



Highlights from the **2024 FINANCIAL STATEMENTS** and notice of AGM





4 218

Average principal members

(2023: 4 371)

2024
at a glance



7 636

Average lives covered

(2023: 8 032)



R626.7 m

Total investments

(2023: R644.5 million)



2024
AT A GLANCE

CHAIRPERSON'S
REPORT

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ADDITIONAL
INFORMATION



R57.9 m

Net investment income

(2023: R66.1 million)



R352.4 m

Total contributions received

(2023: R347.6 million)



R602.1 m

In reserves

(2023: R628.5 million)



170.9%

Solvency ratio

(2023: 180.8%)



R423.6 m

Total benefits paid

(2023: R399.2 million)



Chairperson's Report

I have pleasure in presenting my report for the year ended 31 December 2024.

The Board's primary objective remains that of providing members with comprehensive and competitive benefits while ensuring that the Society remains sustainable and cost effective. Given the Society's healthy reserves, 100% of contributions were used to fund 83% of benefits offered in 2024 with the majority of the balance being funded from net investment income/reserves.

De Beers Group Restructuring

As previously reported, 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 information available and engagements with De Beers, the Board remains confident that there would be no significant impact on the Society in the short to medium-term. The Board will keep members informed as new information becomes available.

Trustee Elections

The process to elect four member-elected Trustees was concluded on 30 April 2025. Six valid nominations were received. The successful candidates will be announced at the Society's Annual General Meeting (AGM) to be held on 25 June 2025.

Financially Speaking

The Society reflected a net deficit of R26.4 million (versus a budgeted deficit of R35.9 million) for the year with reserves of R602.1 million and a solvency ratio of 170.9% at 31 December 2024. It is not the objective of the Society to make a profit, and since there are no shareholders, the reserves can only be distributed to members (the sole beneficiaries) through economic benefits such as reduced contributions. Contribution increases would typically allow for:

- an inflationary increase;
- an increase in utilisation of healthcare services based on historical claiming patterns and trends; and
- the ageing of the membership profile.

In view of the above and aligned with the Society's reserve management strategy, the Board was able to distribute reserves to members by means of approving an inflationary contribution increase of 6.00% for 2024 (hence the R26.4 million deficit) and will continue to do so with a 5.45% contribution increase approved for 2025. The cumulative effect of this is that the Society's

contributions are now effectively 15% to 20% lower than those of the average open medical schemes with similar comprehensive benefit offerings.

The reserves (which are substantially higher than the minimum of 25% required by the Medical Schemes Act of South Africa (the Act) and the Society's risk-based capital requirement of 80%) together with the adopted investment strategy, further enabled the Society to weather many of the negative sentiments that impacted the already strained local and global economies and investment markets during the year under review.

The Society's Disease Risk Management (DRM) Programme implemented in March 2023 has also delivered positive results in managing chronic conditions and diseases more effectively, reducing associated hospitalisation costs and ensuring improved health outcomes for those participating in the programme in 2024. During the year under review, approximately 60% of beneficiaries had participated in the programme.



The Healthcare Landscape

In 2024, medical schemes continued to grapple with several significant challenges, which were rooted in a combination of economic pressures, regulatory changes, advancements in medical technology and the evolving healthcare needs of the broader South African population.

The approval of the National Health Insurance (NHI) Act in May 2024 is a key issue for all medical schemes. While the NHI aims to provide universal healthcare coverage to all South Africans, its phased rollout has created significant uncertainty in the private healthcare sector and medical schemes industry. As a member of the Health Funders Association (HFA), the Society will continue to monitor developments in this regard and remains committed to ensuring that the best possible outcome for members and other stakeholders is achieved. As and when more details become available, they will be shared with members through appropriate communication channels.

The cost of healthcare in South Africa has been rising steadily, driven by a combination of medical inflation (which is commonly 2% to 3% higher than normal inflation), increasing healthcare service provider fees and the cost of advancements in medical technology.

