Trustees. The performance of the Fund is monitored against the budget on a monthly basis.

Performance monitoring of third party Service Level Agreements (SLA's)
The monitoring of SLA's occurs on a monthly basis. Should the service level fall below the required SLA, action is taken with the third party and terms are set to ensure that compliance is once again achieved.


Chairperson	Trustee	Principal Officer

Date: 25 April 2025

Independent Auditor's Report

To the Members of Old Mutual Staff Medical Aid Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Old Mutual Staff Medical Aid Fund (the Scheme), set out on pages 26 to 79, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in members' funds and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Old Mutual Staff Medical Aid Fund as at 31 December 2024, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of the liability for incurred claims from healthcare events that have occurred but have not yet been reported Refer to the following disclosure in the financial statements as it relates to this key audit matter: • Note 7. Insurance Contract Liabilities; • Note 8. Insurance Contract Liability attributable to current members and accounting policy 1.2.	Our audit addressed this key audit matter as follows: We obtained an understanding from the 's actuaries regarding the process followed in calculating the LIC from healthcare events that have occurred but have not yet been reported, which included the design and implementation of controls within the process.

As at 31 December 2024 the Scheme recognised insurance contract liabilities amounting to R91,365,665. The Scheme's insurance contract liabilities comprise the liability for remaining coverage (LFRC) and the liability for incurred claims (LIC). In determining the LIC, the Scheme applies significant judgement and estimation uncertainties, due to the Scheme having to determine claims from healthcare events that have occurred but have not yet been reported. The value of the LIC from healthcare events that have occurred but have not yet been reported is the sum of the probability-weighted estimate of the expected future cash flows and the risk adjustment. The LIC reported is calculated by the Scheme's actuaries which is reviewed by management and the Audit and Risk Committee and recommended to the Board of Trustees for approval. The LIC from healthcare events that have occurred but are not yet reported amounts to R27,960,000. The most significant assumptions made in the determination of the LIC are: • the future cash flow projections; and • the risk adjustment for non-financial risk. *Future cash flow projections* The future cash flow projections comprise estimates of all future claim payments, receivables from third parties as well as the directly attributable expenses arising from the healthcare events within the boundary of the insurance contracts. The Scheme's actuaries use an actuarial model, based on the Scheme's actual claim development patterns throughout the year, to determine the probability-weighted estimate of expected future cash flows. This model applies traditional actuarial triangulation methods as well as management input on the expectations of claims experience. *Risk adjustments for non-financial risk* In determining the Scheme's risk adjustment for non-financial risk, the Scheme uses a confidence level technique (value at risk) under *IFRS 17, Insurance Contracts (IFRS 17)*. The Scheme's calibrated risk adjustment (using value at risk) is such that the insurance contract liabilities are held to be sufficient at the 55th percentile of the ultimate loss distribution. We considered the valuation of the LIC from healthcare events that have occurred but have not	We obtained the actual claims data from the member administration system covering the year ended 31 December 2024 used in calculating the LIC from healthcare events that have occurred but are not yet reported. We assessed the completeness of the claims data on the member administration system by understanding management's controls. We selected a sample of claim transactions from the claim source and agreed these to the member administration system. No material inconsistencies were noted. We substantively tested a sample of claims received by the Scheme in the 31 December 2024 financial year, selected from the member administration system, and evaluated the accuracy of the service and process dates and the validity of the claim against the relevant Scheme rules. No material inconsistencies were noted. We assessed the completeness of the claims data in the Scheme's actuarial model by obtaining an understanding of management's controls and testing the reconciliation between the claims data per the member administration system and the claims data per the actuarial model. No material inconsistencies were noted. To assess the reasonableness of the Scheme actuaries' estimation process, we compared the actual claim results in the current year to the prior year LIC from healthcare events that have occurred but are not yet reported. We noted no matters for further consideration with respect to the estimation process. With the assistance of our internal actuarial experts, we independently calculated the Scheme's probability-weighted estimate of future cash flow projections of the LIC from healthcare events that have occurred but are not yet reported, taking into account the claims data tested above. We compared our results with that of the Scheme and did not note any material exceptions. With the assistance of our internal actuarial experts, we tested the risk adjustment component of the LIC from healthcare events that have occurred but are not yet reported by performing the following procedures:

yet been reported to be a matter of most significance to the current year audit due to the significant judgement and estimation uncertainties applied in determining the future cash flow projections and the risk adjustments for non-financial risk.	• We evaluated the Scheme's methodology relative to the principles of IFRS 17 to assess whether this approach is consistent with the principles of the risk adjustment under IFRS 17. The risk adjustment covers non-financial risk relating to insurance contracts and the compensation required by the Scheme in lieu of this risk, with reference to the Scheme's risk appetite. We did not identify any matters requiring further consideration; • We tested the risk adjustment by performing independent calculations using the Scheme's data and taking into consideration the Scheme's risk adjustment methodology. Based on the work we performed, we did not identify any matters requiring further consideration; and • Based on the output of our independent stochastic models, we assessed whether our independently calculated liabilities are sufficient at the 55th (55th:2023) percentile. We noted no matters requiring further consideration.

Other Information

The Scheme's trustees are responsible for the other information. The other information comprises the information included in the document titled "Old Mutual Staff Medical Aid Fund Annual Financial Statements for the year ended 31 December 2024". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Scheme's Trustees for the Financial Statements

The Scheme's trustees are responsible for the preparation and fair presentation of the financial statements, in accordance with IFRS Accounting Standards and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the Scheme's trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Scheme's trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Scheme's trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance,but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Scheme's trustees.
- Conclude on the appropriateness of the Scheme's trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Scheme's trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Scheme's trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Non-compliance with the Medical Schemes Act of South Africa

As required by the Council for Medical Schemes, we report the following material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa, as amended, that have come to our attention during the course of our audit:

1. Non-compliance with Section 26(7) of the Act
   During the financial year there were contributions identified that were not paid to the Fund within three days of becoming due.

2. Non-compliance with Section 35(8)(a) of the Act
   During the financial year investments were held in Old Mutual, Sanlam Limited, Momentum Metropolitan Life Limited, and Discovery Holdings Limited.

3. Non-compliance with Section 33(2) of the Act
   At 31 December 2024 the Traditional Plan realised a net healthcare deficit.

4. Non-compliance of Section 59(2) of the Act
   During the financial year we noted that there were claims paid more than 30 days after becoming due.

5. Non-compliance of Section 10(4) and 10(5) of the Act
   For certain resigned members their PMSA has not been refunded as required per the regulations.

Audit Tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that PricewaterhouseCoopers Inc. firm has been the auditor of Old Mutual Staff Medical Aid Fund for five years.

The engagement partner, Dilshad Khalfey, has been responsible for Old Mutual Staff Medical Aid Fund's audit for one year.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: D Khalfey
Registered Auditor
Cape Town, South Africa

25 April 2025

OLD MUTUAL STAFF MEDICAL AID FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024	2023
		R	R
Assets			
Non-current Assets		**276,194,788**	**123,304,452**
Investments held at fair value through profit and loss	2	276,194,788	123,304,452
Current Assets		**182,435,255**	**305,721,957**
Cash and cash equivalents	3	85,784,718	67,681,178
Trade and other receivables	4	364,277	339,552
Investments held at amortised cost	5	60,024,565	61,271,151
Investments held at fair value through profit and loss	2	36,261,695	176,430,076
Total Assets		**458,630,043**	**429,026,409**
Liabilities			
Non-current Liabilities		**355,722,655**	**322,808,588**
Insurance contract liabilities - Liability attributable to future members	7	355,722,655	322,808,588
Current Liabilities		**102,907,388**	**106,217,821**
Trade and other payables	6	1,060,723	695,191
Insurance contract liabilities - Liability attributable to current members	7	91,365,665	85,652,630
Insurance contract liabilities - Liability attributable to future members	7	10,481,000	19,870,000
Total Liabilities		**458,630,043**	**429,026,409**

OLD MUTUAL STAFF MEDICAL AID FUND
STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024	2023
		R	R
Insurance revenue	10	766,647,852	679,463,036
Insurance service expenses*	11	(769,271,543)	(708,889,438)
Insurance service result		**(2,623,691)**	**(29,426,402)**
Other income			
Investment income	12	44,115,988	36,541,437
Sundry income	13	29,720	47,086
Other expenditure			
Other operating expenses	15	(10,564,108)	(9,383,990)
Finance expenses from insurance contracts issued - PMSA	8	(5,629,541)	(5,092,220)
Asset management fees	14	(1,803,301)	(1,973,869)
Surplus/ (deficit) before amounts attributable to future members		**23,525,067**	**(9,287,958)**
Amounts attributable to future members*		(23,525,067)	9,287,958
Surplus for the year		**-**	**-**
Total comprehensive income/ (loss) for the year		**-**	**-**

** The 2023 comparative figures have been restated due to a change in accounting policy, as disclosed in Note 23.*

OLD MUTUAL STAFF MEDICAL AID FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		R	R
Cash flows from operating activities			
Cash receipts from members - insurance revenue	8	853,305,528	762,085,499
Cash receipts from members and providers - other		976,747	1,701,630
Cash paid for claims and acquisition costs	8	(855,845,724)	(794,548,012)
Cash paid to providers and employees		(11,364,781)	(11,481,996)
Cash used in operations		(12,928,230)	(42,242,879)
Interest paid on PMSA trust liability		(5,629,541)	(5,092,220)
Net cash used in operating activities		**(18,557,771)**	**(47,335,099)**
Cash flows from investing activities			
Payments for financial assets		(294,801,050)	(84,151,786)
Proceeds from sale of financial assets		310,728,610	118,320,472
Interest received		12,417,156	14,607,164
Return on PMSA trust monies invested	8	5,629,541	5,092,220
Dividends received		2,132,177	1,894,028
Additions of term deposits		(74,827,715)	(58,500,000)
Redemptions of term deposits		75,382,592	56,900,000
Cash generated from investing activities		**36,661,311**	**54,162,098**
Increase in cash and cash equivalents		**18,103,540**	**6,826,999**
Cash and cash equivalents at the beginning of the year		67,681,178	60,854,179
Cash and cash equivalents at the end of the year		**85,784,718**	**67,681,178**
Cash and cash equivalents - Fund	3	79,698,769	62,678,687
Cash and cash equivalents - PMSA	3	6,085,949	5,002,491

1. MATERIAL ACCOUNTING POLICIES

The Fund's material accounting policies are consistent with last year, except for changes due to mandatory adoption of new/ revised IFRS and those noted in the accounting policies section.

1.1 Basis of preparation

The financial statements are prepared in accordance with IFRS® Accounting Standards on the historical cost convention, except for investments that are held at fair value in terms of IFRS 9 and insurance assets and liabilities measured in terms of IFRS 17.

The annual financial statement information is presented in South African Rand (ZAR), which also represents the Fund's functional currency. All financial information has been rounded to the nearest rand.

In terms of Section 10(1)(d) of the Income Tax Act 58 of 1962, as amended, receipts and accruals of a benefit fund are exempt from normal tax. A medical scheme is included in the definition of a benefit fund and consequently the Fund is exempt from income tax.

1.1.1 Critical accounting judgements and areas of key sources of estimation uncertainty

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.

Certain critical accounting judgements in applying the Fund's accounting policies, and key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year, are disclosed below. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances.

Insurance contracts - Assets and Liabilities
The recognition and measurement of insurance assets and liabilities under IFRS 17 involve significant judgement and estimation. These include assessing contract boundaries, the timing and amount of expected future cash flows, the application of discount rates, and the risk adjustment for non-financial risk. The Fund uses actuarial claims experience as part of this process. Refer to accounting Note 1.3 for further details on significant judgements and estimates applied.

Valuation of financial instruments
The Fund's accounting policy on fair value measurements is discussed in accounting policy Note 1.4.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument that can be accessed at the measurement date.

