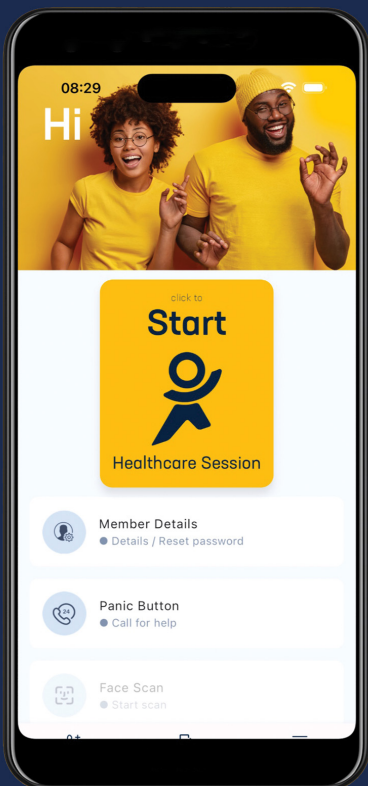




2023  
**ANNUAL  
REPORT**

Notice of Annual  
General Meeting



## HOW IT WORKS

1. Download the Umvuzo app on your phone.
2. Have your membership number ready and create an easy-to-remember password.
3. Create a profile with your Umvuzo Health membership details.
4. You can add dependants to your profile for easy management.

## WHAT YOU CAN DO

*Your healthcare simplified!*

- Convenient and quick access to your digital membership card.
- View your statements and claim history.
- Submit new claims.
- Request authorisation.
- View your remaining benefits.
- Download your tax certificate for easy filing.

Download the **Umvuzo Digital App** today!



## IMPORTANT

Remember to always obtain an authorisation number by calling the Umvuzo Health call centre for all hospital and specialist services required. 0861 083 084

**Ensure you have the following on hand:**

- Patient's membership number
- Patient's date of birth
- Details of treating doctor/hospital
- Caller's details

## TWENTIETH ANNUAL REPORT: 2023

NOTICE IS HEREBY GIVEN THAT THE 20<sup>th</sup> (TWENTIETH) ANNUAL GENERAL MEETING OF MEMBERS OF UMVUZO HEALTH MEDICAL SCHEME WILL BE HELD ON FRIDAY, 21 JUNE 2024, AT 12:00 IN THE OCTAGON ROOM, THE CAPITAL MENLYN MAINE, 194 BANCOR AVENUE, MENLYN, PRETORIA.

<b>AGENDA</b>	<b>PAGE</b>
1. Notice convening the Annual General Meeting	1
2. Opening by Chairperson	
2.1 Welcome	
2.2 Attendance register	
3. Minutes of the previous Annual General Meeting	2 – 10
4. Matters arising from the minutes	
5. Annual Report of the Board of Trustees	11 – 28
6. Abridged Annual Financial Statements	
6.1 Report of the Independent Auditors	29 – 35
6.2 Statement of Financial Position	36
6.3 Statement of Comprehensive Income	37 – 38
6.4 Surplus from Operations per Benefit Option	39 – 42
The annual financial statements were approved by the Board of Trustees on 12 April 2024	
7. Appointment of Ransome Russouw Inc. as Auditors	43
8. Rule 18.6 amendment	44 – 45
9. Remuneration of Trustee members	46
10. Closure	

HB VAN ZYL  
PRINCIPAL OFFICER

2 May 2024

A full set of the Annual Financial Statements is available from **UMVUZO HEALTH** on request.

MINUTES OF 19<sup>th</sup> ANNUAL GENERAL MEETING (AGM) OF MEMBERS HELD ON FRIDAY 09 JUNE 2023, AT 12:00, AT THE CULLINAN ROOM, SOUTHERN SUN, PRETORIA.

## 1. ATTENDANCE REGISTER

A BOARD OF TRUSTEES	CAPACITY	P = PRESENT A = ABSENT
Mr MF Nqume	Chairperson	P
Me SS Mabuza	Vice-Chairperson	P
Mr M Gugushe	Member	P
Mr MM Kiet	Member	P
Mr SS Mokoena	Member	P
Mr WM Mokoena	Member	P
Mr TJ Molete	Member	P
Mr J Ngwako	Member	P
Mr SS Sibambo	Member	P
Mr JL Tantsi	Member	P

## B MEMBERS

It was noted that 56 (fifty-six) members were present according to the Attendance Register.

No apologies were received from members.

## C OFFICIALS IN ATTENDANCE

Mr HB van Zyl	Principal Officer	P
Mr BT Diniso	Compliance Executive	P
Mr B Tshisani	Public Relations Manager	P
Mr DE Mkhize	Finance Manager	P
Mr PC du Preez	Medical Advisor	P
Mr J Barnard	External Auditor:	P
	Ransome Russouw Inc	

An apology was received from Me. HG Mavundza - Head of Administration



## 2. OPENING AND WELCOME

The Chairperson of **UMVUZO HEALTH** opened the 19<sup>th</sup> Annual General Meeting (AGM) and welcomed everyone present. The Chairperson extended a special thanks and welcome to all the members who were attending the AGM for the first time, Mr. J Barnard from Ransome Russouw Inc (the Scheme's auditors), as well as the representative from the Council for Medical Scheme, Mr. Selby Mdluli.

It was confirmed that the Notice together with the Agenda for the AGM were sent out in terms of the Scheme Rules and received by the members, as such the Notice and the Agenda were declared as read. There being a quorum in terms of Scheme Rule 26.1.3 (i.e., more than 30 members present), the Chairperson declare the meeting as duly constituted and officially opened.

The Chairperson reminded the meeting of his duty to ensure that this meeting is conducted in an orderly fashion and called for the meeting to accept and observe the proposed rules of order for this meeting:

- A member will only have a chance to speak once per topic;
- The speaker must keep to the discussion;
- Only items appearing on the Agenda of the AGM shall be discussed;
- All cell phones must please be switched off or put on silent;
- Members must avoid coming and leaving the venue as much as possible;
- No interjections while another speaker has the platform;
- If one wishes to speak, they are required to raise their hand to be identified and must introduce themselves before they speak;
- Problems of a personal nature must be discussed during office hours; and
- Discussions/questions of items not on the Agenda to be addressed after formal conclusion of this meeting.