Furthermore, the private healthcare sector and medical schemes face a rising burden from chronic conditions and diseases, which are becoming more prevalent due to lifestyle factors and an ageing population. As indicated earlier in my report, this is particularly relevant to the Society given its ageing membership profile and the chronic condition and disease prevalence among beneficiaries.

Fraud, Waste and Abuse

Fraud (*deliberate deception*), waste (*inefficient use of resources*) and abuse (*excessive or improper use of services*) remain persistent problems for medical schemes and are estimated to be between 10% to 15% of the total claims paid by medical schemes annually. These continue to drain resources from medical schemes, contribute to rising contributions and make it harder for legitimate claims to be paid. The Society relies heavily on its members' vigilance to help curb these. I would like to urge members to review their statements received from the Society and query or report any suspicious activity to the Society for further investigation.

Sustainability

The sustainability of the Society is closely monitored by the Board. To further assist the Board in this regard, an ad hoc Sustainability Board Committee was established by the Board at their December 2024 Board meeting. The committee, in collaboration with the Benefits Review Board Committee, will determine and actively monitor the factors that could impact the Society's medium to

long-term sustainability and oversee any actions that may arise from them.

In Closing

Despite the challenges listed above, the private healthcare sector and medical schemes remain an essential part of the country's healthcare system. Its future will depend on how well we address these challenges through efficient management, policy reforms and innovations in healthcare delivery.

I am deeply grateful to the commitment and hard work of my fellow Trustees, non-Trustee Board Committee members, Society Management and staff as well as our many steadfast service providers for their ongoing support. Their combined team effort enables the Society to continue to run smoothly and efficiently. Long may it continue!

Craig Coltman

Chairperson

May 2025



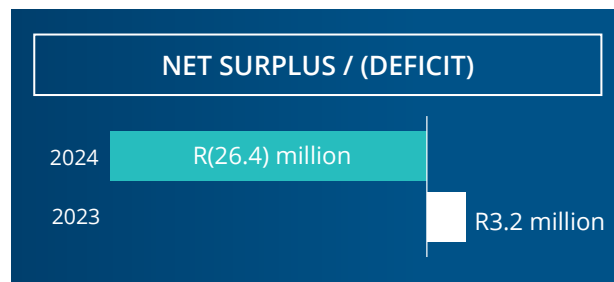
Principal Officer's Report

I have pleasure in presenting my report for the year ended 31 December 2024.

Although our Chairperson has already reflected on the impact that several factors have had on the Society during 2024, I would like to focus on our results and other key statistics for 2024.

Financial results for the year

The Society reflected a net deficit for the year of R26.4 million (2023: R3.2 million surplus) after incorporating net investment and other income. This result is as expected and aligned with the Society's reserve management strategy of keeping contribution increases in line with inflation while balancing the risk of rising claims incurred and the Society's ageing membership profile without reducing benefits.



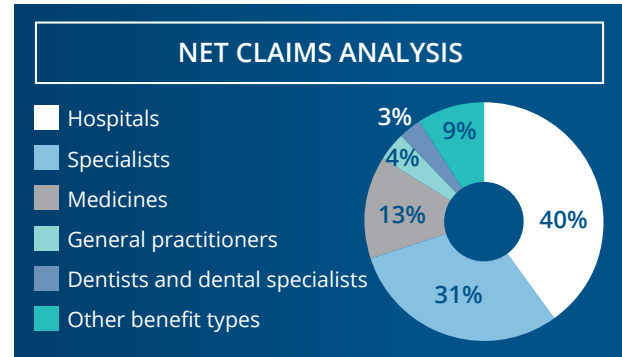
Claims experience

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, dentist and specialist visits) and elective surgeries, which resulted in an increase in hospital admissions.