1. MATERIAL ACCOUNTING POLICIES

1.1.1 Critical accounting judgements and areas of key sources of estimation uncertainty (continued)

Valuation of financial instruments (continued)

Level 2: Valuation techniques based on observable inputs, either directly (i.e. prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on unobservable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

1.1.2 New standards, amendments and interpretations becoming effective and adopted in 2024 and relevant to the Fund

Standard/ Amendment	Effective date	Impact
IFRS 16 amendment, Lease liability in sale and leaseback	Annual periods beginning on or after 1 January 2024.	No impact on the Fund.
IAS 7 and IFRS 7, Disclosure of supplier finance arrangements	Annual periods beginning on or after 1 January 2024.	No impact on the Fund.

1.1.3 New Standards, Amendments and Interpretations not yet effective and not early adopted in 2024

Standard/ Amendment	Effective date	Impact
IAS 1 amendment, Classification of liabilities as current or non-current with covenants	Annual periods beginning on or after 1 January 2025	No impact on the Fund.
IAS 21 amendments, Lack of exchangeability	Annual periods beginning on or after 1 January 2025.	No impact on the Fund.
IFRS 7 and IFRS 9 amendments, Classification and measurement of financial instruments	Annual periods beginning on or after 1 January 2026.	Impact will be assessed by the Fund.

1. MATERIAL ACCOUNTING POLICIES

1.1.3 New Standards, Amendments and Interpretations not yet effective and not early adopted in 2024 (continued)

Standard/ Amendment	Effective date	Impact
IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 amendments, Annual improvements to IFRS accounting standards	Annual periods beginning on or after 1 January 2026.	Impact will be assessed by the Fund.
IFRS 18 Presentation and disclosure in financial statements.	Annual periods beginning on or after 1 January 2027.	Impact will be assessed by the Fund.
IFRS 19 Subsidiaries without public accountability: disclosures	Annual periods beginning on or after 1 January 2027.	No impact on the Fund.
IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures amendments, Sale or contribution of assets between an investor and its associate or joint venture	To be determined	No impact on the Fund.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.2 Insurance contracts

IFRS 17 Insurance Contracts replaces IFRS 4 Insurance Contracts for annual periods beginning on or after 1 January 2023. The standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The standard brings significant changes to the accounting for insurance contracts issued. IFRS 17 contains more extensive disclosure requirements for insurance contracts issued, and requires preparers to provide both qualitative and quantitative disclosures about insurance contracts within its scope in three different areas:

- explanation of recognised amounts;
- significant judgements in applying IFRS 17; and
- nature and extent of risks that arise from contracts within the scope of IFRS 17.

The objective of IFRS 17 disclosures is to allow users of the financial statements to assess the impact that insurance contracts within the scope of IFRS 17 have on the entity's financial position, financial performance and cash flows.

The Fund applies IFRS 17 Insurance Contracts to insurance contracts issued or acquired. References made to insurance contracts shall deem to imply insurance contracts issued or acquired.

Contracts under which the Fund accepts significant insurance risk from another party (the member) by agreeing to compensate the member or other beneficiary if a specified uncertain future event (the insured event) adversely affects the member or other beneficiary are classified as insurance contracts. The Fund was previously applying IFRS 4 to its insurance contracts, the accounting policies illustrated below have been adopted in accordance with IFRS 17 transitional provisions.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.2.1 Definition, classification and separation of components

Insurance contracts are contracts under which the Fund accepts significant insurance risk from a member by agreeing to compensate the member if a specified uncertain future event adversely affects the member. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Fund applies judgement in assessing whether a contract transfers significant insurance risk.

Old Mutual Staff Medical Aid (the Fund) is a registered Medical Aid Scheme in South Africa that issues contracts which stipulate that the Fund will compensate the member should the member claim due to a specified uncertain event occurring. This compensation is in the form of settling claims on medical expenses.

1.2.2 Level of aggregation (Unit of account)

Each benefit option is exposing the Fund to health risk relating to its members. All insurance contracts within the Fund represent a portfolio of contracts, therefore all options form one portfolio. Each option is managed similarly in that on an annual basis, each option is reviewed and priced separately during the benefit design phase. Each option is managed the same, irrespective of whether a personal medical savings account is included in the option or not. Each option is exposed to the risk that members will seek healthcare services. These healthcare services span across a wide range, e.g., hospitalisation, dentistry, optometry etc for various diseases. Although the maximum amount that may be claimed differs between the benefit options, the underlying insurance risk is the same. The portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. These groups are not subsequently reconsidered. The Fund assessed their portfolio as a whole at Fund level, utilising the relief outlined in paragraph 20 of IFRS 17.

The annual cohorts are determined with reference to the benefit year which is not aligned with the financial year. The benefit year ends 31 March and the financial year ends 31 December. The profitability of groups of insurance contracts issued is assessed by actuarial valuation models that take into consideration existing and new business written. Contracts that are onerous at initial recognition are grouped separately from contracts that at initial recognition have no significant possibility of becoming onerous subsequently. The board has determined that the Fund as a whole is not onerous.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.2.2 Level of aggregation (Unit of account) (continued)

Under the Premium Allocation Approach, the Fund has assumed that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. The Fund has assessed whether contracts that are not onerous at initial recognition have no significant possibility of becoming onerous by assessing the likelihood of changes in applicable facts and circumstances.

1.2.3 Recognition and Derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the member is due or actually received, if there is no due date; and
- when the Fund determines that a group of contracts becomes onerous.

Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups.

The Fund will derecognise a contract when the rights and obligations relating to the contract are extinguished, i.e., expired, discharged, or cancelled. If a contract modification results in derecognition, a new contract is recognised on the modified terms.

1.2.4 Measurement

Contract boundary

The Fund uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period. The Fund includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Fund can compel the member to pay the contributions, or in which the Fund has a substantive obligation to provide the member with insurance contract services.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.2.4 Measurement (continued)

Contract boundary (continued)

A substantive obligation to provide insurance contract services ends when:

- The Fund has the practical ability to reassess the risks of the member and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
  (i) The Fund has the practical ability to reassess the risks of the portfolio of insurance contracts contain the contract and, as a result, can set a price of level of benefits that fully reflects the risk of that portfolio;
  (ii) The pricing of the contributions up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria. Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some operating expenses, are recognised in other operating expenses as incurred.

The Fund has determined the contract boundary for insurance contracts issued to be 12 months with reference to its substantive obligations.

Initial and subsequent measurement

The Fund determined that the coverage period for each of the insurance contracts it issues are 12 months or less. The Fund applies the Premium Allocation Approach (PAA), measurement of these contracts under the PAA qualifies by virtue of these contracts having the coverage period of one year or less.

For insurance contracts issued, on initial recognition, the Fund measures the Liability for Remaining Coverage (LRC) at the amount of contributions received.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of the LRC; and the Liability for Incurred Claims (LIC), comprising of the fulfilment cash flows related to past service allocated to the group at the reporting date.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.2.4 Measurement (continued)

Initial and subsequent measurement (continued)

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is increased for contributions received in the period; decreased for the amounts of expected contributions received recognised as insurance revenue for the services provided in the period.

The Fund does not adjust the LRC for insurance contracts issued for the effect of the time value of money as insurance contributions are due within the coverage of contracts, which is one year or less.

Fulfilment cash flows within contract boundary

The fulfilment cash flows are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Fund expects to collect from contributions and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. The Fund estimates fulfilment cash flows at the portfolio level and then allocates such estimates to groups of contracts.

The Fund assessed the following future cash flows to arise:

- Contributions (cash inflow)
- Policy administration and maintenance costs (cash outflow)
- Payments for incurred claims (cash outflow)
- Directly attributable costs (cash outflow)
- Recoveries from the Road Accident Fund (RAF) (cash inflow)
- Contributions allocated to Personal Medical Savings Account (PMSA) (cash inflow)

The cash flows will be further split into the following for determining the Liability for Incurred Claims ('LIC') and Liability for Remaining Coverage('LRC'):

- Incurred claims (reported and unreported)
- Claims handling costs
- Contributions
- Directly attributable expenses
- Expected claims pay-outs

1. MATERIAL ACCOUNTING POLICIES (continued)

1.2.4 Measurement (continued)

Fulfilment cash flows within contract boundary (continued)

The estimates of future cash flows are based on a probability weighted mean of the full range of possible outcomes; are determined from the perspective of the Fund, provided the estimates are consistent with observable market prices for market variables; and reflect conditions existing at the measurement date. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. As the contracts are measured under the PAA, the explicit risk adjustment for non-financial risk (except for those contracts that are onerous) is only estimated for the measurement of the LIC.

The following method/ technique of estimation for the identified cash flows in computing LIC are expected (based on an analysis of historical payment patterns):

- A combination of apriorism/ FNOL (first notification of loss) estimates as well as case estimates (based on claims assessors' feedback) depending on the stage at which each claim is.
- Based on traditional actuarial triangulation methods as well as management input on the expectations of claims experience.

Insurance acquisition costs

The Fund includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

- costs directly attributable to individual contracts and groups of contracts; and
- costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

For insurance contracts issued, insurance acquisition cash flows are expensed in profit and loss.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Fund requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Fund fulfils insurance contracts.

Refer to the significant judgements and estimates in applying IFRS 17 note on the Risk adjustment for non-financial risk methodology.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.2.4 Measurement (continued)

Mutual entity

Based on the requirements of IFRS 17, the Fund was recognised as mutual entity, therefore it is expected that the remaining assets of the Fund will be used to pay the claims of current and future members. The Fund recognised a liability in its statement of financial position to provide coverage to future members.

This liability is in essence incurred because the Fund is obliged to:

- provide coverage to that member;
- pay incurred claims of that member; or
- provide coverage to future members.

The fulfilment cash flows on measurement of the liability to future members are measured by incorporating information about the fair value of the other assets and liabilities of the Fund.

As a result of the recognition of the liability to future members, an additional onerous contract liability was not recognised. Refer to Note 1.3 for details on the significant judgements regarding the Fund's classification as a mutual entity.

1.2.5 Amounts recognised on comprehensive income

Insurance revenue

As the Fund provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Fund expects to be entitled to in exchange for those services.

For the group of insurance contracts measured under the PAA, the Fund recognises insurance revenue based on the expected pattern of release of risk over the coverage period of the group of contracts.

Insurance service expenses

Insurance service expenses include incurred directly attributable insurance service expenses; and, changes that relate to past service (i.e. changes in the fulfilment cash flows relating to the LIC). The Fund does not issue insurance contracts that include distinct investment components.