The Chairperson used this opportunity to give a brief presentation on some of **UMVUZO HEALTH's** key achievements for 2022. The meeting was informed that:

- **UMVUZO HEALTH** now covers in excess of 51,500 members and more than 90,000 lives.
- As medical schemes are required to have a solvency ratio of 25.0%, **UMVUZO HEALTH** ended 2022 with a solvency ratio of 47.9%. Thus, the Scheme is now geared for further growth and expansion.
- **UMVUZO HEALTH** issued 42 917 authorisations of which 14 518 were hospital admissions. The average cost per admission for 2022 was R58 000 whilst the average length of stay in the hospital was 5.1 days.
- The Scheme processed 2.7 million claim lines with an average value of R474 per claim line.
- The total number of beneficiaries registered for Chronic condition increased from 12 067 in 2021 to 18 578 in 2022.
- In respect of our ongoing communication with our members and key stakeholders, the Scheme sent out 2.2 million SMSes, approximately 283 000 e-mails and attended to approximately 270 000 calls.
- According to the annual report compiled by Alexander Forbes to determine the status of registered medical schemes, it was noted that **UMVUZO HEALTH** achieved the highest organic growth of 8.8% for 2021 and was ranked 17<sup>th</sup> out of 73 in their sustainability index.

The Chairperson advised the meeting that the Scheme's great performance over the years has ensured that the Scheme does not find itself in a position where it has to burden members with untimely interim contribution increases during any financial year. This achievement can only be the result of a dedicated management team, supported by an active Board of Trustees.

The Chairperson reminded the meeting that the government's plan to implement the National Health Insurance (NHI) remains on course. However, it remains unclear what benefits will be provided or how NHI will affect the economy, the medical schemes and private providers of medical services. The Board continues to keep a close eye on this matter.

The Chairperson drew the meeting's attention to page 24 of the AGM booklet which served to highlight the attendance record of the members of the Board as well as the number of Board and subcommittee(s) meetings held by the Scheme.

In closing this Agenda item, the Chairperson informed the meeting that the rising cost of private healthcare, the ageing medical scheme population together with the increase in lifestyle related diseases continue to pose a big risk and a challenge to the medical schemes industry. The Board together with the relevant parties will continue to work tirelessly to ensure that **UMVUZO HEALTH** remains relevant to its members and their dependants.

### 3. MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

Members were referred to the minutes of the previous AGM as set out on pages 2 to 13 of the AGM Booklet. It was noted that the minutes were distributed to all members and made available via the Scheme's website. Therefore, the minutes were taken as read. The members were then requested to consider the minutes for accuracy and correctness. It was noted that no comment(s) or amendment(s) was received from the members.

The members were requested to approve the minutes. The members moved to adopt and approve the 18<sup>th</sup> AGM minutes without any changes.

### 4. MATTERS ARISING FROM THE PREVIOUS MINUTES

It was noted that there were no matters arising from the previous minutes.

### 5. ANNUAL REPORT OF THE BOARD OF TRUSTEES

The Chairperson drew the meeting's attention to the Annual Report of **UMVUZO HEALTH's** Board of Trustees as contained on page 14 – 31 of the AGM Booklet. The report was taken as read.

The meeting was advised that the Board had reviewed and approved the information contained in the Scheme's Financial Statements for 2022. The Board is satisfied that the Financial Statement fairly presents the financial position and operations of the Scheme.

The members were requested to adopt the Annual Report of the Board of Trustees. The report was duly adopted by the meeting.

## 6. ABRIDGED ANNUAL FINANCIAL STATEMENTS AND AUDITOR'S REPORT

Members were referred to the abridged Financial Statement together with the Auditor's Report as set out on pages 32 to 44 of the AGM Booklet. The Chairperson invited Mr. J Barnard from Ransome Rossouw Inc. to the podium to explain **UMVUZO HEALTH's** Annual Financial Report for 2022 in further detail.

Mr. Barnard as the Audit Partner responsible for the 2022 **UMVUZO HEALTH** audit, introduced himself to the members and proceeded to highlight key aspects of the audit. In conclusion, Mr. Barnard confirmed to the meeting that the auditors were comfortable that the Scheme was well managed and recommended that the members should consider approving the Annual Financial Statements for 2022 as laid before the meeting.

Following Mr. Barnard's presentation, members were requested to accept the Annual Financial Statements and the Auditors Report for 2022. The meeting duly approved the Report.

## 7. APPOINTMENT OF AUDITORS

The Chairperson informed the meeting that in terms of the Rules of the Scheme, the AGM is required to appoint the Auditors for this current financial year. The Chairperson then requested the current auditors of the Scheme to excuse themselves from the meeting for the purpose of discussing this Agenda item. The auditors duly complied with the request. The Chairperson then invited Mr. SS Mokoena (Trustee member of the Audit Committee) to facilitate this Agenda item.

Mr. Mokoena gave a brief background on how the current auditors were appointed. Members were reminded that during 2020, the Scheme went out on tender for an Audit firm and invited all Council for Medical Schemes accredited Audit firms to tender. Only 2 Audit firms responded and the Board subsequently recommended Ransome Russouw Inc to the AGM for appointment.

Given that a period of three years will be expiring end of 2023, the Scheme has resolved to engage in a tender process to source an Audit firm for 2024 and will invite all Council for Medical Schemes accredited Audit firms to participate. At the next AGM, the Scheme will share the outcome of the process for consideration to the AGM.

In respect of the auditors for 2023, the meeting was informed that the Audit Committee had reviewed the work done by the auditors and resolved to recommended to the Board to consider re-appointing Ransome Rossouw Inc. The Board reviewed the recommendation from the Audit committee and also resolved to recommend to the 2023 AGM to consider re-appointing Ransome Russouw Incorporated.

#### **Resolution:**

Following extensive discussions, the meeting resolved to unanimously reappoint Ransome Rossouw Inc. and agreed that in 2024 the Board will report back to the AGM on the outcome of the abovementioned tender process.

## **8. REMUNERATION OF TRUSTEES**

The Chairperson advised the meeting that Scheme Rule 18.16 provides that an honorarium may be paid to the Trustees of the Scheme as determined by the members at the AGM. The Chairperson invited Me. Mabuza (Deputy Chairperson) to the podium to address this agenda item.

Me. Mabuza gave a brief background on how the current fees were arrived at and also highlighted how the Scheme had performed exceptionally over time despite the prevailing challenges faced by the medical schemes industry. Me. Mabuza referred the members to page 42 of the AGM pack wherein it was noted that the Trustees currently receive the following remuneration: -

1. R15 975.00 per month for Trustees and R22 963.00 per month for the Chairperson;
2. R5 876.00 meeting allowance per Trustee for meetings other than Board or Workshop meetings and R7 368.00 for the Chairperson for meetings other than Board/Workshop meetings;
3. R1 380.00 daily allowance when away from home/work for Scheme purposes;
4. Travelling reimbursement at the SARS prescribed rate (currently R4.64 per kilometre);
5. Accommodation with breakfast at an appropriate hotel facility; and
6. R1 000.00 cell phone allowance per month for the Chairperson.

In this regard, members were requested to consider the proposal that the monthly Trustee remuneration and meeting allowance paid to Trustees be increased with effect from 1 July 2022 with the latest Consumer Price Index (CPI) plus 0%, or CPI plus 1% or CPI plus 2%.