As a result:

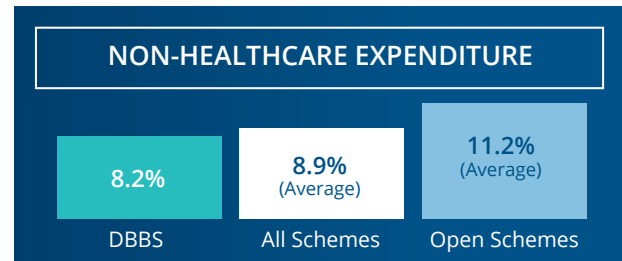
- The total net claims incurred during the year under review were generally higher;
- The Society's relevant healthcare expenditure for the year, expressed as a percentage of insurance revenue (contributions), increased to 121.4% (2023: 116.1%); and
- Insurance liability for members (reserves) decreased by 4.2% (2023: increased by 0.5%).

Of the total net claims incurred in 2024, hospitals comprised 40% (2023: 40%), specialists 31% (2023: 30%), medicines 13% (2023: 14%), general practitioners 4% (2023: 4%), dentists and dental specialists 3% (2023: 3%) and other benefit types 9% (2023: 9%).



Non-healthcare expenditure

The Society spent only 8.2% (2023: 7.4%) of insurance revenue (contributions) on non-healthcare expenses (administration expenses) in 2024.



Return on investments

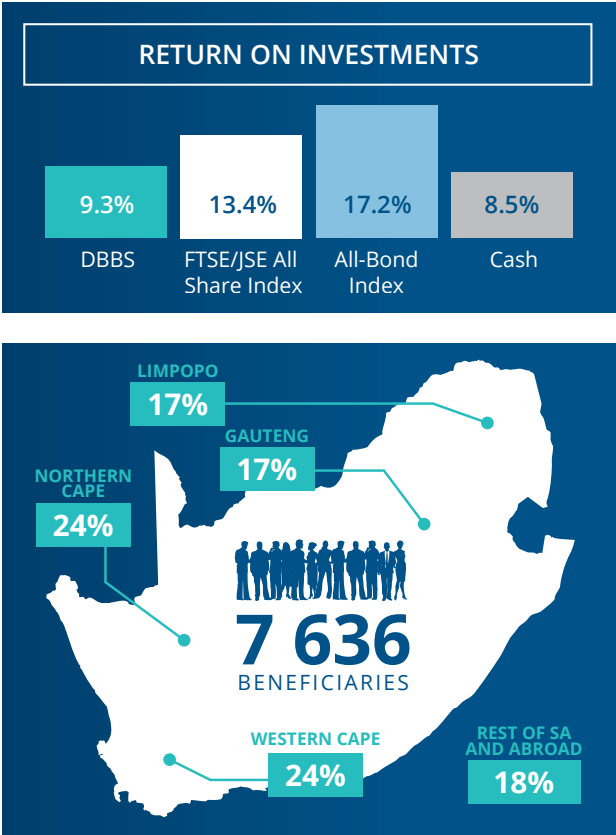
The return on investments for the year was 9.3% (2023: 10.6%) in comparison to the FTSE/JSE All Share Index (ALSI) returning 13.4% (2023: 9.3%), the All-Bond Index returning 17.2% (2023: 9.7%) and cash returning 8.5% (2023: 8.1%).

Membership

During 2024, the Society provided benefits to an average of 7 636 (2023:8 032) beneficiaries located primarily in the Northern Cape (24%), Western Cape (24%), Gauteng (17%) and Limpopo (17%). The remaining beneficiaries are spread across the remainder of South Africa and abroad (18%).

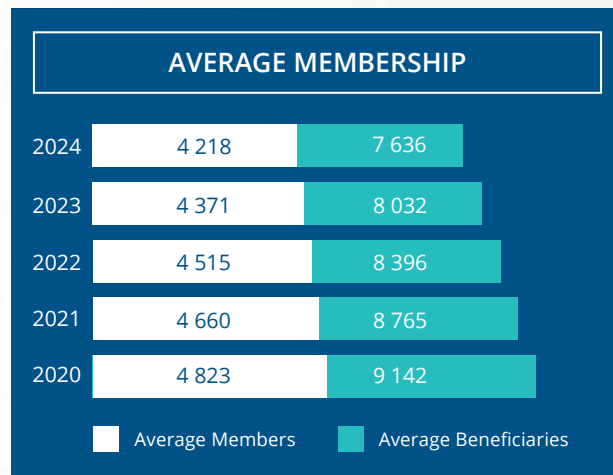
The Society experienced a further decrease in its membership and dependant ratio during the year under review because of the ongoing organisational restructuring within De Beers and member choice in relation to the registration of dependants.