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

Insurance interest income and expenses

The non-distinct investment component (PMSA) accrues interest. This is disclosed within the investment income and finance expenses from insurance contracts issued respectively.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.3 Significant judgements and estimates in applying IFRS 17

Areas of judgement	Applicable to the Fund
a) For insurance contracts issued measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate any changes in the onerous group's profitability and whether any loss component remeasurement is required.	This area of judgement is applicable to the Fund. The Fund will be applying the Premium Allocation Approach (PAA) with which to measure the liability for remaining coverage. Consequently, according to IFRS 17, there is a rebuttable presumption that these contracts are not onerous, unless facts and circumstances indicate otherwise. Such facts and circumstances may include the initial cashflow projections when determining the pricing of a benefit option for the next benefit year, e.g., benefit option may be priced to be loss making as a form of returning excessive reserves to its members. In addition, the assessment of onerous contracts takes into account the projected losses relative to the accumulated funds (residual due to future members). In the Fund's case, the accumulated funds (residual due to future members) exceed the projected loss, indicating that the contracts are not onerous.
b) Determining the Unit of Account for the measurement of the Insurance contracts.	Management has assessed their portfolio as the Fund as a whole due to the holistic pricing methodologies and risk management strategy that manages the risk on a fund level. The above is demonstrated by the following: ◦ Hospital claims are managed on a fund level. ◦ Chronic conditions are managed on a fund level, i.e. no matter the option the member will have access to the chronic condition management benefit. ◦ Risk transfer arrangements are based on conditions and not on benefit options. ◦ Pricing and benefit option changes are determined at a fund level to manage member migration between different benefit options to ensure each option is sustainable. ◦ Risk (utilisation and concentration) is managed holistically.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.3 Significant judgements and estimates in applying IFRS 17 (continued)

Areas of judgement	Applicable to the Fund
c) IFRS 17 requires schemes to apply a risk adjustment to the LIC. This risk adjustment should reflect the risk the Fund is bearing for the uncertainty of timing, severity and number of reported claims as at 31 December and claims to be reported (IBNR) in the four months after year-end.	The risk adjustment for non-financial risk is applied to the present value of the estimated future cashflows and reflects the compensation the Fund requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Fund fulfils insurance contracts. As the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Fund's degree of risk aversion. The fund estimates an adjustment for non-financial risk separately from all other estimates. The risk adjustment was calculated at a portfolio level as the Fund does not have groups due to laws that constrain the Fund's ability to set a price for different members. The confidence level method was used to derive the overall risk adjustment for non-financial risk. In the confidence level method, the risk adjustment is determined by applying a confidence level to run-off triangles used to calculated the LIC. The confidence level has been set to 55% in 2023 and 2024. The method and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2023 and 2024.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.3 Significant judgements and estimates in applying IFRS 17 (continued)

Areas of judgement	Applicable to the Fund
d) Determining whether the Fund is a mutual entity is an area of judgement. The Fund has to consider its own facts and circumstances in determining whether it meets the definition of a mutual entity.	As medical schemes do not have shareholders, the current members will access the reserves through economic benefits such as funding reductions in contributions or deferral of contribution increases. Although the rules do not generally specify how the assets should be distributed on liquidation, IFRS 17 states that "contracts can be written, oral or implied by an entity's customary business practices. Contractual terms include all terms in a contract, explicit or implied, but the Fund shall disregard terms that have no commercial substance (i.e. no discernible effect on the economics of the contract). Therefore, the remaining assets of the Fund should be distributed to the members on liquidation if there are any and if the Fund does not amalgamate with another scheme. The substance of the legal framework issued insurance contracts and observed practice is that once a contribution is paid to the medical scheme, the contributions is used to provide benefits to members. The benefits are provided by the Fund through insurance coverage, reduced contributions, or payment to members on liquidation (based on votes taken by members). It is therefore expected that the remaining assets of the Fund will be used to pay current and future members. Based on the above , the Fund meets the definition of a mutual entity in IFRS. The Fund has developed an accounting policy in accordance with IFRS 17 guidance for mutual entities as well as the educational material issued by the IASB. The Fund recognises any cumulative profits and losses as part of the insurance liability attributable to future members, which is included in the insurance contract liabilities on the face of the Statement of Financial Position. As a result, the Statement of Profit or Loss and Other Comprehensive Income reflects no total comprehensive income for the year. The movement in the insurance liability attributable to future members is disclosed separately in the Statement of Profit or Loss and Comprehensive Income. Due to the Fund being a mutual entity, the assessment of onerous contracts are also affected. Refer to note 1.2.4

1. MATERIAL ACCOUNTING POLICIES (continued)

1.3 Significant judgements and estimates in applying IFRS 17 (continued)

1.3.1 Methods used and judgements applied in determining the IFRS 17 transition amounts

The Fund has adopted IFRS 17 retrospectively. The full retrospective approach was applied to the insurance contracts in force at the transition date that were originated less than two years prior to transition. There are no contracts in force at transition date that were originated from more than two years prior to transition. The Fund has determined that reasonable and supportable information was available for all contracts in force at the transition date to apply IFRS 17 fully retrospectively.

The Fund has recognised and measured each group of insurance contracts within the scope of IFRS 17 as if IFRS 17 had applied; derecognised any existing balances that would not exist had IFRS 17 always applied; and recognised any resulting net difference in member funds.

1.3.2 Estimates and assumptions

The preparation of financial statements requires the use of accounting estimates. This note provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, together with information about the basis of calculation for each affected line item in the financial statements.

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates. The present value of future cash flows is estimated using predetermined scenarios. The assumptions used in these scenarios are derived to approximate the probability weighted mean of a full range of possible outcomes.

1.3.3 Discount rates

Discounting is not applicable as the cashflows fall within 12 months.

1.3.4 Estimates of future cash flows to fulfil insurance contracts:

Included in the measurement of the portfolio are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The Fund estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Fund uses information about past events, current conditions and forecasts of future conditions. The Fund's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability weighted average of the future cash flows is calculated using a deterministic scenario representing the probability weighted mean of a range of scenarios.

The uncertainty in the insurance contracts lies in the number, severity and timing of claims.

Assumptions used to develop estimates about future cashflows are reassessed at each reporting date and adjusted where required.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.3 Significant judgements and estimates in applying IFRS 17 (continued)

1.3.5 Methods used to measure the insurance contracts

The Fund estimates insurance liabilities in relation to claims incurred for healthcare contracts.

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. The generally accepted actuarial methodology used in assessing the estimated claims outcome of insurance liabilities is the chain-ladder method.

The chain-ladder technique involves an analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each period (in the Fund's case for four months post year-end) that is not yet fully developed to produce an estimated ultimate claims cost for each healthcare year. The chain-ladder technique is the most appropriate for this claim pattern.

Run-off triangles are used in situations where it takes time after the treatment date for the full extent of the claims to become known. It is assumed that payments will emerge in a similar way in each service month. The proportional increase in known cumulative payments from one development month to the next can then be used to calculate payments for future development months.

The following was considered when estimating the LIC:

- the homogeneity of the data;
- changes in pattern of claims;
- changes in the compositions of members and their beneficiaries;
- changes in benefit limits; and
- changes in the prescribed minimum benefits.

1.4 Financial instruments

Recognition of financial instruments

Financial instruments are recognised in the Fund’s statement of financial position when it becomes a party to the contractual provisions of the instrument. Such recognition presumes that the risks and rewards of ownership and the control over these financial assets and obligations assumed over financial liabilities are vested in the Fund. All purchases and sales of financial assets are recognised on the trade date, which is the date that the Fund commits to purchase or sell the asset.

Offset

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously or to settle on a net basis, all related financial effects are offset.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows arising from the financial asset have expired, or where the financial asset has been transferred and the Fund has also transferred substantially all risks and rewards of ownership, or where the financial asset has been transferred and the Fund neither retains nor transfers substantially all the risks and rewards of ownership of the asset but no longer retains control of the asset.

A financial liability is derecognised when the contractual obligation (deposit component) is discharged, cancelled or has expired.

Financial assets under IFRS 9

Investments held at fair value through profit or loss

A financial asset is classified as held at fair value through profit or loss if it is classified as held for trading or designated as such upon initial recognition. Financial assets are designated as at fair value through profit or loss as it results in more relevant information because the group of financial assets is managed and its performance evaluated on a fair value basis. The realised and unrealised gains and losses arising from changes in the fair value of investments held at fair value through profit or loss are included in the statement of comprehensive income as investment income.

Investments held at amortised cost

Fixed-term deposits are classified as financial assets measured at amortised cost, as the Fund's business model is to hold these instruments to collect contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These investments are initially recognised at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method. Interest income is recognised in profit or loss over the term of the investment.

Investments are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the Fund transfers the financial asset and the transfer qualifies for derecognition.

Trade and other receivables

Trade and other receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. An appropriate allowance for estimated irrecoverable amounts is recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. This allowance recognised is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows. Permanent impairments are written-off to the statement of comprehensive income when identified.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are subsequently measured at amortised cost. The Fund, in terms of section 37 (2), report cashflows from operating activities using the direct method in the Statement of Cash Flows.

Cash flows relating to financial assets earmarked to settle short term needs i.e. claims and other operating costs are classified as operating activities. However, financial assets that primarily back the insurance contract liability attributable to future members and that are invested in longer term risk classes to maximise growth have been classified as investing activities.

Trade and other payables

Trade and other payables are subsequently measured at amortised cost using the effective interest method. They are included in current liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current liabilities.

1.5 Structured Entities

Unconsolidated investment structures

A structured entity is an entity that has been designed in such a way that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relate only to administrative tasks, and the relevant activities are directed through contractual arrangements.

The Fund has determined that its investments in pooled funds and collective investments schemes (''funds'') are investments in unconsolidated structured entities. The Fund invests in these funds, whose objective range from achieving medium to long-term capital growth and whose investment strategy do not include the use of leverage. The funds are managed by independent asset managers and apply various investment strategies to accomplish their respective investment objectives.

1.6 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.7 Liability for incurred claims (LIC)

LIC corresponds to the reserve set aside in respect of the risk claims that have treatment dates before the valuation date, but which have not been processed by this date. As such, it includes all claims which have been reported but not yet processed as well as claims incurred but not yet reported as at the valuation date.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Fund requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Fund fulfils insurance contracts. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Fund's degree of risk aversion. The Fund estimates an adjustment for non-financial risk separately from all other estimates.

1.8 Risk adjustment (RA)

The RA is the additional outstanding claims reserve set aside to ensure that the LIC is sufficient for future claims payments, subject to a given confidence interval. The LIC is calculated on best-estimate basis, whereas the RA allows for the uncertainty of future claim payments and level of risk appetite of the Fund.

1.9 Personal medical savings accounts (PMSA) Liability

The savings plan liability represents savings contributions (deposit component of the insurance contract), the net of savings claims paid on behalf of its members in terms of the Fund rules, refunds on death or resignation and the movement on advances on savings plan accounts. Personal Medical Savings Account (PMSA) balances are refundable when the member leaves the Fund or transfers to a different option within the Fund which does not have a savings option. The money will be transferred to the member within five months of the date of the change. The savings account is accounted for as part of the membership contract (in terms of IFRS 17) as it is a non-distinct component as the savings plan cannot be sold on its own. The balance forms part of the liability for incurred claims (LIC).

1.10 Insurance revenue

As the Fund provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Fund expects to be entitled to in exchange for those services.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.10 Insurance revenue (continued)

For the group of insurance contracts measured under the PAA, the Fund recognises insurance revenue based on the expected pattern of release of risk over the coverage period of the group of contracts.

1.11 Insurance service expenses

Insurance service expenses consists of net risk claims incurred, attributable expenses incurred and accredited managed healthcare costs. Risk claims incurred comprise of the total estimated cost of all claims arising (excluding claims paid out of PMSA) from healthcare events that have occurred during the year and for which the Fund is responsible, whether or not reported by the end of the year.

Net risk claims incurred comprise:

- claims submitted and accrued for services rendered during the year, net of recoveries from the member co-payments and PMSA accounts;
- claims for services rendered during the previous year not highlighted in the outstanding claims provision for that year net of recoveries from the members' PMSA; and
- movements in the RA.

Accredited managed healthcare: management services

These expenses represent amounts paid or payable to third party administrators, related parties and other third parties for managing the utilisation, costs and quality of healthcare services for the Fund. These fees are expensed as incurred.

1.12 Reimbursements from the Road Accident Fund (RAF)

The Fund grants assistance to its members in defraying expenditure incurred in connection with the rendering of any health service. Such expenditure may be in connection with a claim that is also made to the RAF, administered in terms of the Road Accident Fund Act No. 56 of 1996. If the member is reimbursed by the RAF they are obliged contractually to cede that payment to the Fund to the extent that they have already been compensated.

A reimbursement from the RAF is a possible asset that arises from claims submitted to the RAF and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund. The contingent assets are assessed continually to ensure that developments are appropriately reflected in the annual financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the annual financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Fund discloses the contingent asset. Recoveries from the RAF are reflected as part of third party claims recoveries in the statement of comprehensive income.

1. MATERIAL ACCOUNTING POLICIES (continued)

1.13 Liabilities and related assets under liability adequacy test

The liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash inflows and comparing this amount to the carrying value of the liability net of any related assets. Where a shortfall is identified, an additional provision is made for the loss component.