In this regard, members were requested to consider the proposal that the monthly remuneration for Trustees and meeting allowance be increased with effect from 1 July 2023 with the latest Consumer Price Index (CPI) plus 0%, or CPI plus 1% or CPI plus 2%.

### **Resolution:**

Following extensive discussions on this matter, it was unanimously resolved to increase Trustees' remuneration and allowances by CPI plus 2% with effect from 1 July 2023.

## **9. GENERAL**

The Chairperson opened the meeting to general questions or comments from members.

### **Improved Marketing and low AGM attendance**

A member used this opportunity to welcome the report given by the Board of Trustees. The member also advised the Scheme to boost its marketing as



the offering of t-shirts and medicine bags is not adequate. The member also raised his concern with the number of people that attend the AGM given that the Scheme had grown to over 50,000 members.

The Chair accepted the feedback on the need to market the Scheme better going forward. The Chair also advised that the low attendance of the AGM was not due to lack of effort from the Board, or the Scheme as the Scheme had done all within its powers to promote the AGM. The low member turnout at the AGM is an industry issue. After a lengthy discussion it was agreed that the Scheme must do more to promote the AGM.

### **Improved Disability Benefits**

A member raised her concern with the Scheme's disability benefits and comment that the current benefit was inadequate. The member requested the Scheme to strongly consider reviewing and enhancing its disability benefit.

The request was noted. The member was assured that the Scheme will review its disability benefits for 2024.

### **Corporate Social Investment (CSI)**

A member informed the meeting that she has been with the Scheme for more than 10 years and wanted to know if the Scheme was making any corporate social investment (CSI) in the communities within which it operates.

The member was advised that medical schemes are closely regulated and are required to operate in terms of the Medical Schemes Act, 1998 ("the Act") and the Registered Rules of the Scheme. The Act determines how medical scheme funds can be used. Nonetheless, the member was assured that the Scheme works with its service providers on a number of CSI projects.

## 10. CLOSURE

Preceding his formal closure remarks, the Chairperson thanked the following parties for their dedicated services-

- The Board of Trustees;
- The Principal Officer and staff of the Scheme;
- Call centre personnel;
- Client liaison officers;
- Administration;
- Clinical staff;
- Medical advisor;
- Auditors;
- All service providers; and
- Members present.

The meeting closed at 13:20.

**APPROVED AND SIGNED AT AN AGM HELD ON 21 JUNE 2024.**

**MF Nqume  
CHAIRPERSON**

## ANNUAL REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees hereby presents its report for the year ended 31 December 2023. Registration number: 1597

### 1. DESCRIPTION OF THE MEDICAL SCHEME

#### 1.1 TERMS OF REGISTRATION

Umvuzo Health Medical Scheme is a not for profit closed scheme registered in terms of the Medical Schemes Act, 1998 (Act 131 of 1998), as amended. As required for registration, a guarantee has been issued by Standard Bank of South Africa Limited in favour of Umvuzo Health Medical Scheme and lodged with the Registrar of Medical Schemes. The Scheme is self-administered and the administration accreditation number is 51.

#### 1.2 BENEFIT OPTIONS WITHIN UMVUZO HEALTH MEDICAL SCHEME

The Medical Scheme offered six (6) benefit options during the year under review, five (5) original options and one (1) Efficiency Discounted Option (EDO). The EDO is included in the original for reporting purposes.

The options were: -

- Standard Option;
- Ultra Affordable Option;
- Ultra Affordable Value Option - EDO;
- Supreme Option;
- Extreme Option; and
- Activator Option.

### 1.3 SAVINGS PLAN

None.

### 1.4 RISK TRANSFER ARRANGEMENTS

The Scheme had capitation agreements for the duration of the year with the following:

- Universal Care for primary care services on the Standard and Ultra Affordable options; and
- Netcare 911 for ambulance services on all options.

Refer note 11 to the annual financial statements.

## 2. MANAGEMENT

### 2.1 BOARD OF TRUSTEES IN OFFICE DURING THE YEAR UNDER REVIEW

<b>Name</b>		<b>Date elected</b>	<b>Date resigned</b>
Mr MF Nqume	Chairperson: Member trustee	14/06/2013	
Ms SS Mabuza	Vice-chairperson: Member trustee	14/06/2013	
Mr MM Kiet	Member trustee	24/06/2016	
Mr WM Mokoena	Member trustee	24/06/2016	
Mr SS Sibambo	Member trustee	24/06/2016	
Mr LJ Tantsi	Member trustee	17/06/2011	
Mr SS Mokoena	Member trustee	24/06/2022	
Mr M Gugushe	Member trustee	24/06/2022	
Mr TJ Molete	Member trustee	24/06/2022	
Mr J Ngwako	Member trustee	03/02/2023	

In the year under review, the Board of Trustees appointed Mr J Ngwako onto the board in replacement of Mr Mputhi.

## 2.2 PRINCIPAL OFFICER

HB van Zyl

**Physical address**

Alenti Office Park, Building D  
457 Witherite Road  
The Willows  
Pretoria, 0040

**Postal address**

P O Box 1463  
Faerie Glen  
0043

## 2.3 REGISTERED OFFICE ADDRESS AND POSTAL ADDRESS

**Physical address**

Alenti Office Park, Building D  
457 Witherite Road  
The Willows  
Pretoria, 0040

**Postal address**

P O Box 1463  
Faerie Glen  
0043

## 2.4 EXTERNAL AUDITORS

Ransome Russouw Incorporated

**Physical address**

1 Mowbray Road  
Greenside  
Johannesburg, 2193

**Postal address**

P O Box 6706  
Cresta  
2118

## 2.5 ACTUARIES

Insight Actuarial Solutions (Pty) Ltd

**Physical address**

2nd Floor Gateway West Offices  
22 Maqwa Crescent  
Waterval City  
Midrand, 2066

**Postal address**

Private Bag X17  
Halfway House  
1685

## 2.6 INVESTMENT MANAGER

Old Mutual Wealth

**Physical address**

The Estuaries  
2 Oxbow Crescent  
Century City, 7441

**Postal address**

P O Box 207  
Cape Town  
8000

## 3. INVESTMENT STRATEGY OF THE MEDICAL SCHEME

The Scheme's investment objectives are to maximise the return on its investments on a long term basis at minimal risk. The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees.

The mandate of Management is to ensure that:

- the Scheme remains liquid;
- investments are placed at minimum risk and the best possible rate of return;
- investments made are in compliance with the regulations of the Act; and
- a risk assessment is performed with feedback to the Board of Trustees with recommendations on the risks identified.

The Scheme invested in equities, unit trusts, money market instruments, bonds, call deposits and fixed deposits during 2023. This policy is reviewed annually, taking into consideration compliance with the Act, the risk and returns of the various investment instruments and the surplus of funds available.

