



*medical
aid
society*
there when you need us.



Notice of the Annual General Meeting

TO BE HELD ON WEDNESDAY, 25 JUNE 2025

Including the annual financial statements for the year ended 31 December 2024

**NOTICE IS HEREBY GIVEN THAT THE EIGHTY-SIXTH ANNUAL GENERAL MEETING
OF BP MEDICAL AID SOCIETY WILL BE HELD VIRTUALLY ON
WEDNESDAY, 25 JUNE 2025, AT 10:00**

To enable as many members as possible to attend the Annual General Meeting (AGM), the Society has appointed Lumi Technologies to conduct the AGM virtually, giving you the opportunity to attend and participate using a smartphone, tablet, laptop or computer. You will be able to view a live webcast of the meeting and submit your votes in real time.

To register for the meeting, visit <https://reg.lumiengage.com/bpmas-agm-2025>. Enter your membership number to log in and complete the registration process.

To access the meeting platform, visit <https://meetings.lumiconnect.com/100-414-952-935> and accept the terms and conditions. The latest version of Chrome, Safari, Edge or Firefox is required. Please ensure the web browser is compatible.

In the 'Meeting Access' email from supportza@lumiengage.com, look for the unique login credentials. To access the meeting, select 'I am a principal member' and enter the username and password.

When your credentials have been successfully authenticated, the home screen will be displayed. The broadcast screen will either appear on the right (laptops and computers) or at the bottom of the screen (smartphones and tablets). Once the meeting starts, the broadcast will start automatically. If the broadcast screen does not appear automatically and you require technical assistance, email the support team at supportza@lumiengage.com.

AGENDA

1. Opening and welcome, confirmation of proper notice given and quorum present

(At least thirty members of the Society, physically or virtually present, shall form a quorum. If a quorum is not present after half an hour from the time fixed for the commencement of the meeting, the meeting shall be postponed by one hour and the members then physically or virtually present shall form a quorum.)

2. Attendance, apologies and proxies received
3. Approval of the Minutes of the AGM held on 26 June 2024
4. Presentation of the Annual Report of the Chairperson of the Board for the year ended 31 December 2024
5. Presentation of the audited Annual Financial Statements for the year ended 31 December 2024
6. Appointment of the External Auditors for the ensuing year
7. Disclosure of the Trustees' and Committee Members' remuneration
8. Announce the composition of the Disputes Committee
9. Other business of which notice was given to the Principal Officer by 13 June 2025

We look forward to your participation at this very important meeting for members of the Society.

By order of the Board

JANINE DANIELS
ACTING PRINCIPAL OFFICER

**BP MEDICAL AID SOCIETY
MINUTES OF THE EIGHTY-FIFTH ANNUAL GENERAL MEETING HELD VIRTUALLY
ON WEDNESDAY, 26 JUNE 2024 AT 10:00 (CONTINUED)**

2. ATTENDANCE, APOLOGIES AND PROXIES RECEIVED (CONTINUED)

Ms Michelle Beneke provided member training in terms of the operation of a medical scheme, covering the following aspects:

- Medical Schemes Act, 131 of 1998, relating to the rights of members;
- BP Medical Aid Society Rules relating to the rights of members;
- BP Medical Aid Society Rules relating to the governance, duties and powers of the Board of Trustees.

The Chairperson opened a poll for members to indicate their understanding of these rights as it pertained to them as members. A total of 23 members voted in the poll and the outcome reflected that nineteen (19) members (82.61%) understood the Rules and four (4) members (17.39%) did not.

3. RESOLUTION 1 (BINDING): APPROVAL OF THE MINUTES OF THE AGM HELD ON 28 JUNE 2021

The minutes of the AGM held on 28 June 2021, having been circulated, was **approved** by the members, the resolution of which was voted on as follows. The resolution was carried by majority vote:

	Votes	Percentage (%)
In favour	86	95.56%
Against	4	4.44%
Abstained	8	

The following matters arose from the previous minutes:

• **Members residing overseas**

The Board reviewed and amended the processes relating to:

- contributions made to the Society by these members are now collected monthly; and
- refunds due to these members by the Society are now paid monthly.

This matter was regarded as closed.

• **Operations Committee**

- The Committee consists of the Acting Principal Officer, the Administrator and bpSA Payroll.
- The meeting frequency of the Committee is monthly.
- Operational challenges are raised, addressed and resolved at these meetings.

This matter was regarded as closed.

4. PRESENTATION OF THE REPORT OF THE CHAIRPERSON OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2023

The Report of the Chairperson of the Board of Trustees for the year ended 31 December 2023, having been circulated in the Annual Financial Statements, was taken as read.