At financial position date, liability adequacy tests are performed to ensure the adequacy of the member insurance contract liabilities.

1.14 Investment income

Investment income comprises interest from call and current accounts, interest, dividends and realised gains or losses on fair value through profit or loss investments. Interest income is recognised on a yield to maturity basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Fund.

Dividend income from investments is recognised when the right to receive payment is established.

1.15 Impairment losses of financial assets

Insurance receivables are not subject to the credit loss as defined in IFRS 9. The Fund has opted to include insurance receivables within the LIC.

Insurance receivables with a short duration are not discounted. Provision for impairment losses are based on previous experience and calculated in terms of the policy laid down by the Trustees. The policy was based on past trends experienced in the collection of debtors.

Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent decrease in the impairment loss can be related objectively to an event occurring after the impairment loss was recognised. The decrease in the impairment loss is reversed through profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed what the amortised cost would have been if no impairment loss had been recognised.

1.16 Allocation of income and expenses per benefit option

Income and expenses	Allocation
Insurance Revenue	Direct allocation
Insurance Service Expenses	Direct allocation
Other operating expenses	Number of members
Investment income	Number of members
Sundry Income	Number of members
Asset management fees	Number of members

2. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
Fair value at the beginning of year	**299,734,528**	**-**
Transition to IFRS 9 from available for sale investments	-	316,388,774
Additions and reinvestments	294,209,523	95,307,673
Proceeds on disposal	(295,022,282)	(113,676,131)
Unrealised fair value gain	13,534,714	1,714,212
Fair value at the end of the year	**312,456,483**	**299,734,528**
Investments held at fair values through profit or loss consist of:		
Investments held at fair value through profit or loss: Non-Current	276,194,788	123,304,452
Investments held at fair value through profit or loss: Current	36,261,695	176,430,076

In March 2024, the Fund decided to disinvest from the Old Mutual Multi Managers (OMMM) portfolio and reinvest the funds in the SIM Absolute Return Medical portfolio. The disinvestment from the Old Mutual Multi Manager portfolio resulted in the reallocation of the investment balance from non-current assets to current assets.

The underlying assets are held in a segregated balanced portfolio and in a unitised pooled portfolio, administered by Old Mutual Investment Group South Africa Proprietary Limited (OMIG) and Sanlam Investment Managers (SIM).

The investments included above consist of:

Segregated balanced portfolio		
Investment portfolio managed by OMIG (excluding cash on hand)	160,436,376	152,600,633
Unitised pooled portfolio		
Investment portfolio managed by OMMM	-	147,133,895
Investment portfolio managed by SIM	152,020,107	-

Investments held at fair value through profit or loss per underlying asset class

Investments held at fair value through profit or loss, comprising of segregated balanced portfolio and a unitised pooled portfolio with the following underlying asset classes:

Asset Class	Classification	R	%
2024			
Money market	Held for trading	81,900,402	26.2%
Listed Bonds	Designated through profit or loss	151,514,467	48.5%
Listed Equities	Designated through profit or loss	69,590,074	22.3%
Property	Held for trading	9,451,540	3.0%
Total		**312,456,483**	**100.0%**
2023			
Money market	Held for trading	79,688,782	26.6%
Listed Bonds	Designated through profit or loss	141,754,349	47.3%
Listed Equities	Designated through profit or loss	72,020,291	24.0%
Property	Held for trading	6,271,106	2.1%
Total		**299,734,528**	**100.0%**

A register of investments is available for inspection at the registered office of the Fund.

	2024	2023
	R	R

2. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Unconsolidated structured entities

The Fund has determined that the open-ended investment funds it invests in, but does not fully control or consolidate with its own financial statements, meet the definition of structured entities. These are investment funds where the number of units can fluctuate over time as investors buy or sell.

The voting rights in the respective funds are not considered dominant in determining control, as they pertain only to administrative rights. The investment fund's activities are restricted by its respective prospectus or investment mandate, which is assessed to have well-defined objectives.

The amount that represents the Fund's maximum exposure to loss from its interest in unconsolidated structured entities (collective investment schemes) is as follows:

Maximum Exposure

SIM Absolute Return Fund		
Portfolio size	152,020,107	
% of portfolio	48.65%	
Old Mutual Multi Manager Fund		
Portfolio size		147,133,895
% of portfolio		49.09%

3. CASH AND CASH EQUIVALENTS

Call and term deposit accounts - Fund	71,781,767	62,555,255
Current accounts - Fund	7,917,002	123,432
	79,698,769	**62,678,687**
Call and term deposit accounts - PMSA	6,060,272	4,977,140
Current accounts - PMSA	25,677	25,351
	6,085,949	**5,002,491**
	85,784,718	**67,681,178**
Effective interest rate:		
Fixed Deposits - Fund	8.54%	8.28%
Bank Accounts	8.05%	7.81%
Interest earned:		
Fixed Deposits - Fund	4,847,518	3,102,777
Bank Accounts - Fund	530,014	451,306

The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets.

	2024	2023
	R	R

4. TRADE AND OTHER RECEIVABLES

Non-insurance receivables		
Prepaid expenses	315,496	291,386
Unsettled trade receivables	48,781	48,166
	364,277	**339,552**

The carrying amounts of trade and other receivables approximate their fair values due to the short-term maturities of these assets.

5. INVESTMENTS HELD AT AMORTISED COST

Term deposits - PMSA	**60,024,565**	**61,271,151**
Effective interest rate:		
Fixed Deposits - PMSA	9.37%	8.72%
Interest earned:		
Fixed Deposits - PMSA	5,101,288	4,738,399

The carrying amounts of financial assets approximate their fair values due to the short-term maturities of these assets.

6. TRADE AND OTHER PAYABLES

Non-insurance payables		
Amounts owing to auditors	543,197	239,823
Principal Officer's office fee payable	228,379	123,566
Other payables	289,147	331,802
	1,060,723	**695,191**

The carrying amounts of trade and other payables approximate their fair values due to the short-term maturities of these liabilities.

	2024	2023
	R	R

7. INSURANCE CONTRACT LIABILITIES

The insurance contract liabilities line is made up of the following two components:

- Liability attributable to current members; and
- Liability attributable to future members.

Insurance contract liabilities - Liability attributable to future members

Non-current insurance contract liabilities	355,722,655	322,808,588
Current insurance contract liabilities (i)	10,481,000	19,870,000
	366,203,655	**342,678,588**

i) The current insurance contract liabilities represents the projected deficit for the upcoming year.

Insurance contract liabilities - Liability attributable to current members

Liability for Remaining Coverage (LRC)	**384,651**	**318,845**
Contributions received in advance	384,651	318,845
Liability for Incurred Claims (LIC)	**90,981,014**	**85,333,785**
Claims and Directly Attributable Expenses	**1,151,536**	**1,691,587**
Contributions outstanding	(1,593,715)	(1,567,815)
Allowance for impairment losses at year-end	1,172,396	913,026
Net amount due to members	28,228	123,364
Net amount owing to suppliers	294,966	402,684
Amounts owed by members - PMSA	(12,186,285)	(11,662,607)
Reported claims not paid	7,790,579	8,059,287
Accrual for actuarial fees	139,136	138,543
Accrual for administration fees	2,904,669	2,725,365
Accrual for managed healthcare fees	2,410,912	2,373,582
Accrual for pharmacy benefit management fees	142,956	142,596
Accrual for rescue care fees	47,694	43,562
Liability for Incurred Claims LIC and Risk Adjustment (Provision)	**27,960,000**	**23,210,000**
Liability for Incurred Claims LIC	27,030,000	22,820,000
Risk Adjustment	930,000	390,000
Personal Medical Savings Account (PMSA) Trust Liability	**61,869,478**	**60,432,198**
Balance of PMSA trust liability at the beginning of the period	60,432,198	60,378,298
Less: Advances on PMSA (prior period)	(11,662,607)	(11,390,884)
Adjusted balance on PMSA trust liability at the beginning of the period	48,769,591	48,987,414
PMSA contributions received (Note 9)	84,934,585	82,290,632
PMSA (under)/ over expensed write offs	(1,271,993)	(181,118)
PMSA over expensed debt recoveries	1,305,302	1,262,640
Interest and other income earned on trust monies invested (note 9)	5,629,541	5,092,220
PMSA advances	12,186,285	11,662,607
Transfers received from other medical schemes	176,213	83,239
PMSA claims paid on behalf of members	(87,437,885)	(85,122,427)
Refunds on death or resignation	(2,422,161)	(3,643,009)
	91,365,665	**85,652,630**

8. INSURANCE CONTRACT LIABILITY ATTRIBUTABLE TO CURRENT MEMBERS

Reconciliation of the liability for remaining coverage and the liability for incurred claims

	2024			
	Liability for Remaining Coverage	Liability for Incurred Claims		Total
	Excluding loss component	BEL	RA	
	R	R	R	R
Opening balance - Insurance contracts assets	-	-	-	-
Opening balance - Insurance contracts liabilities	(318,845)	(84,943,784)	**(390,000)**	(85,652,629)
Net balance as at 31 December 2023	**(318,845)**	**(84,943,784)**	**(390,000)**	**(85,652,629)**
Insurance revenue	766,647,852	-	-	766,647,852
Insurance service expenses	-	(768,731,543)	(540,000)	(769,271,543)
- Incurred claims and other directly attributable expenses	-	(766,710,356)	(930,000)	(767,640,356)
- Changes that relate to past service - adjustments to the LIC	-	(2,021,187)	390,000	(1,631,187)
Insurance service result	**766,647,852**	**(768,731,543)**	**(540,000)**	**(2,623,691)**
Finance expenses from insurance contracts	-	(5,629,541)	-	(5,629,541)
Total amount recognised in statement of comprehensive income	**766,647,852**	**(774,361,084)**	**(540,000)**	**(8,253,232)**
Investment components	84,934,585	(84,934,585)	-	-
Other changes: Premium debtors to LIC	1,657,285	(1,657,285)	-	-
Cash flows				
Contributions received	(853,305,528)	-	-	(853,305,528)
Claims and other directly attributable expenses paid	-	855,845,724	-	855,845,724
Total cash flows	**(853,305,528)**	**855,845,724**	**-**	**2,540,196**
Closing insurance contract liabilities	**(384,651)**	**(90,051,014)**	**(930,000)**	**(91,365,665)**

8. INSURANCE CONTRACT LIABILITY ATTRIBUTABLE TO CURRENT MEMBERS

Reconciliation of the liability for remaining coverage and the liability for incurred claims

	2023			
	Liability for Remaining Coverage	Liability for Incurred Claims		Total
	Excluding loss component	BEL	RA	
	R	R	R	R
Opening balance - Insurance contracts assets	-	-	-	-
Opening balance - Insurance contracts liabilities	(339,030)	(82,794,941)	**(360,000)**	(83,493,971)
Net balance as at 31 December 2022	**(339,030)**	**(82,794,941)**	**(360,000)**	**(83,493,971)**
Insurance revenue	679,463,036	-	-	679,463,036
Insurance service expenses	-	(708,859,438)	(30,000)	(708,889,438)
- Incurred claims and other directly attributable expenses	-	(708,599,707)	(390,000)	(708,989,707)
- Changes that relate to past service - adjustments to the LIC	-	(259,731)	360,000	100,269
Insurance service result	**679,463,036**	**(708,859,438)**	**(30,000)**	**(29,426,402)**
Finance expenses from insurance contracts	-	(5,092,220)	-	(5,092,220)
Total amount recognised in statement of comprehensive income	**679,463,036**	**(713,951,658)**	**(30,000)**	**(34,518,622)**
Investment components	82,290,632	(82,290,632)	-	-
Other changes: Premium debtors to LIC	352,016	(352,016)	-	-
Cash flows				
Contributions received	(762,085,499)	-	-	(762,085,499)
Claims and other directly attributable expenses paid	-	794,548,012	-	794,548,012
Recoveries from Road Accident Fund	-	(102,550)	-	(102,550)
Total cash flows	**(762,085,499)**	**794,445,462**	**-**	**32,359,963**
Closing insurance contract liabilities	**(318,845)**	**(84,943,785)**	**(390,000)**	**(85,652,630)**

