



Highlights from the

2023

FINANCIAL STATEMENTS

and notice of AGM





4 371

Average principal members

(2022: 4 515)

2023

at a glance



8 032

Average lives covered

(2022: 8 396)



R644.5 m

Total investments

(2022: R639.3 million)



2023
AT A GLANCE

CHAIRPERSON'S
REPORT

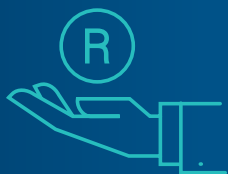
PRINCIPAL
OFFICER'S REPORT

FINANCIALS

NON-
COMPLIANCE

NOTICE
OF AGM

ADDITIONAL
INFORMATION



R66.1 m

Net investment income

(2022: R47.3 million)



R347.6 m

Total contributions received

(2022: R341.8 million)



R628.5 m

In reserves

(2022: R625.7 million)



180.8%

Solvency ratio

(2022: 183.1%)



R399.5 m

Total benefits paid

(2022: R380.8 million)



Chairperson's Report

As Chairperson of the Board of Trustees (the Board), I have pleasure in presenting my report for the year ended 31 December 2023.

It remains the Board's objective to ensure that, whilst continuing to provide our members with a comprehensive and competitive benefit offering, the Society remains sustainable and cost effective.

As a not-for-profit, self-administered restricted medical scheme, the Society has only one focus – to provide members with good value for money with no profit incentive. Given the Society's healthy reserves, we as members are benefiting in that 100% of our contributions are available to provide us with medical benefits – more about this later in my report.

New Disease Risk Management (DRM) programme gains momentum

In March 2023, we officially launched our DRM programme in partnership with Professional Provident Society Healthcare Administrator (PPSHA). The programme initially identified beneficiaries diagnosed with certain chronic conditions and those at risk of developing chronic conditions, with newly diagnosed beneficiaries added daily. The DRM programme aims to more proactively provide access to appropriate treatment, monitoring and support. By addressing these key healthcare pillars, we anticipate improved management of chronic conditions and better health outcomes for our beneficiaries. Additionally, beneficiaries enrolled in the DRM programme

do not incur co-payments for specified consultations and procedures outlined in their treatment plan(s).

To date, 4 229 beneficiaries are registered on the DRM programme. This excludes beneficiaries who are registered on the monitoring programme but for whom no treatment plan has been established.

The Society's most prevalent chronic conditions are hypertension (high blood pressure) with 3 337 registered beneficiaries and hyperlipidaemia (high cholesterol) with 2 105 registered beneficiaries. If you have been diagnosed with any of the 25 chronic conditions supported by the DRM programme, we encourage you to join to ensure your condition is registered.

Effective management of chronic conditions not only reduces downstream costs for the Society, benefiting all members, but more importantly, it leads to better health outcomes.

DBBS implements International Financial Reporting Standard (IFRS) 17

In our ongoing effort to be compliant and transparent, the Society has embraced IFRS 17, a new insurance accounting standard, which establishes a unified accounting model for all insurance contracts under IFRS including the principles for the recognition, measurement, presentation and disclosure of insurance contracts in financial statements. IFRS 17 came into effect on 1 January 2023 and replaces IFRS 4.

The contracts issued by the Society fall within the scope of IFRS 17 as they provide insurance coverage for various healthcare expenditure incurred by beneficiaries in return for a contribution. This includes comprehensive in-hospital, chronic and day-to-day cover. Given the availability of reliable and accurate data and actuarial models, the Society has chosen to apply IFRS 17 retrospectively, as allowed for in the standard, and certain comparative figures have been restated.

The enhanced disclosures introduced by IFRS 17 provide better insights into our insurance activities and associated risks, aimed at fostering trust among members, regulators and other stakeholders.

Read more about the impact of IFRS 17 on the Society's financial statements in the Principal Officer's Report.

NHI Bill signed into law

On 15 May 2024, President Cyril Ramaphosa signed the National Health Insurance (NHI) Bill into law. I would like to emphasise that there is no immediate impact on your Society membership nor on the benefits you and your registered dependants currently receive in terms of the Rules of the Society, as well as on the current healthcare system, as it has not yet been promulgated. Accordingly, the current healthcare system remains in place and existing laws still apply.