The Chairperson presented a Risk Report to the meeting and elaborated on the following key matters:

- The 2002 Agreement between bpSA and BP Medical Aid Society regulates important aspects of the relationship between the Employer and the Society, which includes, but are not limited to:
 - the Scheme's understanding to admit to membership (subject to the general provisions of the Rules) and retain as members persons designated by bpSA to be employees or continuation members, as defined in the Rules;
 - the election of the Trade Union Representative to the Board of Trustees;
 - the right to appoint an equal number of persons as Employer Representatives to the Board, to those elected by the members, excluding the elected Trade Union Representative;
 - an extension of the period of office of Trustees appointed by the Board;
 - removal of the casting vote of the Chairperson;

**BP MEDICAL AID SOCIETY
MINUTES OF THE EIGHTY-FIFTH ANNUAL GENERAL MEETING HELD VIRTUALLY
ON WEDNESDAY, 26 JUNE 2024 AT 10:00 (CONTINUED)**

4. PRESENTATION OF THE CHAIRPERSON OF THE BOARD OF TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

- agreement that the Society would amend the Rules to provide for such provisions;
- liability of bpSA for payment to the Society and undertaking by the Society in consideration of such contributions;
- payment of members' claims for the treatment of HIV; and
- payment of the salary of the Principal Officer.

The Continuing Financial Commitment (CFC) contribution to the Society amounted to R32 million in 2023 (2022: R31.7 million). **The risk being that without this continued financial contribution, member contributions would significantly increase.**

- Update on the National Health Insurance (NHI):
 - The NHI Bill was signed into law by President Cyril Ramaphosa on Wednesday, 15 May 2024.
 - The Society supports the implementation of an NHI model that sustainably, practically and affordably extends access to quality healthcare to all SA citizens.
 - At present, the Society feels that the NHI Act is not suitably geared towards delivering on this promise, as it rules out private sector collaboration and does not have access to the funding required to implement a working solution.
 - The Society commits to continue engaging with all relevant stakeholders and Government to progress towards an NHI that truly benefits all South Africans.

The risk being that the full implementation of the NHI in its current form would lead to the demise of BP Medical Aid Society.

- The operational statistics of the Society:
 - The number of principal members had steadily declined over time.
 - The average age had increased dramatically, with the associated risks thereof reflected in the chronic illnesses prevalence of the Society;

The risk being that the age profile and burden of disease and the declining membership may result in higher contribution increases.

5. RESOLUTION 2 (NON-BINDING): ADOPTION OF THE CHAIRPERSON OF THE BOARD OF TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Chairperson's Report for the year ended 31 December 2023 was **presented** to the members, with the majority of members indicating that they do not understand the risks mentioned in 4. above.

The resolution was carried by majority vote:

	Votes	Percentage (%)
For – I understand the risks facing the Society	11	11.83%
Against – I require more information on the risks	82	88.17%
Abstained	0	

The Chairperson advised that it was evident that a large proportion of the members require additional information relating to the risks faced by the Society and this matter would be addressed under the tenure of the newly elected Board of Trustees.

The members **noted** the Trustees and independent members appointed to the Audit and Risk Committee of the Society, as set out in the Terms of Reference, as per the Medical Schemes Act, 131 of 1998.

6. PRESENTATION OF THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Mr Bradley Sickle, the Chairperson of the BP Medical Aid Society Audit and Risk Committee, summarised the key points of the Annual Financial Statements for the year ended 31 December 2023, a copy of which was included in the meeting pack and the content of which was taken as **read**.

**BP MEDICAL AID SOCIETY
 MINUTES OF THE EIGHTY-FIFTH ANNUAL GENERAL MEETING HELD VIRTUALLY
 ON WEDNESDAY, 26 JUNE 2024 AT 10:00 (CONTINUED)**

7. RESOLUTION 3 (NON-BINDING) ADOPTION OF THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The audited Annual Financial Statements for the year ended 31 December 2023 was **adopted** by the members of the Society.

The resolution was carried by majority vote:

	Votes	Percentage (%)
For	99	96.12%
Against	4	3.88%
Abstained	3	

8. RESOLUTION 4 (BINDING) APPOINTMENT OF THE EXTERNAL AUDITORS FOR THE ENSUING YEAR

The Rules of the Society require that the Auditors be appointed at each AGM to hold office from the conclusion of that meeting until the conclusion of the next AGM. The meeting **noted** the recommendation of the Board to re-appoint Mazars as the Society’s external Auditors for the ensuing year.

The members **accepted** and **endorsed** the re-appointment of Mazars as the Society’s external Auditors for the ensuing year.

The resolution was carried by majority vote:

	Votes	Percentage (%)
For	90	95.74%
Against	4	4.26%
Abstained	4	

9. DISCLOSURE OF THE TRUSTEES’ AND COMMITTEE MEMBERS’ REMUNERATION

The Chairperson highlighted the Trustees/Committee members’ remuneration and related costs, as presented on page 41, section 11, of the Annual Financial Statements.