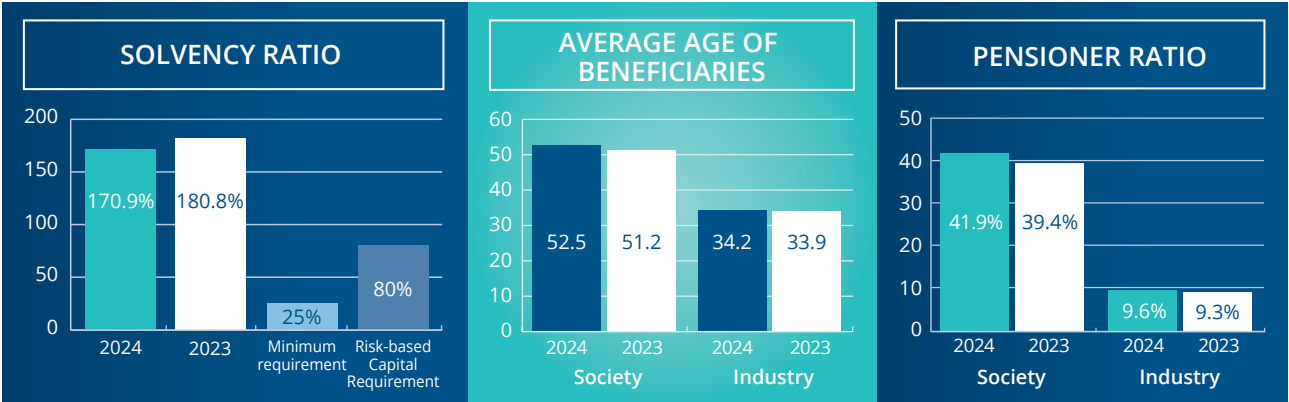
Since the membership of the Society is directly affected by any corporate activity within De Beers, the Society



continues to monitor any announcements made in this regard and interacts with the participating employers to evaluate the potential impact on the Society's membership. As indicated by the Chairperson in his report, there are no indications, based on the current available information and engagements with De Beers, that the announcement by Anglo American in May 2024 will have a significant impact on the Society's members in the short to medium-term.

The Society had 4 144 (2023: 4 314) principal members as at 31 December 2024, with a monthly average of 4 218 (2023: 4 371) for the year. The dependant ratio as at 31 December 2024 was 1:0.80 (2023: 1:0.83).





Insurance liability for members (reserves) and solvency ratio

The Society's insurance liability for members (reserves) decreased to R602.1 million (2023: increased to R628.5 million) and its solvency ratio decreased to 170.9% (2023: 180.8%).

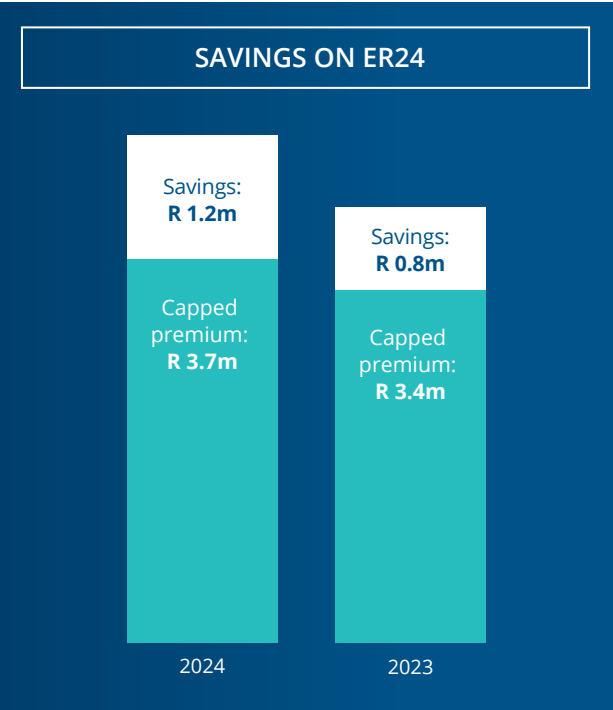
We remain cognisant of fact that the Society's solvency ratio is substantially higher than the minimum of 25% required by the Act. It is also more than the Society's risk-based capital requirement of 80%, as determined by