The NHI objectives are to address systemic challenges in South Africa's healthcare system and ensure that all citizens have access to a range of healthcare services that are not based on their ability to pay for these services. The Society believes that these objectives are admirable,

but also believes that medical schemes should be allowed to play a role in South Africa's healthcare system, now and in the future.

The Board in collaboration with industry bodies and other role players, such as the Health Funders Association (HFA) to which the Society belongs, will continue to monitor developments in this regard and ensure that the best outcome for members and other stakeholders is achieved.

We will keep you updated as the NHI implementation unfolds. Please rest assured that the Society's commitment to delivering high-quality personalised medical aid services to its members will amongst other things remain our primary focus throughout this journey.

De Beers restructuring

The Board is aware of the announcement in May 2024 by Anglo American plc of its intention to separate De Beers from Anglo American. Based on the current available information and engagements with De Beers, indications are that this would not have a significant impact on the Society in the short to medium term.



Financially speaking

With the Society's claiming patterns returning to pre-Covid 19 levels, and largely due to better than budgeted investment returns, the Society was able to reflect a net surplus of R2.8 million for 2023 and reserves of R628.5 million at 31 December 2023.

Fortunately, the Society's reserves and adopted investment strategy have become instrumental in allowing us to weather many of the negative sentiments currently impacting not only the South African but also the global economy. Moreover, these reserves have also been used to cushion you against sharp contribution increases and enabled the Society to maintain contribution increases at 5.9% for the last 3 years, despite a spike in inflation

and relevant healthcare costs. The impact of these lower contribution increases is that the Society can provide similar comprehensive benefits as the average open medical scheme at a 20% lower contribution rate.

My thanks again to my fellow Trustees, non-Trustee Board Committee members, Society Management and Staff as well as our many steadfast service providers for their continued support and dedication to the smooth and efficient running of the Society – it is much appreciated!

Craig Coltman

Chairperson
July 2024



Principal Officer's Report

As Principal Officer of the Society, I have pleasure in presenting my report for the year ended 31 December 2023.

IFRS 17 implementation

Although our Chairperson has already reflected in his report on the implementation of IFRS 17, I would like to touch on the impact this had on the Society's financial statements for the year ended 31 December 2023.

While the standard brought about significant changes to the terminology and presentation in the financial statements, there has been no change to the Society's operations, its business model and the processes applied in fulfilling its obligations to members in terms of the Rules of the Society (the Rules).

In terms of IFRS 17, medical schemes are classified as mutual entities¹. As such 'accumulated funds' are now referred to as 'insurance liability for future members' and classified as a liability in the Statement of Financial Position. In addition:

- Insurance contract related accounts (receivables, payables, and provisions) that had previously been reported as part of 'trade and other receivables', 'trade and other payables' and 'outstanding claims provision' are now reported under the line item 'insurance contract liability' in the Statement of Financial Position; and
- Administration expenditure is split between 'attributable expenses incurred' and 'other operating expenses' in the Statement of Comprehensive Income.

1 - Residual interest (reserves) of the Society is due to members.

In summary, the following is the most notable changes in the terminology:

IFRS 4	IFRS 17
 Accumulated funds (Members' funds)	 Insurance liability for future members
 Incurred but not yet reported (IBNR)	 Liability for incurred claims (LIC)
 Contribution income	 Insurance revenue
 Relevant healthcare expenditure	 Insurance service expenses
 Healthcare results	 Insurance service results
 Administration expenditure	 Attributable expenses incurred Other operating expenses

For now, however, I would like to reflect on our results for 2023.

Financial results for the year

The Society reflected a net surplus for the year of R2.8 million (2022: R3.8 million deficit) after incorporating investment and other income.