## 4. MANAGEMENT OF INSURANCE RISK

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



The Scheme 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, centralised management of risk transfer arrangements and the monitoring of emerging issues.

The Scheme 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 the frequency and severity of claims are greater than expected.

Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the financial statements and there are no terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the Scheme's cash flows. During the year under review, the Scheme implemented IFRS 17 Insurance contracts that came into effect 1 January 2023. This is noted in the accounting policies.

## 5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

### 5.1 OPERATIONAL STATISTICS PER BENEFIT OPTION: 2023

	Extreme	Supreme	Standard	Ultra	Activator	Total
Average number of members during the year	1,363	14,009	6,290	28,443	114	50,219
Number of members at 31 December	1,336	14,930	6,284	28,508	134	51,192
Average number of beneficiaries during the year	3,276	35,725	12,807	34,396	142	86,346
Number of beneficiaries at 31 December	3,237	38,338	12,528	37,617	229	91,949
Dependant ratio at 31 December	1.42	1.57	0.99	0.32	0.71	0.80
Insurance revenue per average member per month	6,449.42	5,396.39	3,593.13	2,019.97	2,560.44	3,280.34
Insurance revenue per average beneficiary per month	2,683.32	2,116.11	1,764.72	1,670.37	2,055.57	1,907.85
Insurance expense per average beneficiary per month	2,360.21	1,844.10	1,727.42	1,771.32	1,784.32	1,817.28
Other operating expense per average beneficiary per month	48.62	38.34	31.97	30.26	37.24	34.57
Insurance expense as a % of risk contributions	87.96%	87.15%	97.89%	106.04%	86.80%	95.25%
Other operating expense as a % of risk contributions	1.81%	1.81%	1.81%	1.81%	1.81%	1.81%
Average age of beneficiaries at 31 December	29	27	31	36	31	32
Pensioner ratio at 31 December (>60)	6.66%	5.31%	7.00%	4.06%	4.48%	4.86%
Average accumulated funds per member at 31 December						20,551.87
Return on investments as a % of investments						8.74%

## OPERATIONAL STATISTICS PER BENEFIT OPTION: 2022

	Extreme	Supreme	Standard	Ultra	Activator	Total
Average number of members during the year	1,319	13,781	6,439	26,265	88	47,892
Number of members at 31 December	1,319	13,908	6,417	26,819	93	48,556
Average number of beneficiaries during the year	3,128	35,725	12,807	34,396	142	86,198
Number of beneficiaries at 31 December	3,132	35,981	12,772	35,235	148	87,268
Dependant ratio at 31 December	1.37	1.59	0.99	0.31	0.59	0.80
Insurance revenue per average member per month	5,909.07	4,789.19	3,340.83	1,867.66	2,283.88	3,018.47
Insurance revenue per average beneficiary per month	2,491.71	1,847.44	1,679.67	1,426.15	1,415.36	1,677.07
Insurance expense per average beneficiary per month	2,103.20	1,401.26	1,431.91	1,318.25	812.13	1,397.19
Other operating expense per average beneficiary per month	237.47	197.18	190.48	143.84	181.26	176.57
Insurance expense as a % of risk contributions	84.41%	75.85%	85.25%	92.43%	57.38%	83.31%
Other operating expense as a % of risk contributions	9.53%	10.70%	11.34%	10.09%	12.81%	10.53%
Average age of beneficiaries at 31 December	29	27	31	36	31	32
Pensioner ratio at 31 December (>60)	4.02%	3.33%	5.06%	3.40%	4.30%	4.02%
Average accumulated funds per member at 31 December						17,128.32
Return on investments as a % of investments						4.92%

<b>5.2 OPERATIONAL STATISTICS FOR THE SCHEME</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
Average accumulated funds per member	20,551.87	17,571.67
Total amount paid to Accredited Managed Care Organisation for management services	48,480,235	43,679,650
Return on investments as a percentage of investments.	8.74%	4.92%

### 5.3 RESULTS OF OPERATIONS

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

### 5.4 SOLVENCY RATIO

Total members' funds per statement of financial position	<u>1,052,091,585</u>	<u>853,209,974</u>
Gross contributions	<u>1,976,822,615</u>	<u>1,734,724,844</u>
Solvency ratio	53.22%	49.18%

### 5.5 RESERVE ACCOUNTS

Movements in the reserve accounts are set out in the statement of changes in members' funds and reserves. There were no unusual movements that the trustees believe need to be brought to the attention of the members of the Medical Scheme.

### 5.6 OUTSTANDING CLAIMS

The basis of calculation of the outstanding claims provision is discussed in note 1.4 - 1.5 to the annual financial statements and there has been a change in policy in the determination of the provision to align with IFRS 17 Insurance contracts. Movements in the outstanding claims provision are set out in note 8 to the annual financial statements. There have been no unusual movements that the trustees believe need to be brought to the attention of the members of the Medical Scheme.

## **6. ACTUARIAL SERVICES**

The Scheme's actuaries were consulted in the determination of the contribution and benefit levels.

## **7. GUARANTEES RECEIVED BY THE SCHEME FROM A THIRD PARTY**

In terms of section 33(3) of the Medical Schemes Act, Standard Bank of South Africa Limited has provided a guarantee of R2 500 000 (2022: R2 500 000) in favour of the Scheme.

## **8. SUBSEQUENT EVENTS**

The Board of Trustees are not aware of any material matter or issue which has arisen since the end of the financial year which would effect these annual financial statements.

## **9. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL SCHEME AND TO OTHER RELATED PARTIES**

During the year, the Scheme had through its Investment Manager pooled investments with exposure to Employer groups who participate in the medical scheme. No loans have been granted by the Scheme.

## **10. RELATED PARTY TRANSACTIONS**

Transaction with related parties are disclosed in notes 17 and 18 to the annual financial statements.

## **11. AUDIT COMMITTEE**

An audit committee was established in accordance with the provisions of the Act. The committee is mandated by the Board of Trustees by means of a written terms of reference as to its membership, authority and duties. The committee consists of five members of which two are members of the Board of Trustees. The majority of the members, including the chairperson, are not

officers of the Medical Scheme. The committee met twice during the year under review.

The Principal Officer of the Medical Scheme, Executive Head of Administration, Compliance Executive and the Financial Manager attend all audit committee meetings and have unrestricted access to the chairperson of the committee.

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 Medical Scheme's accounting policies, internal control systems and financial reporting practices. The external auditors formally report to the committee on critical findings arising from audit activities.

The committee presently comprises: Alderman NM Malefo (Chairperson), Dr PC du Preez, Mr M Lombard, Mr SS Sibambo and Mr SS Mokoena.

## **12. INVESTMENTS**

Management is mandated by the Board of Trustees by means of written terms of reference as to its authority and duties. The Board of Trustees continue to invest excess funds in line with the requirements of Annexure B of the Regulation to the Act.