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 52.5 years (2023: 51.2) and the pensioner ratio of 41.9% (2023: 39.4%), both of which are significantly higher than the industry average of 34.2 years (2023: 33.9) and 9.6% (2023: 9.3%), respectively.

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 R3.7 million (2023: R3.4 million) to ER 24 for the year. The total cost for emergency medical transport and evacuation services recovered in terms of this agreement amounted to R3.7 million (2023: R3.3 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 R4.9 million (2023: R4.2 million).

As previously reported, the Board resolved in 2023 that the ER24 capitation agreement be terminated and ER24 be appointed as a Designated Service Provider (DSP) for emergency medical transport and evacuation services on a fee-for-service (FFS) basis. The FFS agreement has not yet been concluded.



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 R20.2 million (2023: R18.3 million).

Compliance and governance

We remain fully committed to the application of those 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 is available on the Society's website. It 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.

The Society's certificate of compliance with administration standards that apply 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. All of whom played a pivotal role in ensuring the Society's continued success and sustainability.

As we have already experienced, 2025 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 these. We will also continue to monitor and keep you updated on developments in the regulatory environment and the South African healthcare system.

Take care and stay healthy.

Stanley Mathonzi

Principal Officer
May 2025

Financials

FINANCIAL POSITION AS AT 31 DECEMBER 2024

	2024 R'000	2023 R'000
ASSETS		
Non-current assets	470 270	589 114
Property, plant and equipment	326	230
Intangible assets	-	6
Financial assets at fair value through profit or loss	469 944	588 878
Current assets	202 038	103 216
Financial assets at fair value through profit or loss	156 712	55 610
Trade and other receivables	20 464	18 668
Cash and cash equivalents	24 862	28 938
Total assets	672 308	692 330
LIABILITIES		
Non-current liabilities	567 635	607 958
Retirement benefits obligations	16 207	15 364
Insurance liability for members	551 428	592 594
Current liabilities	104 673	84 372
Insurance liability for members	50 717	35 907
Trade and other payables	6 768	5 820
Insurance contract liability	47 172	42 561
Reinsurance contract liability	16	84
Total liabilities	672 308	692 330

FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 R'000	2023 R'000
Insurance revenue	352 407	347 590
Insurance service expenses	(448 894)	(420 949)
Net claims incurred	(423 574)	(399 168)
Accredited managed healthcare services	(4 230)	(4 113)
Attributable expenses incurred	(21 090)	(17 668)
Net income/(expense) on risk transfer arrangement	39	(109)
<i>Risk transfer arrangement premiums paid</i>	(3 692)	(3 367)
<i>Amount recovered for claims incurred</i>	3 731	3 258
Insurance service results	(96 448)	(73 468)
Other income	81 335	87 657
Net investment income	61 041	69 182
Sundry income	20 294	18 475
Other expenditure	(11 243)	(10 997)
Other operating expenditure	(8 090)	(7 898)
Asset management and monitoring fees	(3 153)	(3 099)
Net surplus / (deficit) for the year	(26 356)	3 192
Amounts attributable to future members	26 356	(3 192)
Total comprehensive income for the year	0	0

MOVEMENT IN LIABILITY FOR MEMBERS (RESERVES)

	2024 R'000	2023 R'000
Balance at the beginning of the year	628 501	625 309
Amounts attributable to members	(26 356)	3 192
Balance at the end of the year	602 145	628 501