NET SURPLUS / (DEFICIT)	
2023	R2.8 million
2022	R(3.8) million

Claims experience

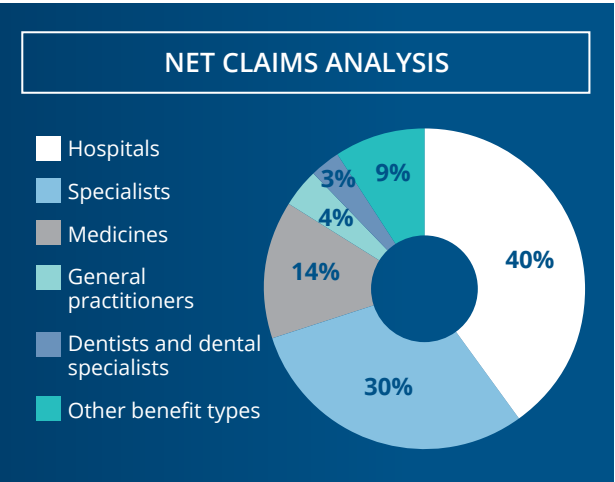
During the year under review, the Society continued to experience an increase in the utilisation of routine out-of-hospital healthcare services (such as general practitioner and specialist visits) and elective surgeries. This resulted in an increase in hospital admissions, as claiming patterns across the industry returned to pre-Covid-19 levels.

As a result of the above:

- The total net claims incurred during the year under review were generally higher;
- The Society’s relevant healthcare expenditure² for the year, expressed as a percentage of insurance revenue (contributions), increased to 116.2% (2022: 112.5%); and
- Insurance liability for future members (reserves) increased by 0.5% (2022: Decrease of 0.6%).

The relevant healthcare expenditure ratio compares very favourably with the industry average as per the Council for Medical Schemes’ (the Council’s) 2022/23 Annual Report of 94.0% across all schemes, and especially when measured against the 93.1% average for open schemes.

Of the total net claims incurred in 2023, hospitals comprised 40% (2022: 41%), specialists 30% (2022: 28%), medicines 14% (2022: 15%), general practitioners 4% (2022: 4%), dentists and dental specialists 3% (2022: 3%) and other benefit types 9% (2022: 9%).

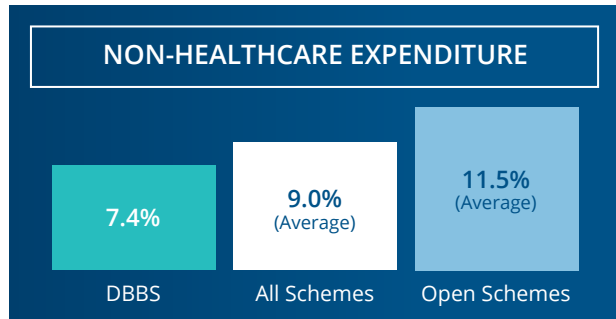


2 - Net claims incurred + accredited managed healthcare services + net expenses from risk transfer arrangements

Non-healthcare expenditure³

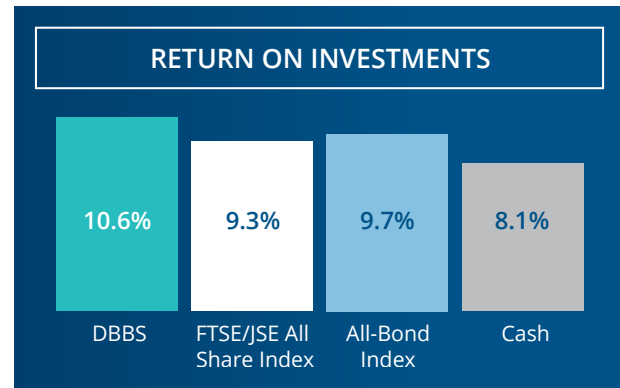
During 2023, the Society spent only 7.4% (2022: 7.2%) of insurance revenue (contributions) on non-healthcare expenses (administration expenses), compared with the industry average as per the Council's 2022/23 Annual Report of 9.0% for all schemes and 11.5% for open schemes.