10. TO ANNOUNCE THE MEMBER-ELECTED AND EMPLOYER-APPOINTED TRUSTEES

The Chairperson advised that, as per the Court Order issued on 27 November 2024, the amended Rule 18 of the Society reads as follows: *‘The affairs of the Society shall be managed according to the Rules by a Board consisting of seven (7) persons who are fit and proper to be Trustees. Three (3) persons shall be appointed by the Employer (‘Employer-nominated Trustees’), and four (4) persons must be elected from the members (‘Member-elected Trustees’), at least one (1) of whom shall be from the list of nominees furnished by Members who are Trade Union members (‘Trade Union Nominees’)’.*

Following a nomination and election process conducted by Lumi Technologies prior to the AGM, the Chairperson announced the outcome of the 2024 Trustee election, as well as the Trustees appointed by the Employer, which were noted as follows:

Employer-appointed Trustees	Member-elected Trustees
<ul style="list-style-type: none"> • Tasneem Connelly • Doug Klein • Michael Wilson 	<ul style="list-style-type: none"> • Richard Fienberg • Anne Book • Deyar Natha • Calvin Azwifariwi Nefale (SACWU)

Ms A Groenewald, the Society’s appointed Auditor, confirmed the auditing process (an agreed-upon procedure) conducted by Mazars in relation to the 2024 Trustee elections. The Auditors found that the 2024 Trustee elections were free and fair, which places the Society in compliance with Section 57.2 of the Medical Schemes Act, 131 of 1998.

**BP MEDICAL AID SOCIETY
MINUTES OF THE EIGHTY-FIFTH ANNUAL GENERAL MEETING HELD VIRTUALLY
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11. TO ANNOUNCE THE COMPOSITION OF THE DISPUTES COMMITTEE

The Chairperson read out the disputes process to follow, as outlined in Rule 28 of the Society's Rules.

The Chairperson advised that a Disputes Committee was established and is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties in line with the Medical Schemes Act, 131 of 1998: *'The Committee shall comprise of three (3) members, who may not be members of the Board of Trustees as defined in the Rules or the Principal Officer or any other Officer of the Society as defined in the Act or of the Administrator'*.

The Disputes Committee comprises:

- Ms J Moseithi Appointed 1 July 2023
- Mr J Kikaya Appointed 1 July 2023
- Adv H Loots Appointed 1 June 2024
- Ms I Juhnke Appointed 1 July 2023 and resigned 28 May 2024

The primary responsibility of the Disputes Committee is to assist the Board of Trustees in carrying out its duties in respect of disputes. A chairperson of the committee is elected from its members at each meeting. There were no Disputes Committee meetings held during the period under review.

12. OTHER BUSINESS OF WHICH NOTICE WAS GIVEN TO THE PRINCIPAL OFFICER BY NO LATER THAN 16 JUNE 2024

A total of two (2) motions were received, which were outlined as follows:

Motion 1 was received from Mr Peter Dewey and 88 listed members of the Concerned Members Support Group (CMSG):

It was moved that the present serving Trustees and the relevant prior Trustees during the period 2018 to present should be censured by the members for knowingly persisting in a state of non-compliance with the governance requirements of the Medical Schemes Act, 131 of 1998, and for resisting the Registrar in his attempts to regularise the governance of the Society, to the point where the Registrar had to institute court action against the Society.

Furthermore, the new Board of Trustees formed after the 2024 AGM was called upon to set it as a first order of business that a full account of the costs incurred by both the Society and its members as a consequence of this non-compliance should be disclosed to the members as soon as possible.

Motion 2 was received from Mr Glass:

- It was moved that the Acting Principal Officer of the Society be censured by the members for knowingly persisting in a state of non-compliance with the governance requirements of the Medical Schemes Act, 131 of 1998, and for resisting the Registrar in his attempts to regularise the governance of the Society, to the point that the Registrar had to institute court action against the Society in an attempt to enforce compliance.
- Furthermore, the newly appointed Board was called upon to fully investigate the Acting Principal Officer's conduct relating to the activities of the 'illegitimate' Board of the Society from July 2021 to present, during which time the Acting Principal Officer failed to safeguard the interests of members and prevailed over her own agenda and that of others in direct contravention of the Medical Schemes Act, 131 of 1998, principles of governance and Rules of the Society.

The Chairperson handed over to Ms Beneke, who represented the Society's appointed Attorneys, to address both motions presented. Ms Beneke highlighted the following key points:

- The Constitutional Court in *Genesis Medical Scheme vs the Registrar of Medical Schemes and Another* (2017) ZACC 16 held that the nature of the relationship that exists between a medical scheme and its members is commercial in nature, which is similar to the commercial relationship between an insurer and an insured: the scheme undertaking liability in return for the payment of a contribution.

**BP MEDICAL AID SOCIETY
MINUTES OF THE EIGHTY-FIFTH ANNUAL GENERAL MEETING HELD VIRTUALLY
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12. OTHER BUSINESS OF WHICH NOTICE WAS GIVEN TO THE PRINCIPAL OFFICER BY NO LATER THAN 16 JUNE 2024 (CONTINUED)

As such, the powers of members of a medical scheme are limited to those prescribed in the Medical Schemes Act, 131 of 1998, as amended, and the approved rules of a medical scheme. Likewise, neither the Medical Schemes Act nor the Rules of BP Medical Aid Society affords members the right or the power to censure the Board of Trustees or direct them in the management of the Society's affairs, or to reprimand the Principal Officer. Should members have complaints or disputes with the Society, represented by the Board of Trustees, these complaints must be formally lodged by the members in terms of Rule 28.