	2024	2023
	R	R

9. LIABILITY ATTRIBUTABLE TO FUTURE MEMBERS

Reconciliation of the insurance liability attributable to future members

Opening Balance	342,678,588	349,090,557
Amounts attributable to future members	23,525,067	(9,287,958)
IFRS 9 transition	-	2,875,989
Closing Balance	**366,203,655**	**342,678,588**

10. ANALYSIS OF INSURANCE REVENUE

Insurance revenue		
Insurance revenue contracts	766,647,852	679,463,036
	766,647,852	**679,463,036**

11. INSURANCE SERVICE EXPENSES

Incurred claims, movement in liability for incurred claims and risk adjustment	**717,588,962**	**661,517,584**
- Incurred claims	715,957,775	661,617,853
- Changes that relate to past service - adjustments to the LIC	1,631,187	(100,269)
Directly attributable expenses	**51,682,581**	**47,371,854**
Managed healthcare expenses	24,009,258	22,217,913
- Hospital Utilisation Management	10,731,889	10,040,937
- H.I.V. Management	2,446,744	2,270,842
- Other Chronic Conditions	5,038,401	4,737,481
- Medicine Management	2,431,899	2,145,982
- Pharmacy Benefit Management	1,710,677	1,651,391
- Oncology Case Review	758,474	658,101
- Provider Service Account Review	891,174	713,179
Administration (maintenance) expenses	27,673,323	25,153,941
- Road Accident Fund recovery fees	-	8,994
- Actuarial Fees	1,295,105	1,220,911
- Rescue Care	541,546	492,037
- Administration Fees	25,836,672	23,431,999
Member Record Management	1,611,131	1,465,595
Contribution Management	2,217,601	2,017,995
Claims Management	5,398,198	4,912,517
Financial Management	1,686,308	1,460,867
Information Management and Data Control	5,214,418	4,745,724
Customer Services	9,479,904	8,621,110
Benefit Management Services	229,112	208,191
	769,271,543	**708,889,438**

	2024	2023
	R	R

12. INVESTMENT INCOME

Income from investments at fair value through profit or loss	**33,108,915**	**27,895,134**
Dividend income	3,090,984	3,739,787
Interest income	11,969,731	16,768,091
Profit on sale of investment	4,513,486	5,673,044
Unrealised gain on revaluation	13,534,714	1,714,212
Investments held at Amortised Cost	**5,101,288**	**4,738,399**
Interest from PMSA trust monies invested	5,101,288	4,738,399
Cash and cash equivalents interest income	**5,905,785**	**3,907,903**
Interest from call, fixed deposit and current accounts	5,377,532	3,554,083
Interest from PMSA trust monies invested	528,253	353,821
Total investment income	**44,115,988**	**36,541,437**

13. SUNDRY INCOME

Other Income*	29,720	47,086
	29,720	**47,086**

* Other income includes amounts recovered from bad debts.

14. ASSET MANAGEMENT FEES

Investment portfolio fees	1,803,301	1,973,869
	1,803,301	**1,973,869**

15. OTHER OPERATING EXPENSES

	2024	2023
	R	R
Administration fees	1,191,319	1,195,840
- Marketing Services	690,214	740,424
- Secretarial Services	501,105	455,416
Association fees	335,544	301,239
Audit services	1,923,294	1,106,822
- Auditor's fees (current year)	1,897,419	1,089,572
- Auditor's fees (other)	25,875	17,250
Audit committee fees	185,823	185,536
Bank charges	532,742	482,756
Collection commission	5,880	19,134
Council for medical schemes levies	845,265	778,080
Fidelity guarantee and professional indemnity insurance	96,390	96,390
IFRS 17 Implementation fees	-	249,823
Investment consulting fees	345,927	323,679
Legal fees	38,468	323,208
Marketing expenses	449,040	317,736
Principal Officer's office fees	3,386,666	2,654,432
- Remuneration	3,270,870	2,515,379
- Other office expenses	115,796	139,053
Trustees remuneration and expenses (* refer to table below)	806,559	776,048
Other expenses	421,191	573,267
	10,564,108	**9,383,990**

*** Trustees remuneration and expenses**

Meeting attendance		
L Footman	189,729	186,832
A Fuchs	259,853	284,988
G Wilson	236,474	304,228
A Campbell	96,388	-
S Cook	24,115	-
	806,559	**776,048**

16. NET (DEFICIT) / SURPLUS PER BENEFIT OPTION

2024 BENEFIT OPTIONS: NET (DEFICIT)/ SURPLUS	Network R	Hospital R	Savings R	Traditional R	Traditional Plus R	2024 R
Insurance revenue	144,969,854	87,064,914	309,609,661	199,958,788	25,044,635	766,647,852
Insurance service expenses	(130,227,622)	(73,906,179)	(278,459,239)	(261,948,650)	(24,729,853)	(769,271,543)
Incurred claims and other directly attributable expenses	(129,362,274)	(73,615,284)	(276,764,897)	(262,995,465)	(24,902,436)	(767,640,356)
Changes that relate to past service - adjustments to the LIC	(865,348)	(290,895)	(1,694,342)	1,046,815	172,583	(1,631,187)
Insurance service results before amounts attributable to future members	**14,742,232**	**13,158,735**	**31,150,422**	**(61,989,862)**	**314,782**	**(2,623,691)**
Other income						
Investment income	11,268,368	7,342,421	18,770,956	6,238,016	496,227	44,115,988
Sundry income	7,591	4,946	12,646	4,203	334	29,720
Other expenditure						
Other operating expenses	(2,698,347)	(1,758,232)	(4,494,932)	(1,493,769)	(118,828)	(10,564,108)
Insurance contracts finance income and expenses	-	-	(4,143,150)	(1,376,863)	(109,528)	(5,629,541)
Asset management fees	(460,610)	(300,131)	(767,288)	(254,988)	(20,284)	(1,803,301)
Surplus/ (deficit) before amounts attributable to future members*	**22,859,234**	**18,447,739**	**40,528,654**	**(58,873,263)**	**562,703**	**23,525,067**

** The (deficit)/ surplus for the year will close off to amounts attributable to future members in accordance with IFRS 17.*

16. NET (DEFICIT) / SURPLUS PER BENEFIT OPTION

2023 BENEFIT OPTIONS: NET (DEFICIT)/ SURPLUS	Network R	Hospital R	Savings R	Traditional R	Traditional Plus R	2023 R
Insurance revenue	106,896,556	79,487,581	282,987,612	184,122,520	25,968,767	679,463,036
Insurance service expenses	(92,722,373)	(73,809,930)	(251,837,624)	(255,414,744)	(35,104,767)	(708,889,438)
Incurred claims and other directly attributable expenses	(92,464,060)	(72,463,497)	(250,788,025)	(256,567,597)	(36,706,528)	(708,989,707)
Changes that relate to past service - adjustments to the LIC	(258,313)	(1,346,433)	(1,049,599)	1,152,853	1,601,761	100,269
Insurance service results before amounts attributable to future members	**14,174,183**	**5,677,651**	**31,149,988**	**(71,292,224)**	**(9,136,000)**	**(29,426,402)**
Other income						
Investment income	7,663,903	6,470,465	16,271,470	5,630,191	505,408	36,541,437
Sundry income	9,875	8,338	20,967	7,255	651	47,086
Other expenditure						
Other operating expenses	(1,968,121)	(1,661,642)	(4,178,580)	(1,445,856)	(129,791)	(9,383,990)
Insurance contracts finance income and expenses	-	-	(3,697,846)	(1,279,515)	(114,859)	(5,092,220)
Asset management fees	(413,983)	(349,517)	(878,940)	(304,128)	(27,301)	(1,973,869)
(Deficit)/ surplus before amounts attributable to future members*	**19,465,857**	**10,145,295**	**38,687,059**	**(68,684,277)**	**(8,901,892)**	**(9,287,958)**

** The (deficit)/ surplus for the year will close off to amounts attributable to future members in accordance with IFRS 17.*

17. SENSITIVITY ANALYSIS TO UNDERWRITING RISK VARIABLES

The following table provides a sensitivity on the insurance contract liabilities. The table provides the sensitivity before and after the impact of the Fund being a mutual entity. As the Fund is a mutual entity, the impact of any changes in the insurance liability to current members would impact the insurance liability to future members. The table presents information on how reasonably possible changes in risk confidence level made by the Fund will impact the risk adjustment.

	2024			2023		
	R			R		
Description	**LIC as at 31 December**	**Impact on LIC**	**Impact on Comprehensive Income**	**LIC as at 31 December**	**Impact on LIC**	**Impact on Comprehensive Income**
Net insurance contract liabilities	**90,051,014**			**104,813,785**		
Unpaid claims and expenses - 5% increase						
Insurance contract liabilities (before mutualisation)		4,502,551	4,502,551		5,240,689	5,240,689
Insurance contract liabilities (after mutualisation)		-	-		-	-
Insurance services expense (before insurance service expense relating to future members)	**769,271,543**			**708,889,438**		
Expenses - 5% increases						
Insurance service expenses (before mutualisation)			38,463,577			35,444,472
Insurance service expenses (after mutualisation)			-			-

The analysis is based on a change in an assumption while holding all other assumptions constant. No changes were made by the Fund in the methods and assumptions used in preparing the above analysis.

18. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Fund. Key management personnel include the Board of Trustees, the Principal Officer, their dependents and close family members.

	2024	2023
	R	R
Statement of comprehensive income		
Trustees remuneration and expenses (Note 15)	806,559	776,048
Principal Officer's office (Note 15)	3,386,666	2,654,432
Contribution income - Trustees	819,636	817,757
Claims incurred - Trustees	393,982	809,194
Statement of financial position		
Principal Officer's office fee payable (Note 6)	228,379	210,431
PMSA trust liability owing to Trustees	1,306	342,480

The terms and conditions of the related party transactions were as follows:

Transaction	Nature of transaction and terms and conditions
Insurance revenue	This constitutes the contributions paid by the related party as a member of the Fund, in their individual capacity. All contributions were at the same terms as applicable to third parties.
Insurance service expense	This constitutes amounts claimed by the related parties, in their individual capacity as members of the Fund. All claims were paid out in terms of the rules of the Fund, as applicable to third parties.
PMSA trust liability	This constitutes PMSA balances owing to the related parties. Interest is paid at 100% of the actual interest rate earned on PMSA assets. The amounts are all current and payable on demand should an appropriate claim be issued, or the member exits the Fund.
Principal Officer's office fee	This constitutes the remuneration and the accommodation, travel and meals that have been paid.
Trustee remuneration and consideration expenses	This constitutes amounts paid for meeting remuneration, retainer fees and the accommodation, travel and meals.

18. RELATED PARTY TRANSACTIONS (continued)

Transactions with parties that have significant influence over the Fund

Universal Healthcare Administrators Proprietary Limited, Universal Healthcare Services Proprietary Limited and MediKredit Integrated Healthcare Solutions Proprietary Limited provided administration services to the Fund and had significant influence over the Fund, as they participated in the Fund's financial and operating policy decisions, but did not control the Fund.

Universal Care Proprietary Limited provided managed care management services to the Fund and had significant influence over the Fund, as they participated in the Fund's clinical and operating policy decisions, but did not control the Fund.

Universal Healthcare Administrators Proprietary Limited, Universal Healthcare Services Proprietary Limited, Universal Care Proprietary Limited and MediKredit Integrated Healthcare Solutions Proprietary Limited are fellow subsidiary companies of Universal Healthcare Proprietary Limited.

Icon Managed Care Proprietary Limited provided oncology managed care management services to the Fund and had significant influence over the Fund, as they participated in the Fund's clinical and operating policy decisions, but did not control the Fund.