3 - Attributable expenses incurred + other operating expenses



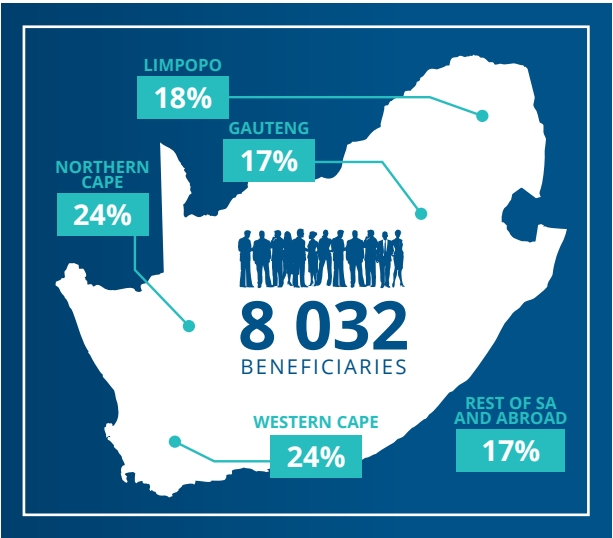
Return on investments

The return on investments for the year was 10.6% (2022: 7.5%), in comparison to the FTSE/JSE All Share Index (ALSI) returning 9.3% (2022: 3.6%), the All-Bond Index returning 9.7% (2022: 4.3%) and cash returning 8.1% (2022: 5.21%).



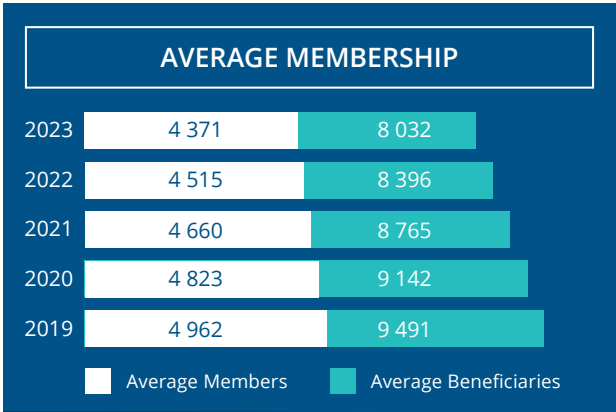
Membership

During 2023, the Society provided benefits to an average of 8 032 (2022: 8 396) beneficiaries located primarily in the Northern Cape (24%), Western Cape (24%), Gauteng (17%) and Limpopo (18%). The remaining beneficiaries are spread across the remainder of South Africa and abroad (17%).



The Society experienced a further decrease in its membership and dependant ratio during the year under review because of the ongoing organisational restructuring within De Beers and member choice in relation to the registration of dependants.

The Society had 4 314 (2022: 4 429) principal members as at 31 December 2023, with a monthly average of 4 371 (2022: 4 515) for the year. The dependant ratio as at 31 December 2023 was 1: 0.83 (2022: 1: 0.85).



Since the membership of the Society is directly affected by any corporate activity within De Beers, the Society continues to monitor any announcements made in this regard and interacts with the participating employers to evaluate the potential impact of any activity on the Society’s membership. As indicated by the Chairperson in his report there are no indications, based on the current available information, that the announcement by Anglo American plc would have a significant impact on the Society’s membership in the short to medium term.



Emergency medical transport and evacuation services

The Society maintains a fixed-fee capitation agreement with ER24 for emergency medical transport and evacuation services. The Society paid a premium of R3.4 million (2022: R3.2 million) to ER24 for the year. The total cost for emergency medical transport and evacuation services recovered in terms of this agreement amounted to R3.3 million (2022: R3.0 million) for the year. Had this agreement not been in place, the total cost for emergency medical transport and evacuation services, based on the ER24 private client rates, would have been R4.2 million (2022: R3.9 million).

The fixed-fee capitation agreement was replaced with a fee-for-service agreement in 2024.