- The Board of Healthcare Funders (BHF), which is the industry representative body, wrote to the Chairperson of the CMS and the Minister of Health on 16 February 2024 to lodge a formal complaint regarding the maladministration of the CMS, wherein, amongst others, the BHF noted that curatorship was being used as a tool to intimidate the boards of medical schemes within the industry. By misapplying the remedy of curatorship, the Registrar and CMS were wasting public funds on expensive legislation. The BP Medical Aid Society Board was concerned that the reputational damage to the Society would be enormous. The cost of having a Curator appointed was estimated to be between R3.6 million and R4 million and the cost of litigation to defend the Society was approximated at R1.8 million.
- The Society addressed various governance matters and had furthermore submitted a Rule amendment addressing the composition of the Board to the Registrar. The Registrar in turn was '*functus officio*' and, as such, was unable to withdraw an administrative order despite being informed that the governance matters had subsequently been rectified and that the Rule amendment had been submitted to CMS. The Society and the Registrar reached a settlement in the High Court relating to this matter on 27 November 2023, whereby the Registrar would appoint an Investigator to consider the question of the proper composition of the Board and the degree to which an amendment of the Rules of the Society would adequately address any disputes relating to the composition of the Board.
- The court order stipulated that the Society was directed to reconstitute its Board of Trustees in accordance with the amended Rules, to appoint Lumi Technologies (Pty) Ltd to conduct the Trustee election process in accordance with the Rules, and to convene an AGM within 90 days. The current Board was to continue to discharge its functions and duties in accordance with the Society's Rules, citing the '*Oudekraal principle*'.
- The Investigators' Report concluded that the composition of the Board did not satisfy the requirements of the Medical Schemes Act, 131 of 1998. However, it was found that the amended Rules of the Society would not be in contravention of Section 57(2) of the Medical Schemes Act and would adequately address the existing disputes relating to the composition of the Board. Based on the outcome of the Investigators' Report and in terms of the court order, the Rule shall be deemed to have been amended on 27 November 2023.
- The Investigators' Report and court order with the amended Rules may be viewed on the member portal of the BP Medical Aid Society website.

Claims against the Employer:

Clause 4.1.3.6 of the 2002 Agreement between BP Medical Aid Society and bpSA indicated that, should any changes to the overall membership of the Society be brought about through the action of the Employer that results in financial prejudice to the membership, the parties are obliged to renegotiate the additional contribution made by the Employer to remove the prejudice.

In 2021, the Employer deviated from its standard conditions of employment and permitted the Total-Cost-of-Employment (TCOE) staff the freedom to join a medical scheme of their choosing. This resulted in the Society lodging a claim of R178 million against the Employer. This matter is currently under arbitration and must be pursued by the newly elected Board.

In 2024, the Employer outsourced its secondary transport function, impacting 193 members. On 30 April 2024 the Society lodged a claim of R132 million against the Employer. This claim must be pursued by the newly appointed Board.

**BP MEDICAL AID SOCIETY
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12. OTHER BUSINESS OF WHICH NOTICE WAS GIVEN TO THE PRINCIPAL OFFICER BY NO LATER THAN 16 JUNE 2024 (CONTINUED)

To this end, the Society appointed a negotiation team consisting of Mr Bradley Sickle (Chairperson of the BP Medical Aid Society Audit and Risk Committee), Ms Michelle Beneke (BP Medical Aid Society Attorney of Record) and Mr Carl Yssel (3One Consulting Actuaries).

The Chairperson opened the floor for additional questions relating to the agenda, after which the following two questions were raised:

- **Why was Mr Wilson operating as Chairperson of the AGM?**
The Chairperson responded and advised that, as the current Chairperson of the Board of Trustees, it was his responsibility to chair the AGM (Rule 18.12).
- **Why were questions not allowed during the presentation?**
The Chairperson responded that this was due to the time constraints within which the AGM was scheduled and questions were being held until the end of the meeting and any additional questions could be directed to agmbpmas@momentum.co.za.

CLOSURE

The Chairperson thanked everyone for attending and assured the meeting that the Board of Trustees would find innovative ways to ensure the sustainability of BP Medical Aid Society in the best interests of its members.

There being no further business, the Chairperson declared the meeting closed at 11:18.

CHAIRPERSON

DATE

BP MEDICAL AID SOCIETY

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

BP MEDICAL AID SOCIETY

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024**

The reports and statements set out below comprise the Annual Financial Statements and Trustees Report presented to the members:

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BP MEDICAL AID SOCIETY

**STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES
for the year ended 31 December 2024**

The Board of Trustees is responsible for the preparation, integrity and fair presentation of the Annual Financial Statements of the BP Medical Aid Society (BPMAS). The Annual Financial Statements have been prepared in accordance with IFRS® Accounting Standards ("Accounting Standards"), IFRIC® interpretations and the Medical Scheme's Act of South Africa and include amounts based on judgements and estimates made by management under the guidance and oversight of the Trustees.

The Board of 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 Board of Trustees is satisfied that the information contained in the Annual Financial Statements fairly present the results of operations for the year, the cash flow and the financial position of the Society at year-end. The Trustees are also responsible for the preparation of the other information included in the annual report and are responsible for both its accuracy and its consistency with the Annual Financial Statements.