Old Mutual Wealth Trust Company (Pty) Ltd, Old Mutual Investment Group (Pty) Ltd and Old Mutual Life Assurance Company, acting through its division called Old Mutual Multi Managers provided investment management services to the Fund and had significant influence over the Fund, however, did not have control over the operations of the Fund.

Old Mutual Life Assurance Company (South Africa) Limited as the employer, had significant influence over the Fund, however, did not have control over the operations of the Fund.

Sanlam Investment Managers (Pty) Ltd, provided investment management services to the Fund and had significant influence over the Fund, however, did not have control over the operations of the Fund.

Fairbairn Consult Proprietary Limited provided investment advisory management services to the Fund and as a subsidiary of the employer, had significant influence over the Fund, however, did not have control over the operations of the Fund.

During the year the Fund entered into the following transactions with these related parties under terms that were agreed by the Fund and these related parties.

	2024 R	2023 R
Universal Healthcare Administrators Proprietary Limited		
Administration fees	27,027,990	24,627,839
Balance due to Universal Healthcare Administrators Proprietary Limited at the end of the year	2,904,669	2,725,365
Universal Healthcare Services Proprietary Limited		
Actuarial fees	1,295,105	1,220,911
Balance due to Universal Healthcare Services Proprietary Limited at the end of the year	139,136	138,543

18. RELATED PARTY TRANSACTIONS (continued)

	2024	2023
	R	R
Universal Care Proprietary Limited		
Medicine management	2,431,899	2,145,982
HIV management	2,446,744	2,270,842
Hospital benefit management	10,731,889	10,040,937
High risk beneficiary management programme	5,038,401	4,737,481
Provider network management	891,174	713,179
Oncology Managed Care	660,062	563,246
	22,200,169	20,471,667
Balance due to Universal Care Proprietary Limited at the end of the year	2,410,912	2,373,582
Icon Managed Care Proprietary Limited		
Oncology Managed Care	98,412	94,855
MediKredit Integrated Healthcare Solutions Proprietary Limited		
Claims processing	1,710,677	1,651,391
Balance due to MediKredit Integrated Healthcare Solutions Proprietary Limited at the end of the year	142,956	142,596
Old Mutual Investment Group Proprietary Limited		
Investment management	686,817	714,937
Investments held with related party	-	790,705
Old Mutual Life Assurance Company (South Africa) Limited, acting through its division called Old Mutual Multi Managers		
Investment management	446,949	1,087,005
Investments held with related party	-	2,115,863
Sanlam Investment Managers Proprietary Limited		
Investment management	475,085	-
Investments held with related party	376,601	-
Old Mutual Wealth Trust Company (Pty) Ltd		
Investment management	194,451	171,926
Balance due to Old Mutual Wealth Trust Company (Pty) Ltd at the end of the year	18,024	16,465

18. RELATED PARTY TRANSACTIONS (continued)

	2024 R	2023 R
Fairbairn Consult Proprietary Limited		
Investment consulting fees	345,927	323,679

Terms and conditions of the administration agreement

The administration agreements are in terms of the rules of the Fund and in accordance with instructions given by the Trustees of the Fund. The new agreements are for a fixed period of three years. The Fund has the right to terminate the agreements as stipulated below. Fees are payable monthly in arrears.

Universal Healthcare Administrators Proprietary Limited	3 calendar months
Universal Healthcare Services Proprietary Limited	3 calendar months
MediKredit Integrated Healthcare Solutions Proprietary Limited	3 calendar months

Terms and conditions of the managed care agreements

The managed care agreements are in accordance with instructions given by the Trustees of the Fund. The new agreement is for a fixed period of three years. The Fund has the right to terminate the agreement as stipulated below. Managed care fees are payable monthly in arrears.

Universal Care Proprietary Limited	3 calendar months

Terms and conditions of the investment management agreements

The investment management agreements are in accordance with instructions given by the Trustees of the Fund. The agreements are automatically renewed each year unless notification of termination is received. The Fund has the right to terminate the agreements as stipulated below. The fees are calculated on an arm's length basis on market related terms.

Old Mutual Investment Group Proprietary Limited	30 Days
Old Mutual Wealth Treasury and Advisory Services	30 Days
Old Mutual Multi Managers	30 Days
Sanlam Investment Managers	30 Days

19. INSURANCE RISK MANAGEMENT

Nature and extent of risks arising from insurance contracts

The Fund issues contracts that transfer insurance risk. This section summarises these risks and the way the Fund manages them.

Insurance risk – description of benefit options

The types of benefits offered by the Fund in return for monthly contributions are indicated below:

Major medical benefits cover all costs incurred by registered beneficiaries, whilst they are in hospital to receive pre-authorised treatment for certain medical conditions;

Chronic benefits cover the cost of certain prescribed medicines consumed by members for chronic conditions/diseases, subject to pre-authorisation, protocols, formularies and designated service providers (DSP's); and

Day-to-day benefits cover the cost up to certain limits of all out of hospital medical attention, such as visits to general practitioners and dentists as well as prescribed non-chronic medicines. It also offers a wellness benefit, which covers annual check-ups and a prescribed list of preventative tests, subject to the use of correct tariffs.

19. INSURANCE RISK MANAGEMENT (continued)

Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the Fund assumes the risk of loss from members and their dependants that are directly subject to the risk. These risks relate to the health of the Fund's beneficiaries. As such, the Fund is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The Fund manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, as well as the monitoring of emerging issues.

The Fund uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. The principal risk is that the frequency and severity of claims is greater than expected.

Insurance events are, by nature, random and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

The following table summarises the concentration of insurance risk, with reference to the insurance claims incurred, by age group and in relation to the type of risk covered/ benefits provided:

Age grouping (in years) 2024	In-hospital R	Out-of-hospital R	Day-to-day R	Total R
< 26	76,190,622	11,342,204	1,591,391	89,124,217
26 – 35	85,666,222	17,738,555	1,434,161	104,838,938
36 – 50	113,449,596	19,985,797	6,612,077	140,047,470
51 - 65	111,795,670	17,367,256	12,228,035	141,390,962
> 65	199,293,993	27,809,582	16,080,046	243,183,620
	586,396,102	**94,243,395**	**37,945,709**	**718,585,206**
Add: Accredited managed care: management services - no transfer of risk				24,009,258
Claims incurred excluding claims from risk transfer arrangements				**742,594,464**

Age grouping (in years) 2023	In-hospital R	Out-of-hospital R	Day-to-day R	Total R
< 26	59,910,966	9,266,946	1,856,121	71,034,033
26 – 35	69,089,788	12,902,743	1,091,187	83,083,718
36 – 50	96,059,851	17,500,229	6,081,281	119,641,361
51 - 65	126,737,005	17,899,664	11,697,687	156,334,356
> 65	193,414,899	25,168,805	14,624,702	233,208,406
	545,212,509	**82,738,387**	**35,350,978**	**663,301,874**
Add: Accredited managed care: management services - no transfer of risk				22,217,913
Claims incurred excluding claims from risk transfer arrangements				**685,519,787**

19 INSURANCE RISK MANAGEMENT (continued)

The above benefits are extended to the principal member and their contributing dependants as indicated below:

	Major medical expenses	Chronic medicine	Day-to-day
Network	R1 million cover per beneficiary, subject to certain sub-limits, per benefit year paid at medical scheme rates. Unlimited Prescribed Minimum Benefits (PMB) if obtained from a designated service provider, where applicable.	Subject to the medicine benefit, chronic disease lists and approval. In addition, a benefit for Acne, Allergic rhinitis, Anxiety, Dysrhythmias, Chronic Hepatitis, Depression, Female Hormone Replacement Therapy, Gout, Macular Degeneration and Oedema, Migraine, Osteoarthritis, General Anxiety Disorder, Obsessive Compulsive Disorder, Panic Disorders and Post-Traumatic Stress Disorder.	Unlimited treatment for certain services if obtained from a designated service provider.
Hospital	Unlimited overall annual limit cover per family, subject to certain sub-limits, per benefit year paid at medical scheme rates. Unlimited Prescribed Minimum Benefits if obtained from a designated service provider, where applicable.	A limit of R7,880 per family (for Chronic Hepatitis, Depression, Macular Degeneration and Oedema, Anxiety and Post-Traumatic Stress Disorder, General Anxiety Disorder, Obsessive Compulsive Disorder, Panic Disorders only) subject to Maximum Medical Aid Price (MMAP) or the Medicine Price.	No benefit.
Savings	Unlimited overall annual limit cover per family, subject to certain sub-limits, per benefit year paid at medical scheme rates. Unlimited Prescribed Minimum Benefits if obtained from a designated service provider, where applicable.	A limit of R7,880 per family (for Acne, Allergic rhinitis, Anxiety, Dysrhythmias, Chronic Hepatitis, Depression, Female Hormone Replacement Therapy, Gout, Macular Degeneration and Oedema, Migraine, Osteoarthritis, General Anxiety Disorder, Obsessive Compulsive Disorder, Panic Disorders, Post-Traumatic Stress Disorder, Anorexia nervosa and Bulimia nervosa only), subject to MMAP or the Medicine Price. For other conditions, subject to available PMSA.	16.0% of total monthly contributions is allocated to a fixed personal savings account to cover all day-to-day expenses.
Traditional	Unlimited cover per family, subject to certain sub-limits, per benefit year paid at medical scheme rates. Unlimited Prescribed Minimum Benefits (PMB) if obtained from a designated service provider, where applicable.	A limit of R15,500 per family per benefit year, subject to chronic medicine benefit, Chronic Disease Lists and approval.	10.0% of total monthly contributions is allocated to a fixed personal savings account (PMSA). The day-to-day expenses are first paid from the PMSA, up to the actual cost. Once the PMSA has been depleted, certain further benefits are payable from the Primary Care Benefit.
Traditional Plus	Unlimited cover per family, subject to certain sub-limits, per annum paid at medical scheme rates. Unlimited Prescribed Minimum Benefits if obtained from a designated service provider, where applicable.	A limit of R18,600 per family per benefit year, subject to chronic medicine benefit ,Chronic Disease Lists and approval.	10.0% of total monthly contributions is allocated to a fixed personal medical savings account (PMSA). The day-to-day expenses are first paid from the PMSA, up to the actual cost. Once the PMSA has been depleted, certain further benefits are payable from the Primary Care Benefit at 300% of Medical Scheme Rate (MSR).

19. INSURANCE RISK MANAGEMENT (continued)

Sensitivity to insurance risk

A sensitivity analysis is provided below reflecting the impact on the Scheme's reported results for the year assuming a 5% increase/ (decrease) in the cost of claims incurred with all other variables held constant.

	Increase of 5% R	Decrease of 5% R
2024		
In-hospital claims incurred	29,319,805	(29,319,805)
Out-of-hospital claims incurred	4,712,170	(4,712,170)
Day-to-day claims incurred	1,897,285	(1,897,285)
Total	**35,929,260**	**(35,929,260)**
2023		
In-hospital claims incurred	27,260,625	(27,260,625)
Out-of-hospital claims incurred	4,136,919	(4,136,919)
Day-to-day claims incurred	1,767,549	(1,767,549)
Total	**33,165,094**	**(33,165,094)**

20. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to risks, arising from financial instruments, including market risk, credit risk and liquidity risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the financial performance of the investments that the Fund holds to meet its obligations to its members.

Certain risk management and investment decisions are made under the guidance and policies approved by the Board of Trustees. The Board of Trustees provides written principles for financial risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and investing excess liquidity. The Board of Trustees approves all written policies.

The investment consultants ensure, on a monthly basis, that the Fund complies with Regulation 30 and Annexure B of the Act. The investment benchmark is to hold 35% of the total assets in South African equity, 5% in South African property, 30% in South African bonds, 20% in South African money market and 10% in international bonds.

The investment objectives are:

- to meet benefit and operating expense commitments as they fall due;
- make adequate provision for possible long-term adverse claims experience;
- manage financial risks;
- satisfy regulatory requirements in respect of medical scheme investments; and
- to maximise investment returns.