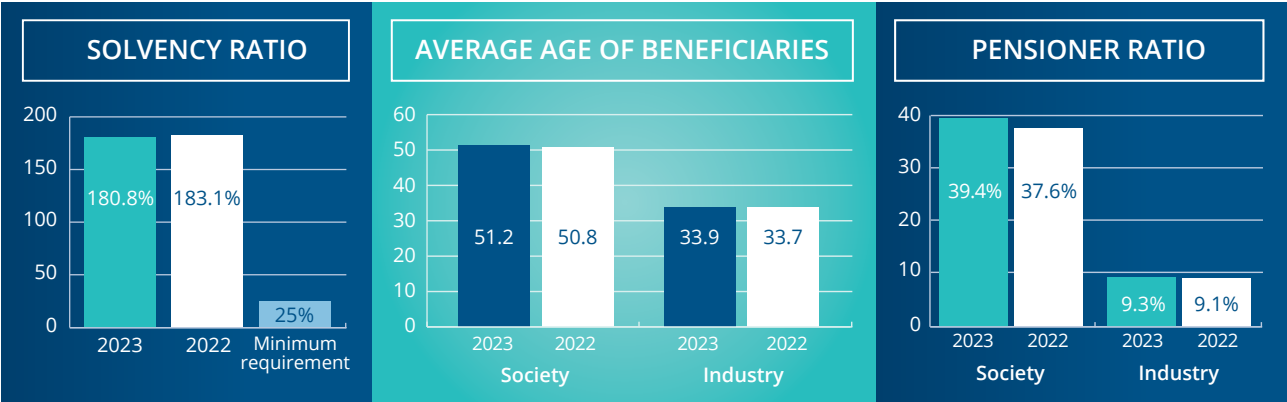
SAVINGS ON ER24		
2023	Capped premium: R 3.4m	Savings: R 0.8m
2022	Capped premium: R 3.2m	Savings: R 0.7m

Insurance liability for future members (reserves) and solvency ratio

The Society’s Insurance liability for future members (reserves) have increased to R628.5 million (2022: decreased to R625.7 million). Its solvency ratio as at 31 December 2023 decreased to 180.8% (2022: 183.1%).

We remain cognisant of fact that the Society’s solvency ratio is substantially higher than the minimum of 25% required by the Medical Schemes Act of South Africa (the Act). It is also in excess of the Society’s risk-based capital

requirement, as determined by the Society Actuary based on the Society’s specific risk profile. This is reassuring in view of the current regulatory framework, a rapidly evolving South African healthcare environment, the ongoing corporate activity within De Beers, as well as the increasing average age of beneficiaries of 51.2 years (2022: 50.8) and the pensioner ratio of 39.4% (2022: 37.6%), both of which are significantly higher than the industry average of 33.9 years (2022: 33.7) and 9.3% (2022: 9.1%), respectively.



Employer grant in respect of pensioners

The employer grant relates to a subsidy that is payable by DBCM in terms of agreements reached with DBCM following the termination of the membership of the Finsch and Kimberley Mines employees (and the retention in the Society of the pensioner members associated with these mines) following the sale of the mines in September 2011 and January 2016, respectively. In terms of the agreements, DBCM agreed to subsidise any annual cross-subsidy deficit that may arise, to offset the associated negative impact on the Society.

The subsidy is calculated annually by the Society Actuary in terms of an agreed methodology. The total subsidy payable by DBCM for the year in terms of these agreements amounted to R18.4 million (2022: R16.0 million).

Compliance and governance

We remain fully committed to the application of the practices, philosophies and governance outcomes contained in the King IV Code of Corporate Governance (the Code) and other supplementary codes that are applicable to the Society.

Aligned to the Society's commitment to good corporate governance, the Society has subscribed to the Governance and Compliance Instrument launched by the Global Platform for Intellectual Property in collaboration with the Council to continuously assess its application of the principles of the Code insofar as they apply to medical schemes. The Society's Corporate Governance Application Report, which explains:

- How the Society has applied or not applied the principles set out in King IV and other supplementary codes;
- What actions are still required in terms of applying a specific principle; and
- Where it is impossible to implement a practice or where such implementation is inappropriate;

is available on the Society's website.

The Society's certificate of compliance with the administration standard applicable to self-administered schemes expires on 9 December 2025.