The Board of Trustees have the responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Society which enables the Trustees to ensure that the Annual Financial Statements comply with the relevant legislation.

No significant events have occurred subsequent to the financial year end that the Board believes should be brought to the attention of the members of the Society.

The Trustees have made an assessment of the ability of the Society to continue as a going concern based on an actuarial analysis. The Trustees believe the Society will be a going concern in the year ahead.

The Society's external auditors, Forvis Mazars, audited the Annual Financial Statements in terms of International Standards on Auditing.

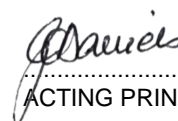
The Annual Financial Statements were approved by the Board of Trustees on 25 April 2025 and are signed on its behalf by:



CHAIRMAN



TRUSTEE



ACTING PRINCIPAL OFFICER

25 April 2025

BP MEDICAL AID SOCIETY

**STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES
for the year ended 31 December 2024**

The BP Medical Aid Society (the Society) is committed to the principles and practice of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Society conducts its affairs according to ethical values. The Trustees of the Society are appointed or elected by the participating employers or the members of the Society or elected by Trade Union(s) recognised by the participating employer. The Trustees recognise the need to conduct the business of the Society in accordance with the principles of the King IV™ Report™ on Corporate Governance ('King code'), as applicable.

BOARD OF TRUSTEES

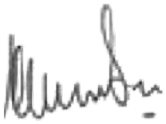
The Board of Trustees monitor the performance of the administrator. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive.

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


INTERNAL CONTROLS

The administrator of the Society maintains internal controls and systems designed to provide reasonable assurance as to the integrity, adequacy and reliability of the Annual Financial Statements and to safeguard, verify and maintain accountability for the Society's assets. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

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



.....
CHAIRMAN



.....
TRUSTEE



.....
ACTING PRINCIPAL OFFICER

25 April 2025

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Independent Auditor's Report

25 April 2025

To the Members of BP Medical Aid Society

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BP Medical Aid Society (the Society) set out on pages 19 to 52 which comprise statement of financial position as at 31 December 2024, and the statement of comprehensive income and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of BP Medical Aid Society (the Society) as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Medical Schemes Act of South Africa.

Basis for Opinion

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

Registered Auditor – A firm of Chartered Accountants (SA) • IRBA Registration Number 900222

Partners: MV Ninan (Country Managing Partner), C Abrahamse, SJ Adlam, JPMP Atwood, JM Barnard, AK Batt, S Beets, T Beukes, WI Blake, HL Burger, MJ Cassan, C Coetzee, JC Combrink, JR Comley, TVDL De Vries, CR De Wee, G Deva, Y Dockrat, S Doolabh, A Driscoll, M Edelberg, JJ Eloff, T Erasmus, F Esterhuizen, Y Ferreira, MH Fisher, B Frey, T Gangen, M Groenewald, K Hoosain, MY Ismail, B Jansen, J Kasan, D Keeve, J Marais, TL Maree, N Mayat, B Mbunge, G Molyneux, A Moruck, R Murugan, S Naidoo, MG Odendaal, W Olivier, MT Rossouw, M Pieterse, E Pretorius, W Rabe, N Ravele, D Resnick, L Roeloffze, M Saayman, E Sibanda, MR Snow, EM Steyn, HH Swanepoel, AL Swartz, DM Tekie, MJA Teuchert, N Thelander, S Truter, PC van der Merwe, R van Molendorff, JC Van Tubbergh, N Volschenk, S Vorster, J Watkins-Baker

Our offices: Bloemfontein, Cape Town, Durban, Gqeberha, Johannesburg, Paarl, Pretoria

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.

Matter	Audit response
<p>Valuation of the Insurance Contract Liability: Liability for Incurred Claims (LIC) (Note 6)</p> <p>The LIC provision of R324 050 (2023: R4 229 234) forms part of the insurance contract liabilities which is disclosed under note 6 in the financial statements as at 31 December 2024 and includes the Liability for Incurred Claims (LIC) and the Risk Adjustment factor for non-financial risk (RA).</p> <p>The Society is required to provide for and report on the LIC. The LIC is measured at the fulfilment cash flows related to past service for cash flows within the contract boundary (best estimate of fulfilment cash flows) and adjusted to reflect the compensation that the Society requires for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk as the Society fulfils its insurance contracts (risk adjustment).</p> <p>The Society estimates which cash flows are expected and the probability that they will occur as at the measurement date. The uncertainty in the insurance contracts lies in the number, severity, and timing of claims. The estimation is based on historical information, current conditions, and forecasts of future conditions. To the extent that the historical claims development method is used, it is assumed that the historical pattern will occur again in the future.</p> <p>The risk adjustment for non-financial risk is calculated at portfolio level as the Act limits the Society's ability to set a price that reflects the risk at member level.</p>	<p>Our procedures to address the key audit matter included the following audit procedures:</p> <ul style="list-style-type: none"> • We have assessed whether the policies adopted by the Society for the valuation of the LIC were appropriate and consistent with IFRS Accounting Standards and that the assumptions made were reasonable; • We have assessed the Society's estimate of the LIC by performing various audit procedures, which includes the following: <ul style="list-style-type: none"> - assessing the competence, capabilities and objectivity of the Society actuary performing the calculation of the liability; - obtaining the actuarial reports from the society and administrators documenting their findings and assumptions used in the calculation of the LIC and risk adjustment (RA); - we utilised our internal actuary expertise to test the basis of the Society's calculation and assumptions made in the determination of the LIC and RA; - assessing and evaluating the completeness of the claims data used in the Society's actuarial model by obtaining an understanding of the controls in place and testing the reconciliation between the claims data per the member administration system and the claims data per the actuarial model; - substantively testing a sample of claims received by the Society for the year, from the member administration system and testing the accuracy of the risk claims by testing the service date, receipt date and payment dates against the Society rules; - testing the risk adjustment by obtaining an understanding of the Society's RA