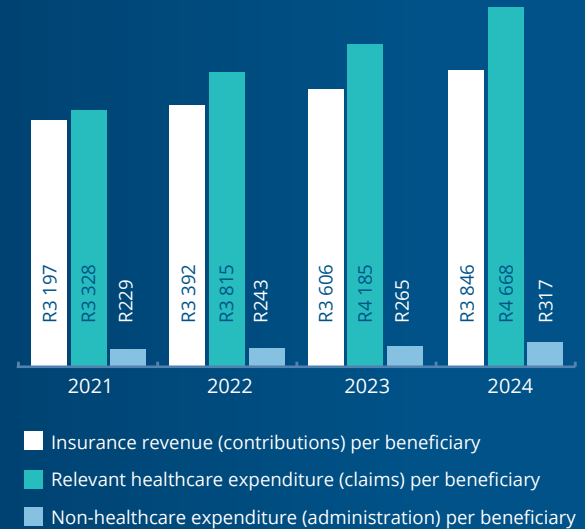
INVESTMENT ANALYSIS

	2024 R'000	2023 R'000
Collective investment scheme	111 549	86 829
Nedgroup Investments Core Income Fund	111 549	86 829
Segregated portfolio <i>(Managed by Taquanta on behalf of the Society)</i>	515 107	557 659
Debt instruments	427 370	430 142
Debt instrument sub-segments		
Debenture instruments	15 196	28 436
Property instruments	48 667	51 709
Money market instruments	23 874	47 372
Cash and cash equivalents	24 862	28 938
Total investments	651 518	673 426

SOLVENCY RATIO

	2024 R'000	2023 R'000
Insurance liability for members	602 145	628 501
Less: Unrealised investment gains	-	-
Accumulated funds per Regulation 29 of the Act	602 145	628 501
Contribution income (Insurance revenue)	352 407	347 590
Solvency ratio	170.9%	180.8%
Accumulated funds per member at 31 December	145	146

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 R96 448 107 (2023: R73 467 791). This result was 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 170.9% (2023: 180.8%). 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 Society Actuary. It is not the strategy of the Society to make a profit and its net investment income, the employer grant and substantial reserves enable it to ameliorate any net healthcare deficit, whilst balancing the risk of rising claims incurred and keeping annual contribution increases in line with inflation without reducing benefits.

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 Society 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 the PMB conditions.

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 notifications in respect of ten members were received late by the Society resulting in claims with service dates after the members’ termination date being paid. As at 31 December 2024 the claims had not been reversed against the members’ debtor accounts for recovery.

Corrective action

The related claims were reversed against the members’ debtor accounts for recovery during February 2025.



NOTICE OF AGM



**136th Annual
General Meeting**
of the members of the
De Beers Benefit Society



Wednesday 25 June 2025



12h00

The 136th Annual General Meeting
of the members of the De Beers
Benefit Society will be held
virtually on
Wednesday 25 June 2025
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.

2024
AT A GLANCE

CHAIRPERSON'S
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AGENDA:

The purpose of this meeting will be to:

- 1. confirm and approve the minutes of the 135th Annual General Meeting held on 24 July 2024;
- 2. receive and adopt the financial statements of the Society, the report of the Auditors, the report of the Board of Trustees 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 2025, as provided for in terms of Rule 25.1;
- 4. approve the Trustee Remuneration Policy, as provided for in 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 456 to R6 734 effective from 1 January 2025, as provided for in Rule 18.25;
- 6. announce the result of elections of member-elected Trustees held in terms of Rule 18.5 and confirm their appointment in terms of Rule 18.2; and
- 7. transact such business as may be transacted at the Annual General Meeting, subject to the Society Rules.

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 24 June 2025.

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 13 June 2025, 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 | May 2025

Additional Information

The minutes of the 135th Annal General Meeting, the guidelines to submit a motion and the Trustees Remuneration Policy are available on the Society's [website](#). The financial statements for the year ended 31 December 2024 will also be available on the website on or before 13 June 2025.

The highlights from the 2024 financial statements were derived from the complete set of financial statements and were compiled in terms of the Society Rules 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.