Acknowledgments and looking ahead

I would like to express my thanks to the Trustees, non-Trustee Board Committee members, staff and service providers of the Society for their support, guidance, co-operation and dedication in their dealings with members and the affairs of the Society during the year under review, which all played a pivotal role in ensuring the Society's continued success.

As we have already experienced, 2024 will no doubt be another year in which we will have to face various challenges and uncertainties from numerous sources, but I believe that the Society is well positioned to manage them. We will also continue to monitor and keep you updated on developments/changes in the regulatory environment and the South African healthcare system.

Take care and stay healthy.

Stanley Mathonzi

Principal Officer
July 2024

FINANCIAL POSITION AS AT 31 DECEMBER 2023

	2023 R'000	Restated 2022 R'000	Restated 1 Jan 2022 R'000
ASSETS			
Non-current assets	589 114	552 520	587 407
Property, plant and equipment	230	342	424
Intangible assets	6	23	41
Financial assets at fair value through profit or loss	588 878	552 155	586 942
Current assets	103 216	133 123	96 944
Financial assets at fair value through profit or loss	55 610	87 150	45 153
Trade and other receivables	18 668	16 377	17 749
Cash and cash equivalents	28 938	29 596	34 042
Total assets	692 330	685 643	684 351
LIABILITIES			
Non-current liabilities	643 864	641 736	645 994
Retirement benefits obligations	15 364	16 085	16 518
Insurance liability for future members	628 500	625 651	629 476
Current liabilities	48 466	43 907	38 357
Insurance contract liability	42 561	37 929	33 322
Reinsurance contract liability	84	70	35
Trade and other payables	5 821	5 908	5 000
Total liabilities	692 330	685 643	684 351

FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 R'000	Restated 2022 R'000
Insurance revenue	347 590	341 761
Insurance service expenses	(421 292)	(402 043)
Net claims incurred	(399 511)	(380 832)
Accredited managed healthcare services	(4 113)	(3 484)
Attributable expenses incurred	(17 668)	(17 727)
Net expense on risk transfer arrangement	(109)	(160)
<i>Risk transfer arrangement premiums</i>	(3 367)	(3 151)
<i>Amount recovered from claims incurred</i>	3 258	2 991
Insurance service results	(73 811)	(60 442)
Other income	87 657	66 426
Net investment income	69 182	50 342
Sundry income	18 475	16 084
Other expenditure	(10 997)	(9 809)
Other operating expenditure	(7 898)	(6 799)
Asset management and monitoring fees	(3 099)	(3 010)
Net surplus / (deficit) for the year	2 849	(3 825)
Amounts attributable to future members	(2 849)	3 825
Total comprehensive income for the year	0	0

MOVEMENT IN LIABILITY FOR FUTURE MEMBERS (RESERVES)

	2023 R'000	2022 R'000
Balance at the beginning of the year	625 651	629 476
Amounts attributable to future members	2 849	(3 825)
Balance at the beginning of the year	628 500	625 651

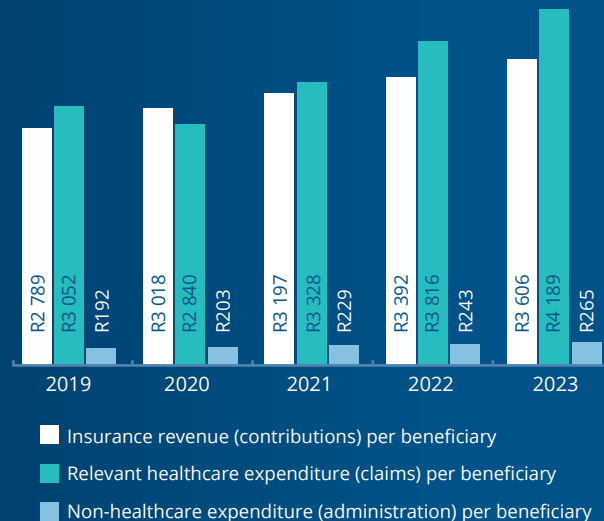
INVESTMENT ANALYSIS

	2023 R'000	2022 R'000
Collective investment scheme	86 829	75 659
Nedgroup Investments Core Income Fund	86 829	75 659
Segregated portfolio <i>(Managed by Taquanta on behalf of the Society)</i>	557 659	563 646
Debt instruments	430 142	369 156
Debenture instruments	28 436	31 271
Property instruments	51 709	46 472
Money market instruments	47 372	116 747
Cash and cash equivalents	28 938	29 596
Total investments and current accounts	673 426	668 901