Matter	Audit response
<p>At year-end, the LIC is calculated by the Society's actuaries, using the Basic Chain Ladder method to determine the LIC and RA respectively. The Confidence Interval to determine the Risk Adjustment has been set at 75% by the Society.</p> <p>We considered this a key audit matter due to the materiality thereof, the degree of estimation uncertainty and the significant judgement required in the selection of the risk adjustment for non-financial risk factors and calculation of the BEL and RA.</p>	<p>methodology and performing independent calculations using the Society's risk claims data.</p> <ul style="list-style-type: none"> • We have recalculated the total incurred claims using our internal claims runoff triangles to assess the reasonability of the model used by the Society's Actuaries. • We assessed the accuracy of the Liability for incurred Claims by reviewing claims received subsequent to year end relating to the financial year of the Society. • We assessed and evaluated the presentation and disclosure of the LIC in the Society's Financial Statements.

Other Information

The trustees are responsible for the other information. The other information comprises the information included in the document titled BP Medical Aid Society Annual Financial Statements for the year ended 31 December 2024, which includes the Statement of Responsibility of the Board of Trustees and the Statement of Corporate Governance by the Board of Trustees required by the Medical Schemes Act of South Africa, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon on.

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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the Financial Statements

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the 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 trustees are responsible for assessing the Society'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 trustees either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the 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 society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the society 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the society to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the society audit. We remain solely responsible for our audit opinion.

We communicate with the 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, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

Non-compliance with the Medical Schemes Act of South Africa:

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

- **Contravention of Section 26(7) of the Medical Schemes Act**
As at 31 December 2024, there were contribution debtors outstanding for more than 30 days in the amount of R141 810 (2023: R105 493), the majority of which relates to debit order pensioners and pensioner employer groups in Portugal.
- **Contravention of Section 35(8)(c) of the Medical Schemes Act**
The Society had exposure to shares, bonds and money market investments of which the Society might be in breach of Section 35(8)(c).

Audit Tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that this is the fourth year Forvis Mazars has been the auditor of BP Medical Aid Society.

The engagement partner, Fazlin Esterhuizen, is responsible for BP Medical Aid Society's engagement for 1 year.

Forvis Mazars

Forvis Mazars
Partner: Fazlin Esterhuizen
Registered Auditor
Cape Town
25 April 2025

BP MEDICAL AID SOCIETY**REPORT OF THE BOARD OF TRUSTEES
for the year ended 31 December 2024**

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

Registration number: 1237

1. MANAGEMENT**1.1 BOARD OF TRUSTEES**

The following persons served on the Board of Trustees during the year under review:

Employer Appointed		
M Wilson	Chairperson	Appointed 23 February 2021 and re-elected as Chairperson 16 July 2024 (after AGM 2024)
T Connelly		Appointed 28 June 2021
D Klein		Appointed 1 June 2023 and resigned 10 July 2024
L Sihlobo		Appointed 10 July 2024

Member Elected		
B Mahlo		Appointed 1 April 2022 and term ended 26 June 2024
C McClelland		Appointed 1 April 2022 and term ended 26 June 2024
R Fienberg		Appointed 26 June 2024 and removed 4 December 2024
A Book		Appointed 26 June 2024 and removed 4 December 2024
D Natha		Appointed 26 June 2024 and removed 4 December 2024

Union Member Elected		
L Mlomo	Vice-Chairperson	Appointed 28 June 2021 and resigned 31 January 2024
K Mtshazo		Appointed 26 January 2024 and term expired 26 June 2024
C Nefale	Vice-Chairperson	Appointed 26 June 2024

On 23 July 2024 the Board appointed an independent chairman from the legal firm Edward Nathan Sonnenberg Inc to investigate charges brought against a member-elected trustee for failing to adhere to the Code of Conduct according to the Rules of the Society.

This related to the release of portions of a confidential report to third parties without the authorisation of the Board of Trustees. The information so disclosed by the trustee intentionally omitted key information regarding the eligibility of one of the member-elected trustees to be a member-elected trustee. This incorrect information was then distributed across a broad sector of the membership.

An independent hearing was convened and the recommendation of the chairperson to the Board was that the member-elected trustee had breached the confidentiality obligations in terms of the Code of Conduct which, in terms of the Rules, necessitated their removal as a trustee. Two other member-elected trustees were implicated as confirmed by sworn affidavits presented by them during the course of the independent hearing. The other member-elected trustees were afforded an opportunity to make representations to the Board, which they declined. In the absence of any evidence to the contrary, these two other member-elected trustees were also removed in terms of the Rules.