## **13. BOARD OF TRUSTEES AND SUB-COMMITTEE MEETING ATTENDANCE**

The following schedule sets out Board of Trustee and sub-committee meeting attendances. Trustee remuneration and considerations are disclosed in note 17 to the annual financial statements.



	Board meetings attended	EXCO committee meetings attended	Remuneration committee meetings attended	Investment committee meetings attended	Audit committee meetings attended
Mr MF Nqume: Chairperson	6 of 6	1 of 1	2 of 2	1 of 1	
Me SS Mabuza: Vice-Chairperson	6 of 6	1 of 1			
Mr MM Kiet	5 of 6	1 of 1			
Mr WM Mokoena	6 of 6	1 of 1			
Mr SS Mokoena	5 of 6				2 of 2
Mr SS Sibambo	6 of 6				2 of 2
Mr TJ Molete	6 of 6			1 of 1	
Mr M Gugushe	6 of 6				
Mr LJ Tantsi	5 of 6				
Mr J Ngwako (appointed 03/02/2023)	5 of 5				

## 14. NON-COMPLIANCE WITH THE ACT

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

- ***Contravention of section 26(7) of the Act***

In terms of section 26(7) of the Medical Schemes Act, contributions must be paid over to the Scheme within 3 days after becoming due.

*Cause of non-compliance*

There are instances where the Scheme received contributions after 3 days of it becoming due. It should be noted that there are no contracts in place that is contrary to the legislation.

*Possible impact*

If not well managed, late payment of contributions could result in:

- Negative impact on the Scheme's cash flow; and
- Loss of potential interest income.

*Corrective action taken*

The Scheme's credit policy is applied:

- Employers and members are notified via sms and e-mail of the non-payment and requested to urgently address this matter.
- Where contributions owing to the Scheme have not been paid within 30 days of the due date, the Scheme suspends all benefit payments in respect of claims which arose during the period of default.
- Where outstanding contributions are not paid within 90 days of the notification, membership is cancelled.

- **Contravention of section 59(2) of the Act**

In terms of section 59(2) of the Medical Schemes Act, accounts must be paid within 30 days after the day on which the claim was received.

*Cause of non-compliance*

The auditing of hospital accounts can cause some accounts to be paid after the 30 day period. Members who are suspended due to non-payment of their contributions, can also cause claims not to be paid until their contributions have been paid up.

*Possible impact*

- Non-compliance with section 59(2) of the Medical Schemes Act; and
- Reputational damage with members and providers.

*Corrective action taken*

- The Scheme will endeavour, together with the Managed care organisation and Hospitals, to speed up the auditing process.

- **Contravention of section 33(2) of the Act**

In terms of section 33(2) of the Medical Schemes Act, each benefit option shall be self-supporting in terms of membership and financial performance and be financially sound.

*Cause of non-compliance*

During the financial period under review, the following options did not comply with section 33(2):

Benefit Option	Nr of members at year-end	Net healthcare deficit	Net result
Ultra Affordable option	28 508	(8 046 937)	10 162 819

*Possible impact*

- Non-compliance with section 33(2) of the Medical Schemes Act; and
- Utilising funds from the other options to fund the Ultra-Affordable option put the other options under pressure.

*Corrective action taken*

The Scheme continues to monitor the option with a view to improving its financial outcome and will evaluate different strategies to address the deficit in the option. The net healthcare deficit reflects higher disease burden in the benefit option. The Scheme's strategy on the sustainability of the benefit option has to balance short and long term financial considerations, with consideration of fairness to both healthy and sick members and with continued affordability of cover for members with different levels of income and different healthcare needs. The Scheme applied higher contribution increases on the benefit option for the new financial year. It is expected that the higher contribution increase will address the pricing misalignment in the coming financial year whilst the remainder of the deficit will solely be attributable to the worse demographic profile and disease burden on these options.

- ***Contravention of Section 35(8)(d)***

In terms of Section 35(8)(d), a medical scheme shall not invest any of its assets in the business of or grant loans to —

- (a) An employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme;
- (b) Any other medical scheme;
- (c) Any administrator; and
- (d) Any person associated with any of the above mentioned.

*Cause of non-compliance*

The Scheme has investments in certain groups and companies associated with medical scheme administration. The exposure to these entities had been obtained through the Scheme's investment in Collective Investment Scheme. The Scheme does not control the investing activities of the Investment manager.

*Possible impact*

- Non-compliance with the Regulation 35(8) (d) of the Medical Schemes Act.

*Corrective action taken*

The Scheme obtained exemption in terms of section 8(h) from section 35(8) of the Act from the Council for Medical Schemes. The exemption had been granted with the proviso that the Scheme does not make any direct investments in these entities. This exemption is valid until 30 November 2025.

**15. GOING CONCERN**

The annual financial statements have been prepared on a basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the operations.

The Trustees believe that the Scheme has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis.

The Trustees are not aware of any new material changes that may adversely impact the Scheme. The Trustees are not aware of any material non-compliance with statutory or regulatory requirements or pending changes to legislation which may affect the Scheme.

**MF Nqume**  
**Chairperson**  
**12 April 2024**

**SS Mabuza**  
**Vice-Chairperson**

**HB van Zyl**  
**Principal Officer**

## STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Trustees are responsible for the preparation, integrity and fair presentation of the annual financial statements of Umvuzo Health Medical Scheme. The annual financial statements comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, the statement of changes in members' funds and reserves and the statement of cash flows for the year then ended and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes. The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Medical Schemes Act, 131 of 1998, as amended.

The Trustees consider 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 Trustees are satisfied that the information contained in the annual financial statements fairly presents the results of operations for the year and the financial position of the Scheme at the end of the year. The Trustees also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the annual financial statements.

The Trustees have the responsibility for ensuring that accounting records are kept. The accounting records disclose with reasonable accuracy the financial position of the Scheme and enable the Trustees to ensure that the annual financial statements comply with the relevant legislation.

Umvuzo Health Medical Scheme 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, assurances that assets are safeguarded and the risk facing the business are being controlled.

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

The annual financial statements have been audited by an independent firm, Ransome Russouw Incorporated, which was given unrestricted access to all financial records and related data, including minutes of meetings of members, the Board of Trustees and Committees of the Board. The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

### **APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS**

The annual financial statements of Umvuzo Health Medical Scheme were approved by the Board of Trustees on 12 April 2024 and are signed on their behalf by:

**MF Nqume**  
**Chairperson**  
**12 April 2024**

**SS Mabuza**  
**Vice-Chairperson**

**HB van Zyl**  
**Principal Officer**



## **STATEMENT OF CORPORATE GOVERNANCE BY BOARD OF TRUSTEES**

Umvuzo Health Medical Scheme is committed to the principles and practices of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Scheme is committed to good Corporate Governance and applies good governance principles. The Trustees are proposed and elected by the members of the Scheme.