SOLVENCY RATIO

	2023 R'000	2022 R'000
Insurance liability for future members	628 500	625 651
Less: Unrealised investment gains	-	-
Accumulated funds per Regulation 29 of the Act	628 500	625 651
Contribution income (Insurance revenue)	347 590	341 761
Solvency ratio	180.8%	183.1%
Accumulated funds per member at 31 December	146	141

INCOME VS. EXPENDITURE RATIOS PER BENEFICIARY PER MONTH





Non-compliance

The following instances of non-compliance with the Act were identified during the year:

FINANCIAL SOUNDNESS OF BENEFIT OPTION

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

Cause

During the year, the Society incurred a net healthcare deficit (insurance service results) of R73 811 467 (2022: R60 442 138). This result is expected and is aligned with the Society's reserve management strategy of ensuring the financial stability and viability of the Society over the foreseeable future.

The strategy also takes account of the need for the Society to remain competitive in relation to benefits provided, contribution levels and administration costs.

Corrective action

The Society is financially sound in terms of Section 35 as confirmed by the current level of reserves and the Society's solvency ratio of 180.8% (2022: 183.1%). The financial soundness and sustainability of the Society is carefully considered and managed by the Board on an on-going basis in consultation with the Actuary. It is not the strategy of the Society to make a profit. Its net investment income, the employer grant and substantial reserves enables it to ameliorate any net healthcare deficit whilst balancing the risk of rising claims incurred and keeping annual contribution increases in line with inflation.

The Board monitors the financial results to ensure that the net healthcare deficit is in line with the budget and

any material variances are analysed and corrective action taken where necessary.

PAYMENT OF CLAIMS WITHIN 30 DAYS

In terms of Section 59(2) of the Act, a medical scheme is required to pay a valid claim submitted to the scheme within 30 days after the day on which the claim was received.

Cause

The Society endeavours to pay all claims within 30 days of receipt but the processing of some claims is occasionally delayed due to unforeseen circumstances. Delays can for example occur when providers fail to supply the Society with their banking details or when claims are referred for clinical auditing or other investigations.

Corrective action

Claims that are not paid within 30 days are actively monitored to ensure effective on-going management of this issue.

CONTRIBUTION INCOME NOT RECEIVED WITHIN THREE DAYS OF BECOMING DUE

In terms of Section 26(7) of the Act, contribution income must be received within three days of becoming due in terms of the Rules.

Cause

There were a limited number of instances where the Society did not receive contributions from members within three days of them becoming due. This was mainly because of members having insufficient funds in their bank accounts at the time of collection, members exiting without informing the Society and reconciling discrepancies between participating employers and the Society.

The risk of default is however small because of the restricted nature of the Society and participating employer base.

Corrective action

Contributions not received within three days are actively pursued and suspension policies are rigorously applied.

PRESCRIBED MINIMUM BENEFITS (PMBs)

Regulation 8(1) of the Act states that, subject to the provisions of this regulation, any benefit option that is offered by a medical scheme must pay in full without co-payment or the use of deductibles the diagnosis, treatment and care costs of a PMB condition.

Cause

There were a limited number of instances where the Society did not pay claims within the scope and level of care prescribed for PMBs.

Corrective action

The Society continuously reviews and enhances its processes to align them to the Council's interpretation of PMBs, as new information becomes available. Where claims are identified that had not been paid within the scope of PMBs, they are re-processed as PMBs and paid accordingly.