20. FINANCIAL RISK MANAGEMENT (continued)

20.1 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will influence the levels of income and/ or capital valuation achieved over time and therefore affect the Fund income and reserve levels. The investment management process employed seeks to manage the market risk with a view of optimising the risk/ reward profile of the Fund, whilst being compliant to Annexure B of the Medical Schemes Act.

Price risk
The Fund is exposed to equity securities price risk due to investments held by the Fund and classified as investments held at fair value through profit or loss. To manage its price risk arising from investments, the Fund diversifies its portfolio via the asset managers in accordance with the mandate set by the Fund.

Price sensitivity
The sensitivity has been determined based on the exposure to equity instruments at the reporting date. If equity market prices had been 5% higher or lower and all other variables were held constant, the value of the equity instruments would increase or decrease by R3,479,504 (2023:R3,601,015).

Interest rate risk
The Fund's investment policy is to hold a portion of investments in interest bearing instruments. These investments are therefore exposed to changes in the market interest rate.

The table below summarises the Fund's exposure to interest rate risk. Included in the table are the Fund's investments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates and disclosed in terms of the related undiscounted contractual cash flow.

	Up to 1 month R	Less than 1 year R	1 - 5+ years R	Non-interest bearing R	Total R
2024					
Investments held at fair value through profit and loss	2,716,625	33,618,393	52,930,061	223,191,404	312,456,483
Investments held at amortised cost	-	60,024,565	-	-	60,024,565
Trade and other receivables	364,277	-	-	-	364,277
Cash and cash equivalents - Fund	79,698,769	-	-	-	79,698,769
Cash and cash equivalents - PMSA	6,085,949	-	-	-	6,085,949
Total	**88,865,620**	**93,642,958**	**52,930,061**	**223,191,404**	**458,630,043**
2023					
Available-for-sale investments - Fund	24,843,648	51,803,260	145,619,539	77,468,081	299,734,528
Investment held at amortised costs	-	61,271,151	-	-	61,271,151
Trade and other receivables	339,552	-	-	-	339,552
Cash and cash equivalents - Fund	62,678,687	-	-	-	62,678,687
Cash and cash equivalents - PMSA	5,002,491	-	-	-	5,002,491
Total	**92,864,379**	**113,074,410**	**145,619,539**	**77,468,081**	**429,026,409**

20. FINANCIAL RISK MANAGEMENT (continued)

20.1 Market risk (continued)

Interest rate risk sensitivity

The following table presents analysis of how a possible shift in market interest rates might impact the balance of contracts within the scope of IFRS 17, as well as the net impact on profit or loss. A change in an interest rate would impact the return on the PMSA, which in turn impacts the liability to the members.

	Insurance contract liabilities R	Profit or loss R
0.5% increase in interest rates:		
2024	309,347	(309,347)
2023	302,161	(302,161)

Diversification and concentration

Investment held at fair value through profit or loss, Investments held at amortised costs and cash equivalents diversifications and concentrations are shown below.

Asset Class	R	%
2024		
Money Market and cash	161,599,171	41.2%
Listed Bonds	151,514,467	38.6%
Listed Equities	69,590,074	17.7%
Property	9,451,540	2.4%
Total	**392,155,252**	**100.0%**
2023		
Money Market and cash	142,367,469	39.3%
Listed Bonds	141,754,349	39.1%
Listed Equity	72,020,291	19.9%
Property	6,271,106	1.7%
Total	**362,413,215**	**100.0%**

Sensitivity analysis: Cash and term deposits

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of interest growth (see table below). i.e. +1% suggests the closing market value could have been R163,088,428 if the interest growth had been higher by 1% during 2024 as compared to the actual interest growth. A one percent increase in the interest growth at the reporting date would have increased the cash valuation R1,489,256 (2023 an increase of R1,317,851). An equal change in the opposite direction would have decreased the cash valuation by R1,489,256 (2023 a decrease of R1,317,851).

20. FINANCIAL RISK MANAGEMENT (continued)

20.1 Market risk (continued)

Sensitivity analysis: Cash and term deposits (continued)

% Change	Return of Index	Adjusted Closing Value R	Change in Closing Value R	Effect on Accumulated Funds R	Effect on Surplus R
2%	11%	164,577,684	2,978,512	2,978,512	2,978,512
1%	10%	163,088,428	1,489,256	1,489,256	1,489,256
0%	9%	161,599,172	-	-	-
(1%)	8%	160,109,916	(1,489,256)	(1,489,256)	(1,489,256)
(2%)	7%	158,620,660	(2,978,512)	(2,978,512)	(2,978,512)

Sensitivity analysis: Bonds

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of investment performance (see table below). i.e. +1% suggests the closing market value could have been R152,807,473 if the investment performance had been higher by 1% during 2024 as compared to the market investment performance. A one percent increase in the investment performance at the reporting date would have increased the bond valuation by R1,293,006 (2023 an increase of R1,292,200). An equal change in the opposite direction would have decreased the bond valuation by R1,293,006(2023 an increase of R1,292,200).

% Change	Return of Index	Adjusted Closing Value R	Change in Closing Value R	Effect on Accumulated Funds R	Effect on Surplus R
2%	19%	154,100,480	2,586,012	2,586,012	2,586,012
1%	18%	152,807,473	1,293,006	1,293,006	1,293,006
0%	17%	151,514,467	-	-	-
(1%)	16%	150,221,461	(1,293,006)	(1,293,006)	(1,293,006)
(2%)	15%	148,928,455	(2,586,012)	(2,586,012)	(2,586,012)

Sensitivity analysis: Equity and Property

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of investment performance (see table below). i.e. +5% suggests the closing market value could have been R82,525,464 if the investment performance had been higher by 5% during 2024 as compared to the market investment performance. A two percent increase in the investment performance at the reporting date would have increased the equity valuation by R3,483,851 (2023 a increase of R3,583,130). An equal change in the opposite direction would have decreased the equity valuation by R3,483,851 (2023 a increase of R3,583,130).

% Change	Return of Index	Adjusted Closing Value R	Change in Closing Value R	Effect on Accumulated Funds R	Effect on Surplus R
10%	23%	86,009,316	6,967,702	6,967,702	6,967,702
5%	18%	82,525,464	3,483,851	3,483,851	3,483,851
0%	13%	79,041,613	-	-	-
(5%)	8%	75,557,762	(3,483,851)	(3,483,851)	(3,483,851)
(10%)	3%	72,073,911	(6,967,702)	(6,967,702)	(6,967,702)

20. FINANCIAL RISK MANAGEMENT (continued)

20.1 Market risk (continued)

Sensitivity analysis: Currency Risk

The Fund operates in South Africa and therefore its cash flows are denominated in South African Rand (ZAR). The Fund's foreign exchange cash exposure is mainly from the US Dollar.

Country	Currencies	2024 R	2023 R
		Fair value through profit or loss	Fair value through profit or loss
South Africa	ZAR	292,410,840	276,607,203
United States	USD	20,028,374	20,873,250
Other	OTHER	17,270	2,254,075
Cash and cash equivalents			
South Africa	ZAR	79,698,769	62,678,687
Total		**392,155,253**	**362,413,215**

Basis:

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of currency (see table below). i.e. +5% suggests the closing market value could have been R21,047,925 if the currency weakens by 5% during 2024 A currency weakness of 5% would have increased the market value by R1,002,282 (2023 a increase of R1,156,366). An equal change in the opposite direction would have decreased the market valuation by R1,002,282 (2023 a decrease of R1,156,366).

% Change	Exchange Rate	Adjusted Closing Value R	Change in Closing Value R	Effect on Accumulated Funds R	Effect on Surplus R
10%	20.74	22,050,208	2,004,564	2,004,564	2,004,564
5%	19.79	21,047,925	1,002,282	1,002,282	1,002,282
0%	18.85	20,045,643	-	-	-
(5%)	17.91	19,043,361	(1,002,282)	(1,002,282)	(1,002,282)
(10%)	16.97	18,041,079	(2,004,564)	(2,004,564)	(2,004,564)

20.2 Credit risk

The Funds' financial assets comprise of Investments held at fair value through profit or loss , Investments held at amortised cost, insurance and other receivables and cash and cash equivalents.

The carrying amount of the Fund's assets in the statement of financial position represents the maximum exposure to credit risk at the reporting date.

With respect to investments held at fair value through profit or loss, investment held at amortised cost and cash and cash equivalents, the Fund limits its counterparty exposure by only dealing with financial institutions that have high external credit ratings. The Fund has a policy of limiting the amount of credit exposure to any one financial institution in accordance with the limitation on asset requirements specified in the Regulations to the Medical Schemes Act.

20. FINANCIAL RISK MANAGEMENT (continued)

20.2 Credit risk

Credit ratings for financial instruments

Financial Instruments	Value R	Moody's Rating	Date of Rating
2024			
Old Mutual Investment Group Fund	160,436,376	No rating	-
SIM Absolute Return Fund	152,020,107	No rating	-
Cash and Cash Equivalents	85,784,718		
- Absa Bank Ltd	15,117,411	Aaa.za	March 2024
- FirstRand Bank Ltd	5,789,089	Aaa.za	March 2024
- Investec Ltd	23,433,796	Aaa.za	March 2024
- Nedbank Ltd	36,191,830	Aaa.za	March 2024
- The Standard Bank of South Africa Ltd	5,252,592	Aaa.za	March 2024
Trade Receivables	364,277	No rating	-
Investments held at Amortised Cost (Term Deposits)	60,024,565		
- Absa Bank Ltd	12,137,766	Aaa.za	March 2024
- FirstRand Bank Ltd	11,937,084	Aaa.za	March 2024
- Investec Ltd	17,114,685	Aaa.za	March 2024
- The Standard Bank of South Africa Ltd	18,835,030	Aaa.za	March 2024
2023			
Old Mutual Investment Group Fund	152,600,633	No rating	-
Old Mutual Multi Manager Fund	147,133,895	No rating	-
Cash and Cash Equivalents	67,681,178		
- Absa Bank Ltd	18,590,185	Aa1.za	April 2022
- FirstRand Bank Ltd	103,438	Aa1.za	April 2022
- Investec Ltd	20,702,073	Aa1.za	April 2022
- Nedbank Ltd	25,007,931	Aa1.za	April 2022
- The Standard Bank of South Africa Ltd	3,277,551	Aa1.za	April 2022
Trade Receivables	339,552	No rating	-
Investments held at Amortised Cost (Term Deposits)	61,271,151		
- Absa Bank Ltd	11,299,524	Aa1.za	April 2022
- FirstRand Bank Ltd	3,625,246	Aa1.za	April 2022
- Investec Ltd	15,583,502	Aa1.za	April 2022
- Nedbank Ltd	13,178,151	Aa1.za	April 2022
- The Standard Bank of South Africa Ltd	17,584,728	Aa1.za	April 2022

20. FINANCIAL RISK MANAGEMENT (continued)

20.2 Credit risk (continued)

Credit risk in respect of insurance and other receivables is controlled through the application of credit monitoring procedures. The Fund manages the credit risk, specifically relating to insurance and other receivables, by ensuring it applies a clearly defined credit policy per category of debtor.

	Neither past due nor impaired	Past due but not impaired		Total
		0 - 30 days	31 - 120 days	
	R	R	R	R
2024				
Trade and other receivables	48,781	-	-	48,781
Total	**48,781**	**-**	**-**	**48,781**
2023				
Trade and other receivables	48,166	-	-	48,166
Total	**48,166**	**-**	**-**	**48,166**

With respect to the insurance assets that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations based on the nature of the counterparty, the historical information about the counterparty default rates and other information used to assess credit quality.

20.3 Liquidity risk

Within the constraints set out in Regulation 30 and Annexure B of the Act, Old Mutual Investment Group Proprietary Limited and Sanlam Investment Manager together with the liquidity manager, Old Mutual Wealth, and the Administrator, will on behalf of the Fund maintain a balance in a call account so that there are always sufficient funds to cover the benefits and expenses.