### **BOARD OF TRUSTEES**

The Trustees and their committees meet regularly and monitor the performance of the outsourced services. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive.

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

### **INTERNAL CONTROL**

The Principal Officer and the Trustees of the Scheme maintain internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability for its assets. 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 during the year under review.

## ETHICAL VALUES OF THE SCHEME

The Scheme is bound by a Code of Conduct, mandates and principles of treating beneficiaries fairly. The Code of Conduct outlines the principles that guide the Scheme in a way that contributes to the welfare of the key stakeholders and helps balance the needs of all stakeholders in the system. Governance and ethical values within the Scheme are continually being addressed by the Board of Trustees.

The Scheme committees have mandates that set out their responsibilities that promote the principles of transparency and ethics. The Scheme is bound to open communication with all its stakeholders about its financial and business targets and to treat them fairly in all business dealings.

## COMPLIANCE WITH THE MEDICAL SCHEMES ACT

The Trustees monitor that the Scheme complies with the Medical Schemes Act, No. 131 of 1998 and the Regulations issued in terms of the Act. The Board is also fully committed to, and has applied, the principles of the Code of Corporate Practices and Conduct as set out in the King IV report on governance, where necessary and practical. The Board of Trustees has noted the minor non-compliance matters which are set out fully in the Report of the Board of Trustees.

## INDEPENDENT EVALUATION OF THE BOARD AND COMMITTEES

The Board of Trustees adopted a practice of performing evaluations on the Board of Trustees and its Committees during 2023. These evaluations will be performed by independent professionals and through the relevant committees during the following financial year.

**MF Nqume**  
**Chairperson**  
**12 April 2024**

**SS Mabuza**  
**Vice-Chairperson**

**HB van Zyl**  
**Principal Officer**

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE UMVUZO HEALTH MEDICAL SCHEME FOR THE YEAR ENDED 31 DECEMBER 2023**

### **OPINION**

We have audited the financial statements of Umvuzo Health Medical Scheme, set out on pages 19 to 62, which comprise the statement of financial position as at 31 December 2023 and the statement of comprehensive income, the statement of changes in members' funds and reserves and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Umvuzo Health Medical Scheme as at 31 December 2023 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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.

### *Going concern consideration*

The application of the going concern principle, requires significant judgement by both the trustees and management of the scheme and ourselves as auditors. In applying this judgement information from various sources is considered and taken into account. We have evaluated management's assessment of the going concern assumption, as well as the scheme's financial performance and financial position for the year ended 31 December 2023. The evaluation performed confirmed management's assessment that the scheme can continue as a going concern, as it remains profitable and solvent. While these changes present challenges in determining the applicability of the principle, the scheme has sufficient reserves and management have taken the appropriate action to ensure the sustainability of the scheme. Refer to note 26.

### *Investments and Cash and Cash Equivalents*

Investments and Cash and Cash Equivalents comprise significant balances on the statement of financial position. These balances are subject to the risk of material misstatement and fraudulent activities. We agreed the balances of these accounts to statements received from third party financial institutions and further requested confirmations from the financial institutions, to verify that the amounts reflected in the accounting records were accurately and completely reflected. These balances were also checked for compliance with the requirements of the Medical Schemes Act. Details of investments are set out in note 3 and cash and cash equivalents are set out in note 5 of the notes to the annual financial statements.

### *Liability for Incurred Claims*

Significant judgement is required by management and the auditors in determining the liability for incurred claims. The liability is calculated in line with a computation, which takes into account the historical claims paid after year end and the information available at the time of the audit. The calculation was reviewed, and the assumptions and information used in the calculation was subject to various audit inquiries. The scheme actuaries have provided a computation of the incurred claims liability in line with the prior years. We have reviewed the liability for incurred claims computation provided by the actuaries and have applied our judgement to the reliability of the work done by the actuaries in determining the provision for outstanding claims. Details related to the liability for incurred claims are set out in note 8 of the notes to the annual financial statements.

### *Contributions and claims*

Contributions and claims are significant classes of transactions in the annual financial statements of the scheme. These are also subject to significant risk of fraud or material misstatement. The scheme places significant reliance on the system of internal controls and various analytical and system-based checks to ensure that all contributions and claims are valid and accurate. During the audit, the claims system is subjected to various tests of controls, substantive detailed testing and “live” claims tests conducted. Contributions are further subjected to analytical procedures and the re-computation of contributions from various source information. Contributions and claims are reflected in notes 9, 10, 11 and 12 of the annual financial statements.

### *Compliance with Medical Schemes Act*

The scheme is required to comply with the Medical Schemes Act. The risk of non-compliance with laws and regulations may result in liabilities to the scheme. A compliance checklist is completed by us, and any non-compliances have been noted in the annual financial statements of the scheme. Refer to note 22.

## OTHER INFORMATION

The Scheme's trustees are responsible for the other information, which comprises of The Board of Trustees' report. 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 the other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITY 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 International Financial Reporting 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 RESPONSIBILITY 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 auditors' 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.
- 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 related 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 auditors' 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 auditors' 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. We also provide the trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

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 auditors' 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 that there are no material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa, that have come to our attention during the course of the audit. Instances of non-compliance are set out in note 22 of the notes to the annual financial statements.

### *Audit tenure*

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Ransome Russouw Incorporated have been the auditors of the scheme for 4 years and Mr. JA Barnard has served as the engagement partner for the past year.

Per: JA Barnard (CA)SA  
Ransome Russouw Incorporated  
Registered Auditors  
24 April 2024

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023**

	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property and equipment - Right of use asset	4,369,891	5,618,431
Financial assets at fair value through profit or loss	142,281,053	84,286,076
<b>Current assets</b>		
Trade and other receivables -		
Loans and receivables	22,449,165	15,538,240
Insurance contract assets	27,123,256	51,128,000
Reinsurance contract assets	16,343,589	5,772,200
Cash and cash equivalents	577,831,407	452,422,281
Financial assets at amortised cost	461,000,000	461,000,000
<b>TOTAL ASSETS</b>	<b>1,251,398,361</b>	<b>1,075,765,228</b>
<b>FUNDS AND LIABILITIES</b>		
<b>Non-current liabilities</b>		
Lease liabilities	3,723,411	4,855,563
Insurance contract liabilities-(residual to members)	1,052,091,585	853,209,974
<b>Current liabilities</b>		
Lease liabilities	1,132,152	958,084
Trade and other payables	18,531,718	16,685,600
Insurance contract liabilities	159,575,906	194,283,806
Reinsurance contract liabilities	16,343,589	5,772,200
<b>TOTAL FUNDS AND LIABILITIES</b>	<b>1,251,398,361</b>	<b>1,075,765,228</b>