In terms of Rule 18.8.2, the Board is entitled to fill casual vacancies and members on the ballot list with the next highest votes have taken up the seats as member-elected trustees with effect from 01 March 2025.

1.2 ACTING PRINCIPAL OFFICER

J Daniels

BP Waterfront
Dock Road
Portwood Ridge
V & A Waterfront
8002

P O Box 6006
Roggebaai
8012

1.3 REGISTERED OFFICE ADDRESS AND POSTAL ADDRESS

BP Waterfront
Dock Road
Portwood Ridge
V & A Waterfront
8002

P O Box 6006
Roggebaai
8012

Country of registration and domicile

South Africa

BP MEDICAL AID SOCIETY**REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2024****1.4 MEDICAL SCHEME ADMINISTRATOR AND MINUTE TAKING**

Momentum Health (Pty) Ltd
268 West Avenue
Centurion
0157

P O Box 7400
Centurion
0046

Accreditation number: 13

1.5 MANAGED CARE

Momentum Health (Pty) Ltd
268 West Avenue
Centurion
0157

P O Box 7400
Centurion
0046

Accreditation number: MCO: 59

1.6 INVESTMENT MANAGERS**1.6.1 Alexander Forbes Financial Services (Pty) Ltd**

115 West Street
Sandown
2146

P O Box 786055
Sandton
2146

Accreditation number: FAIS 711

1.6.2 Coronation Medical Absolute Portfolio

7th Floor, MontClare Place
Cnr Campground and Main Roads
Claremont
7708

P O Box 44684
Claremont
7735

Investor Code: 23636

1.6.3 Old Mutual Investment Group (Pty) Ltd

West Campus Entrance 1, Mutualpark
Jan Smuts Drive, Pinelands
Cape Town
7405

PO Box 878
Cape Town
7405

FSP no: 604

1.6.4 Ninety One Limited

Merchant House
19 Dock Road
V&A Waterfront
Cape Town
8001

FSP no: 587

1.6.5 ABAX

The Oval
1 Oakdale Road
Newlands
7700

FSB no: 856

BP MEDICAL AID SOCIETY**REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2024****1.7 INVESTMENT CONSULTANT****Willis Towers Watson Actuaries and Consultants (PTY) Ltd**

Level 4 MontClare Place
23 Main Road
Claremont
7708

Private Bag X30
Rondebosch
Cape Town
7701

FSP no: 2545

1.8 AUDITORS

Forvis Mazars
Forvis Mazars House
Rialto Road
Grand Moorings Precinct
Century City
7441

PO Box 134
Century City
7446

1.9 ACTUARIAL CONSULTANTS

Alexander Forbes Health (Pty) Ltd
40 Dorp Street
Stellenbosch
7600

P O Box 700
Stellenbosch
7599

2. DESCRIPTION OF THE MEDICAL SCHEME

The Society is a not-for-profit restricted membership scheme registered in terms of the Medical Schemes Act. Membership of the Society is open to all employees of BP Southern Africa (Pty) Ltd (bpSA), former employees subject to qualifying conditions, employees of any other associated employer to whom membership has been extended and to the dependants of such employees.

2.1 BENEFIT OPTIONS WITHIN THE SOCIETY

The Society offers a single comprehensive benefit plan.

2.2 SAVINGS PLAN

There is no medical savings plan.

2.3 RISK TRANSFER ARRANGEMENTS

The Society entered into a capitation agreement with Iso Leso Optics Ltd (Iso Leso), whereby Iso Leso facilitates optometric services through a network of contracted providers to the beneficiaries on behalf of the Society.

The Society entered into a capitation agreement with Netcare Hospitals (Pty) Ltd (Netcare 911), whereby Netcare 911 (Pty) Ltd facilitates emergency transport for beneficiaries on behalf of the Society.

2.4 OPERATING ENVIRONMENT

There have been no other significant changes apart from those disclosed in note 8 of this report.

2.5 Freedom of Association: Total Cost of Employment (TCOE) option of Choice

All TCOE employees have the option to review and exercise their option of choice once annually. This change became effective 1 January 2021. bpSA reminds employees of the "open window to change medical aid schemes" annually in October/November should they wish to exercise their option of choice.

In recognition of the impact of the decisions of BP in respect of its employees on BPMAS, BP and BPMAS concluded an agreement on 22 October 2002 to regulate the relationship between the parties ("2002 Agreement"). In particular, clause 4.1.3.6 of the Agreement required BP to give BPMAS reasonable prior written notice of such a decision; with the parties then renegotiating any additional contributions payable by BP to remove the prejudice associated with such decision. The impact of the decision on BPMAS is R178 million. The matter is now in arbitration.