20. FINANCIAL RISK MANAGEMENT (continued)

20.3 Liquidity risk (continued)

The table below summarises the Fund's financial assets and liabilities categorised by the earlier of contractual maturity or expected maturity dates.

	Up to 1 month R	1 – 3 months R	3 – 12 months R	12+ months R	Total R
2024					
Investments held at fair value through profit and loss	2,716,625	26,240,419	7,377,974	276,121,465	312,456,483
Cash and cash equivalents	85,784,718	-	-	-	85,784,718
Trade and other receivables	364,277				364,277
Investments held at amortised costs		-	60,024,565	-	60,024,565
Total Assets	**88,865,620**	**26,240,419**	**67,402,538**	**276,121,465**	**458,630,043**
Insurance Liabilities - future members	-	7,262,000	3,219,000	355,722,655	366,203,655
Insurance Liabilities - current members	80,122,734	4,117,529	7,125,402	-	91,365,665
Trade and other payables	1,060,723	-	-	-	1,060,723
Total Liabilities	**81,183,457**	**11,379,529**	**10,344,402**	**355,722,655**	**458,630,043**
Total liquidity gap	**7,682,163**	**14,860,890**	**57,058,136**	**(79,601,190)**	**-**
2023					
Investments held at fair value through profit and loss	24,843,648	5,364,603	46,438,656	223,087,620	299,734,528
Cash and cash equivalents	67,681,178	-	-	-	67,681,178
Trade and other receivables	339,552	-	-	-	339,552
Investments held at amortised costs	-	-	61,271,151	-	61,271,151
Total Assets	**92,864,379**	**5,364,603**	**107,709,807**	**223,087,620**	**429,026,409**
Insurance Liabilities - future members	-	10,157,000	9,713,000	322,808,588	342,678,588
Insurance Liabilities - current members	75,877,650	5,614,276	4,160,704	-	85,652,630
Trade and other payables	695,191	-	-	-	695,191
Total Liabilities	**76,572,841**	**15,771,276**	**13,873,704**	**322,808,588**	**429,026,409**
Total liquidity gap	**16,291,538**	**(10,406,673)**	**93,836,103**	**(99,720,968)**	**-**

20. FINANCIAL RISK MANAGEMENT (continued)

20.4 Fair value estimation

The fair value of the publicly traded financial instruments held as available-for-sale securities is based on quoted market prices at the reporting date.

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

Fair value measurements recognised in the statement of financial position (fair value hierarchy)
For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. Refer to note 1 for the accounting policies regarding the determination of the fair values of financial assets and financial liabilities.

The following table presents the Fund's assets measured at fair value at 31 December:

	Level 1 R	Level 2 R	Level 3 R
2024			
Fair value through profit or loss			
Money Market	-	81,900,402	-
Listed Bonds	-	151,514,467	-
Listed Equities	69,590,074	-	-
Property	-	9,451,540	-
	69,590,074	**242,866,409**	**-**
2023			
Available-for-sale investments			
Money Market	-	79,688,782	-
Listed Bonds	-	141,754,349	-
Listed Equities	72,020,291	-	-
Property	-	6,271,106	-
	72,020,291	**227,714,237**	**-**

Fair value of the Fund's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Fund's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides information about how the fair value of these financial assets and financial liabilities are determined, in particular, the valuation techniques and inputs used. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Financial assets	Fair value as at 31 December		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	R 2024	R 2023				
Listed Equity	69,590,074	72,020,291	Level 1	Quoted market price	None	None
Listed Bonds, Money Market and Property	242,866,409	227,714,237	Level 2	Bonds and Money Market are valued using observable market prices, while Property uses unobservable inputs	None	None
Total	**312,456,483**	**299,734,528**				

21. CAPITAL ADEQUACY RISK

The Fund's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide benefits for its members.

The principal risk is that the frequency and severity of claims is greater than expected and that there are insufficient reserves to provide for their settlement.

The Medical Schemes Act, 131 of 1998 requires a minimum solvency ratio, calculated as accumulated funds expressed as a percentage of gross contributions, of 25%. The Fund's solvency ratio at 31 December 2024 was 39.9% (2023: 43.3%).

22. NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT ("THE ACT")

In accordance with the Council for Medical Schemes circular 11/2006 the Fund is required to report all non-compliance matters with the Act noted during the course of the audit irrespective of whether the auditor considers the non-compliance as material or immaterial.

22.1 Non-compliance with Section 26(7) of the Act - Receipt of contributions

Nature and cause of non-compliance
Section 26(7) of the Act requires contributions to be paid to a Medical Fund not later than three days after payment thereof becoming due. Whilst every effort is made to enforce this requirement the onus is on the member or employer group to ensure compliance. During the financial year certain contributions were identified that were not paid to the Fund within three days of becoming due.

Possible impact of the non-compliance
The non-compliance increases the liquidity risk to the Fund and could result in amounts due to the Fund being irrecoverable. As at year end, outstanding contributions amounted to 0.07% (2023: 0.09%) of risk contributions.

Corrective course of action adopted to ensure compliance
Outstanding amounts are actively pursued if not received within three days of becoming due.

22.2 Non-compliance with Section 35(8)(a) of the Act - Investments in Participating Employers and Medical Scheme Administrators

Nature and cause of non-compliance
In terms of section 35(8)(a) of the Act a Medical Fund shall not invest any of its assets in an employer who participates in the Medical Fund or in any administrator.

Possible impact of the non-compliance
At 31 December 2024 investments were held in Old Mutual, to the value of R54,532 (2023: R1,087,566), Sanlam Limited, to the value of R451,461 (2023: R1,677,580), Momentum Metropolitan Life Limited, to the value of R25,032 (2023: R123,611), and Discovery Holdings Limited, to the value of R1,457,613 (2023: R17,811).

22. NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT ("THE ACT") (continued)

22.2 Non-compliance with Section 35(8)(a) of the Act - Investments in Participating Employers and Medical Scheme Administrators (continued)

Corrective course of action adopted to ensure compliance
In the course of 2022, the Fund applied to renew the three-year exemption. The application was declined as Council for Medical Schemes is of the view that the market is very competitive and that the Board of Trustees were to avoid doing business with participating employer groups and its related parties. In reply, the Fund submitted an appeal, which was set down for hearing on 29 May 2023. To date there has been no update on this matter. The current three-year exemption will remain valid, until the outcome of the appeal.

In March 2024, as the appeal results were still pending, the Fund opted to disinvest funds from the Old Mutual Multi Managers (OMMM) portfolio and reinvest them in SIM Absolute Return Medical portfolio. As a result of the move, 50% of the assets will be managed by Old Mutual Investment Group Proprietary Limited and the other 50% by Sanlam Investment Management. The Fund is in the process of submitting a new application by the time of signing the Annual Financial Statement.

22.3 Non-compliance with Section 33(2) of the Act - Benefit Options

Nature and cause of non-compliance
Section 33(2) of the Act stipulates that each benefit option shall be self-supporting in terms of membership and financial performance and be financially sound. The ageing profile of members on the Traditional and Traditional Plus plan creates financial challenges as the Fund would need to implement a significant contribution increases for these plans in order to improve the operating results in the short-term. The imposition of such an increase could result in members buying down to lower contributing plans which would worsen the financial experience on the plan.

Possible impact of the non-compliance
At 31 December 2024, the Traditional Plan did not comply with Section 33(2). The Traditional Plan realised a net healthcare deficit of R58,873,263 (2023: R68,684,277). Refer to note 16 for the results per benefit

Corrective course of action adopted to ensure compliance
The Trustees are aware of the situation and have decided to address the loss over a longer period by implementing contribution increases, each year, which are marginally higher than the increases on the other plans.

22.4 Non-compliance of Section 59(2) of the Act - Payment of claims

Nature and cause of non-compliance
Section 59(2) of the Act, requires a Medical Fund, in the case where an account has been rendered, subject to the provisions of this Act and the rules of the Fund concerned, to pay to a member or a supplier of service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect of such benefit was received by the Fund.

22. NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT ("THE ACT") (continues)

22.4 Non-compliance of Section 59(2) of the Act - Payment of claims (continued)

Possible impact of the non-compliance

Exceptions to the 30-day claims payment period
In exceptional cases claims may be paid more than 30 days after the date of submission. These delays are generally due to members or healthcare suppliers submitting claims without the necessary details required for timely payment. Such instances are isolated and do not materially affect the Fund.

EDI Incident in 2024
An exception to the above occurred in 2024, when three claims batches were inadvertently omitted from a claims payment run. After processing, the value of these omitted claims amounted to R1,167,484. This amount is included in the total for claims paid after the 30-day period as at 31 December 2024.

As of 31 December 2024, the total value of claims paid more than 30 days after becoming due amounted to R1,198,876, which includes the value of the omitted claims from the previously mentioned incident. By comparison, no such cases were reported as of 31 December 2023.

Corrective course of action adopted to ensure compliance
Management has implemented additional controls to prevent the recurrence of the EDI incident. These controls include monitoring the number of batch files received and processed, along with establishing a system where management has full oversight. Additionally, any delays are addressed promptly, and the necessary assistance is provided to the identified members and healthcare suppliers to minimise these isolated cases.

22.5 Non-compliance of Section 10(4) and 10(5) of the Act - Personal Medical Savings Accounts (PMSA)

Nature and cause of non-compliance
In terms of Regulation 10(4) and 10(5) of the Act, members' PMSA balances must be transferred to another medical scheme or paid out as a cash benefit promptly upon their exit from the Fund. In certain instances, the Fund did not comply with these requirements due to invalid or missing bank and contact information, which prevented the payment of the PMSA balances within the prescribed timeframe.

Possible impact of the non-compliance
Some resigned members have not had their PMSA refunded as required by regulation 10(4) and regulation 10(5). Unclaimed PMSA balances, where a member cannot be located within three years of leaving the Fund and after all reasonable efforts to trace the member have been exhausted, will be considered prescribed. These amounts will be written back to the Fund. In 2024, a total of R1,540,362 for 312 members, and in 2023, R1,039,762 for 343 members, were written back as income to the Fund.

Corrective course of action adopted to ensure compliance
The Fund is taking further steps in an endeavour to ensure that unclaimed balances are refunded to the members concerned. Any balances that remain unclaimed and have not been refunded will be written back to the Fund. However, should a member come forward after the amounts have been written back, they will still be entitled to claim the PMSA balance from the Fund, provided sufficient proof is submitted. These funds may be claimed by the account holder when the account comes to their attention and they are entitled to it, by way of an application supported by a certified copy of the account holder's identity document or passport.

23. CHANGE IN ACCOUNTING POLICY RELATING TO THE FORMAT OF THE STATEMENT OF COMPREHENSIVE INCOME DUE TO IFRS 17

Insurance service expenses in the prior year included amounts attributable to future members. To enhance transparency in the presentation of the Statement of comprehensive income, amounts attributable to future members have been excluded from the Insurance service expenses and presented separately, with a retrospective adjustment to ensure consistency in financial reporting.

The impacted lines items are listed in the table below.

Statement of profit or loss and other comprehensive income:

31 December 2023	Impact of the change		
	Previously reported R	Adjustments R	Restated R
Insurance services expenses	(699,601,480)	(9,287,958)	(708,889,438)
Amounts attributable to future members	-	9,287,958	9,287,958
	(699,601,480)	**-**	**(699,601,480)**

24. ROAD ACCIDENT FUND (RAF)

The Fund has 90 (2023: 83) outstanding road accident claims to the total value of R21,614,531 (2023: R19,323,557). Due to the uncertain outcome of claims to the RAF, the Fund has not accounted for the inflow of economic benefits.

25. EVENTS AFTER REPORTING PERIOD

There are no other events subsequent to the reporting period and up to the date of signature of the financial statements that have a material effect on the Fund.

26. COMMITMENTS AND OTHER CONTINGENT LIABILITIES

The Fund did not have any commitments or other contingent liabilities outstanding as at 31 December 2024 and 2023.