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 R	2022 R
<b>Insurance Revenue</b>	1,976,822,615	1,734,724,844
<b>Insurance service expense</b>	(2,081,863,484)	(1,785,000,429)
Claims incurred	(1,677,760,290)	(1,446,532,734)
Third party claim recoveries	7,428,302	10,552,742
Accredited managed healthcare services	(48,480,235)	(43,679,650)
Broker service fees	(46,209,082)	(40,790,680)
Directly attributable expenses	(117,960,568)	(110,485,166)
Amounts attributable to future members	(198,881,611)	(154,064,941)
<b>Net income/(expense) on risk transfer arrangements</b>	52,911,809	34,438,855
Risk transfer premiums paid	(346,328,269)	(314,390,184)
Recoveries from risk transfer arrangements	399,240,078	348,829,038
<b>Insurance service result</b>	(52,129,060)	(15,836,730)
Other operating expenses	(34,950,588)	(30,574,469)
<b>Other income</b>	87,811,111	47,445,688
Investment income	82,669,241	44,339,113
Net gains on assets carried at FVTPL	4,935,212	2,903,643
Sundry income	206,658	202,932
<b>Other expenditure</b>	(865,672)	(547,553)
Expenses for asset management services rendered	(374,234)	(249,121)

Sundry expenses	(6,210)	(14,254)
Finance cost - Lease	(485,228)	(284,178)
Net impairment (losses)/reversals on healthcare receivables	(134,208)	(486,935)
<b>Surplus for the year</b>	-	-
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	-	-

**NET INCOME / (EXPENSE) FROM OPERATIONS PER BENEFIT OPTION**

2023	Extreme R	Supreme R	Standard R	Ultra R	Activator R	Total R
<b>Insurance Revenue</b>	105 486 768	907 175 969	271 209 354	689 447 839	3 502 686	1 976 822 615
<b>Insurance service expense</b>	(92 784 464)	(790 563 804)	(265 476 089)	(731 117 033)	(3 040 483)	(1 882 981 873)
Claims incurred	(83 310 535)	(701 110 866)	(230 370 398)	(660 302 956)	(2 665 536)	(1677 760 290)
Third party claim recoveries	434 202	3 744 574	1 072 280	2 172 330	4 916	7 428 302
Accredited management healthcare services	(2 126 710)	(16 575 736)	(11 548 241)	(18 160 445)	(69 102)	(48 480 235)
Broker service fees	(1 765 095)	(17 088 235)	(6 419 591)	(20 836 052)	(100 109)	(46 209 082)
Directly attributable expenses	(6 016 326)	(59 533 541)	(18 210 139)	(33 989 910)	(210 652)	(117 960 568)
Amounts attributable to future members	-	-	-	-	-	-
<b>Net income/(expense) on risk transfer arrangements</b>	(131 942)	4 653 406	14 803 425	33 622 258	(35 335)	52 911 809
Risk transfer premiums paid	(524 963)	(5 652 394)	(79 785 355)	(260 323 258)	(42 298)	(346 328 269)
Recoveries from risk transfer arrangements	393 021	10 305 799	94 588 780	293 945 516	6 963	399 240 078
<b>Insurance service result</b>	12 570 362	121 265 571	20 536 690	(8 046 937)	426 868	146 752 551
Other operating expenses	(1 865 025)	(16 039 038)	(4 795 031)	(12 189 565)	(61 928)	(34 950 588)
<b>Other income</b>	4 687 068	40 280 271	12 104 726	30 583 822	155 224	87 811 111
Investment income	4 411 378	37 937 419	11 341 772	28 832 192	146 480	82 669 241
Net gains on assets carried at FVTPL	263 351	2 264 797	677 084	1 721 235	8 745	4 935 212

Sundry income	12 339	78 055	85 870	30 394	-	206 658
<b>Other expenditure</b>	(46 194)	(397 262)	(118 766)	(301 917)	(1 534)	(865 672)
Expenses for asset management services rendered	(19 970)	(171 738)	(51 343)	(130 520)	(663)	(374 234)
Sundry expenses	(331)	(2 850)	(852)	(2 166)	(11)	(6 210)
Finance costs	(25 893)	(222 674)	(66 571)	(169 231)	(860)	(485 228)
Net impairment losses on healthcare receivables	(16 843)	79 184	(46 279)	117 416	730	(134 208)
<b>Net income/expense for the year</b>	15 329 368	145 188 726	27 681 340	10 162 819	519 360	198 881 611
<b>TOTAL OTHER COM-PREHENSIVE INCOME FOR THE YEAR</b>	15 329 368	145 188 726	27 681 340	10 162 819	519 360	198 881 611
<b>Number of members at 31 December 2023</b>	1 336	14 930	6 284	28 508	134	51 192

2022	Extreme R	Supreme R	Standard R	Ultra R	Activator R	Total R
<b>Insurance Revenue</b>	93 528 814	791 997 468	258 138 952	588 647 836	2 411 774	1 734 724 844
<b>Insurance service expense</b>	(86 104 556)	(675 395 578)	(261 491 457)	(606 320 179)	(1 623 718)	(1 630 935 488)
Claims incurred	(77 345 563)	(594 665 986)	(229 283 729)	(543 923 646)	(1 313 810)	(1446 532 734)
Third party claim recoveries	449 062	4 629 648	3 555 656	1 911 641	6 734	10 552 742
Accredited management healthcare services	(1 910 932)	(14 685 120)	(11 197 550)	(15 835 746)	(50 302)	(43 679 650)
Broker service fees	(1 625 708)	(15 692 199)	(6 192 001)	(17 174 941)	(105 832)	(40 790 680)
Directly attributable expenses	(5 671 416)	(54 981 923)	(18 373 833)	(31 297 487)	(160 508)	(110 485 166)
Amounts attributable to future members	-	-	-	-	-	-
<b>Net income/(expense) on risk transfer arrangements</b>	(138 367)	4 001 147	16 863 770	13 738 808	(26 500)	34 438 855
Risk transfer premiums paid	(475 011)	(4 958 430)	(76 862 327)	(232 062 797)	(31 617)	(314 390 183)
Recoveries from risk transfer arrangements	336 644	8 959 576	93 726 097	245 801 605	5 117	348 829 038
<b>Insurance service result</b>	7 285 892	120 603 036	13 511 265	(3 933 535)	761 556	138 228 210
Other operating expenses	(1 648 442)	(13 958 930)	(4 549 691)	(10 374 899)	(42 507)	(30 574 469)
<b>Other income</b>	2 411 830	20 313 780	6 694 390	15 089 408	61 685	44 571 092
Investment income	2 392 138	20 256 509	6 602 286	15 055 541	61 685	44 368 160
Net gains on assets carried at FVTPL	-	-	-	-	-	-