CLAIMS PAID AFTER TERMINATION DATE

Section 28(c) of the Act states that no person shall claim or accept benefits in respect of himself or herself or any dependant from any medical scheme other than the medical scheme of which he or she is a member.

Cause

The termination notification in respect of one member was received late by the Society resulting in claims with service dates after the member's termination date being paid. As at 31 December 2023 the claims had not been reversed against the member's debtor account for recovery.

Corrective action

The related claims were reversed against the member's debtor account for recovery during January 2024.



NOTICE OF AGM



**135th Annual
General Meeting**
of the members of the
De Beers Benefit Society



Wednesday, 24 July 2024



12h00

The 135th Annual General Meeting
of the members of the De Beers
Benefit Society will be held
virtually on
Wednesday, 24 July 2024
at 12h00.

For more information visit the
website (www.dbbs.co.za)

PLANNING TO ATTEND?



Click here to register.

I CAN'T MAKE IT



Click here to download
a proxy form.

2023
AT A GLANCE

CHAIRPERSON'S
REPORT

PRINCIPAL
OFFICER'S REPORT

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AGENDA

The purpose of this meeting will be to:

1. confirm and approve the minutes of the 134th Annual General Meeting held on 13 July 2023;
2. receive and adopt the financial statements of the Society and the report of the Board of Trustees for the year ended 31 December 2023, and resolve that all matters undertaken and discharged by the Trustees during the year under review on behalf of the Society (as disclosed in such) be confirmed and ratified;
3. consider and approve the re-appointment of auditors for the year ending 31 December 2024, as provided for in terms of Rule 25.1;
4. approve the Trustee Remuneration Policy, as provided for in terms of Rule 19.21;
5. approve that the attendance fee (remuneration) payable per meeting attended by Trustees and Board Committee members who are not employees of the Employer or Associated Employers, be increased from R6 011 to R6 456 effective from 1 January 2024, as provided for in terms of Rule 18.25; and

6. transact such business as may be transacted at the Annual General Meeting, subject to the Rules of the Society.

PROXY

Should any principal member wish to be represented at the Annual General Meeting by proxy, the member should complete and return a proxy form, which can be downloaded [here](#). Completed proxy forms should reach the Society's offices by the close of business on 23 July 2024.

NOTICES OF MOTION

Please take note that, in terms of Rule 26.1.8, notices of motion to be placed before the Annual General Meeting must reach the Principal Officer no later than 15 July 2024, seven business days prior to the date of the meeting. For more information in this regard visit the Society's website (www.dbbs.co.za).

By order of the Board of Trustees.

Stanley Mathonzi

Principal Officer
July 2024

Additional Information

The minutes of the 134th Annual General Meeting and the Trustees Remuneration Policy are available on the Society's [website](#). The financial statements for the year ended 31 December 2023 will be available from 15 July 2024.

There has been a delay in the go-live of the Council's Annual Statutory Return (ASR) system due to changes required in relation to the implementation of IFRS 17. The system is anticipated to go live at the beginning of July 2024, whereafter schemes will be allowed six weeks to complete their submissions. It is common cause that the auditors sign off the financial statements and the ASR at the same time. As such, the financial statements might be subject to changes as may be directed by the Council. Once the financial statements and ASR have been signed by the auditors, members will be notified, and the financial statements and the auditor's report for the year ended 31 December 2023 will be published on the Society's website.

The highlights from the 2023 financial statements were derived from the complete set of financial statements and

were compiled in terms of the Rules of the Society and in accordance with the relevant Circulars issued by the Council.

The purpose of this document is to give the reader a broad overview of the financial position and results of the Society, without providing the level of detail that may be found in the financial statements, which are prepared in accordance with International Financial Reporting Standards (IFRS), as defined by IAS 1 and the interpretations issued by the IFRS Interpretations Committee, with guidance from the Medical Schemes Accounting Guide, issued by the South African Institute of Chartered Accountants (SAICA), and in the manner required by the Act. They contain additional disclosures, such as insurance risk and financial risk management.

If you would like a copy of the financial statements to be posted to you, please contact the Society's Secretarial and Communications Department by email at benefitpost@dbbs.co.za.