Sundry income	19 692	57 270	92 103	33 866	-	202 932
<b>Other expenditure</b>	(29 522)	(249 988)	(81 480)	(185 802)	(761)	(547 553)
Expenses for asset management services rendered	(13 432)	(113 737)	(37 071)	(84 535)	(346)	(249 121)
Sundry expenses	(769)	(6 508)	(2 121)	(4 837)	(20)	(14 254)
Finance costs	(15 322)	(129 743)	(42 288)	(96 431)	(395)	(284 178)
Net impairment losses on healthcare receivables	2 303	(232 990)	(51 303)	(204 705)	(240)	486 935
<b>Net income/expense for the year</b>	8 022 060	126 474 908	15 523 181	390 466	779 732	151 190 344
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	8 022 060	126 474 908	15 523 181	390 466	779 732	151 190 344
<b>Number of members at 31 December 2022</b>	1 319	13 908	6 417	26 819	93	48 556



## APPOINTMENT OF RANSOME RUSSOUW INC. AS AUDITORS

The Audit Committee recommended on 31 March 2023, inter alia, that the Board approve the commencement of a Request for Proposal (RFP) process during the last quarter of 2023 for appointment of Auditors which was approved by the Board on 14 April 2023.

The RFP was disseminated on 16 October 2023 to all eligible Audit firms accredited by the Council for Medical Schemes (CMS).

From the eleven RFP's disseminated, four firms indicated that they will not participate and four firms did not respond at all. Only three submissions were received from the following firms: -

- Strachan & Crouse
- Ransome Russouw Inc; and
- BDO.

Audit firms are regularly randomly inspected by the Independent Regulatory Board for Auditors (IRBA) to ascertain if they comply with the latest accounting and auditing standards, constant further education, etc.

Audit firms who wish to audit medical schemes must in addition apply for accreditation by the CMS. CMS accreditation is only for a certain period and sometimes subject to conditions.

In terms of the RFP, the Scheme used the 80/20 preference point system for B-BBEE compliance.

The results of the score card are as follows: -

- |                       |      |
|-----------------------|------|
| - Ransome Russouw Inc | 85.0 |
| - Strachan & Crouse   | 72.4 |
| - BDO                 | 67.5 |

The appointment of Ransome Russouw Inc was recommended by the Audit Committee on 27 March 2024 and also by the Board of Trustees on 12 April 2024.

*For consideration by the meeting.*

## RULE 18.6 AMENDMENT

### 1. BACKGROUND

In terms of the Scheme Rules of **UMVUZO HEALTH**, the Board of Trustees (“the Board”) is responsible for the proper and sound management of the Scheme. Accordingly, in 2022/3 the Board engaged in a strategic review process facilitated by Insight Actuaries & Consultants and identified 7 key issues.

One of the key issues identified concerned the manner in which the current term of office for Board members is structured. The following issues were noted by the Board: -

- The Scheme recognises that Board continuity is a critical element that could present significant risks to the Scheme’s ultimate success, if not adequately managed;
- Attaining an appropriate balance of knowledge, skills and experience is needed for the Board to effectively discharge its fiduciary role and governance duties;
- There is a need to allow new Trustees sufficient time to “learn on the job” and to ensure that the Board is adequately capacitated to fulfil its leadership role; and
- There is a need to mitigate the catastrophic impact of a loss of leadership continuity, strategic radar and institutional memory that could arise from a situation wherein all the current Trustees’ term of office were to expires at the same time and they’re not re-elected.

### 2. PROPOSAL

During the Strategic sessions various alternatives were proposed by Insight Actuaries & Consultants, each with its own advantages and disadvantages. Nonetheless, it was agreed that any option that is eventually voted as the best option, it must serve a good purpose and must also be practical and implementable.

The Board of Trustees has reviewed the options proposed and resolved on 2 February 2024 to propose the extension of the tenure of Trustee from 3 to 4 years and splitting the term of office. In doing so, the Scheme can stagger the Board with different overlapping terms so that not all Board members' term of office expires in the same year.

Given the fact that any intervention will require targeted amendments to the Scheme's Rules. It is recommended that the AGM consider making amendments to Rule 18.6 which currently reads as follows: -

*The election of Board members shall take place per ballot paper at an annual general meeting as contemplated in Rule 26 and an outgoing member shall be eligible for re-election. The term of office of an elected member shall last for a period of 3 (three) years until the day of the 3<sup>rd</sup> annual general meeting following his initial election.*

Accordingly, the AGM should consider amending Rule 18.6 as follows: -

*The election of Board members shall take place per ballot paper at an annual general meeting as contemplated in Rule 26 and an outgoing member shall be eligible for re-election. At the Scheme's June 2025 elective AGM, the term of the 5 most voted for nominees will be 4 years and the term of the following 5 voted for nominees will be for 2 years only. Thereafter, the Scheme will hold another elective AGM in June 2027 consistent with the expiry of the term of office of those Trustees elected to serve a two-year term. The five Trustees elected during the June 2027 elective AGM will serve a 4-year term.*

This once-off arrangement will serve to ensure that the Scheme has a staggered Board that consists of Trustees with different overlapping terms, so that not all Board members' term of office expire in the same year.

For consideration by the meeting.

## REMUNERATION OF TRUSTEE MEMBERS

In terms of Rule 18.18 an honorarium as from time to time determined at the Annual general meeting (AGM) may be paid to members of the Board of Trustees.

Board of Trustee members currently receive the following remuneration:

1. R17 380 per month for Trustees and R26 071 per month for the Chairperson;
2. R6 393 meeting allowance per Trustee for meetings other than Board/ Workshop meetings and the Chairperson 30% on that at R8 016;
3. R1 450 daily allowance when away from home/work for Scheme purposes;
4. Travelling reimbursement at the SARS prescribed rate (currently R4.84 per kilometre);
5. Accommodation with breakfast at an appropriate hotel facility; and
6. R1 000 cell phone allowance per month for the Chairperson.

Annually at the AGM, the members approve an adjustment of the meeting allowance as in 1 and 2 above.

It is recommended that the monthly Trustee remuneration and meeting allowance be increased with effect from 1 July 2024 with the latest Consumer Price Index (CPI) plus: -

1. 0%; or
2. 1%; or
3. 2%.

For consideration by the meeting.







## South Africa's National Anthem

Nkosi sikelel' iAfrika  
Maluphakanyisw' uphondo lwayo,  
Yizwa imithandazo yethu,  
Nkosi sikelela, thina lusapho lwayo.

Morena boloka setjhaba sa heso,  
O fedise dintwa le matshwenyeho,  
O se boloke, O se boloke setjhaba sa heso,  
Setjhaba sa South Afrika – South Afrika.

Uit die blou van onse hemel,  
Uit die diepte van ons see,  
Oor ons ewige gebergtes,  
Waar die kranse antwoord gee,

Sounds the call to come together,  
And united we shall stand,  
Let us live and strive for freedom,  
In South Africa our land.

## **IMPORTANT CONTACT INFORMATION**

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