2.6 bpSA Outsourcing of Transport Function

Notification from the employer, bpSA dated 1 November 2023, confirmed that following a review of the bpSA organizational structure, the company has concluded the outsourcing of its secondary transport function effective 31 January 2024. The termination of impacted employees was concluded as stipulated in section 197(6) of the Labour Relations Act, 1995. A total of 226 bpSA employees were impacted by this change ("Impacted Employees"). Of the 226 impacted employees, 193 were active members of the BP Medical Aid Society.

In terms of section 9(6)(2)(i) of the agreement concluded between BP and BPMAS on 22 October 2002 ("**2002 Agreement**") the decision by bpSA to outsource the secondary transport function constituted a change in the overall membership profile of BPMAS to the financial prejudice of its members. The claim amount of R132.1 million is currently under review by bpSA for discussion.

BP MEDICAL AID SOCIETY

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2024

3. INVESTMENT STRATEGY

The Board of Trustees have a statutory and fiduciary duty to invest the Society's assets in line with the requirements of the Medical Scheme Act 131 of 1998 (as amended) and in a responsible manner in order to protect the Society's reserves.

Willis Towers Watson (Pty) Ltd was appointed as the Society's Investment Consultant, effective 1 October 2023.

For the purposes of the Society's investment strategy, the Board of Trustees has categorised the Society's assets as follows:

Type of Asset	Purpose	Allocation	Target Return
Cash: Current account, call accounts and fixed deposits	Ensure sufficient cash is available to pay claims and other operational expenses as well as comply with	The greater of: • 25% of annual contributions excluding the Continuing Financial Commitment (CFC). • 25% of total assets	SteFI Call Rate p.a. during any rolling 1 year period
Solvency Reserve:	Ensure that the solvency ratio target is met and that the minimum required assets in terms of the Act is invested in accordance with Annexure B of the Act.	50% of annual contributions including the CFC	CPI + 3% p.a. over rolling 3-year periods
Excess assets	Enhance the return on the Society's investments	Assets in excess of annual contributions allocated to the Cash and Solvency Reserve	CPI + 5% p.a. over rolling 7-year periods

4. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Society assumes the risk of loss from members and their dependants who are directly subject to the risk. This risk relates to the health of the Society's members. As such the Society is exposed to the uncertainty surrounding the timing and severity of claims under the contract between the Society and its members. The Society also has exposure to market risk through its insurance and investment activities.

The Society manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, as well as the monitoring of emerging issues, and network arrangements through the appointment of designated and preferred service providers.

The Society uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. 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 is 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 using established statistical techniques.

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 OPERATIONAL STATISTICS

	2024	2023
Number of members at year-end	996	1 242
Average number of principal members for the year	1 082	1 284
Average number of beneficiaries for the year	1 787	2 435
Number of beneficiaries at year-end	1 702	2 353
Average dependants per principal member	0.96	0.96
Average age of beneficiaries	59.94	51.58
Pensioner ratio (i.e. the proportion of beneficiaries who are 65 years of age and older)	54.0%	38.1%
Continuation member ratio (i.e. all principal members not actively employed by the employer)	79.3%	67.6%
Average Continuing Financial Commitment per member (R)	97	218
Average Continuing Financial Commitment per beneficiary (R)	58	115
Average insurance revenue per member per month (R)	8 119	7 464
Average insurance revenue per beneficiary per month (R)	4 916	3 936
Relevant healthcare service expenses as a percentage of contributions	102.5%	102.5%
Relevant healthcare service expenses per beneficiary per month (R)	5 039	4 035
Directly Attributable insurance service as a percentage of contributions	2%	3%
Directly Attributable insurance services expenses per average beneficiary per month	119	104
Average total administration costs per member per month (R)	1 753	1 040
Average managed care: Management Services per member per month (R)	138	137
Average liability for future members per member at 31 December (R)	202 270	156 215
Managed care: Management Services as a percentage of contributions	1.7%	1.8%
Total administration expenses as a percentage of contributions	6.7%	6.5%
Amounts paid to administrator (R)	4 342 248	5 191 841
- Administration fees (Refer note 11) (R)	2 556 327	3 092 433
- Managed care fees (Refer note 10) (R)	1 785 921	2 099 408
Non-healthcare expenditure per beneficiary per month (R)	252	182
Return on investments	9.3%	7.2%

BP MEDICAL AID SOCIETY**REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2024****5.2 RESULTS OF OPERATIONS**

The results of the Society's operations for the year under review and financial position at 31 December 2024 are set out in the Annual Financial Statements. The Trustees believe that no further clarification is required.

5.3 SOLVENCY RATIO**2024**
R**2023**
R

The solvency ratio is calculated on the following basis:

Insurance contract liability to future members per statement of financial position	218 856 292	200 580 172
Less: Cumulative unrealised gains on financial assets at fair value through profit or loss	(31 762 413)	(19 096 777)
Reserves as per Regulation 29	<u>187 093 879</u>	<u>181 483 395</u>
Insurance revenue	<u>105 420 714</u>	<u>115 005 181</u>
Solvency ratios:		
Reserve funds/Insurance revenue X 100 %	<u>177.47%</u>	<u>157.80%</u>

5.4 LIABILITY ADEQUACY TEST

Liability adequacy tests are performed to ensure the adequacy of insurance payables as at the reporting date. In performing these tests, current estimates of future cash flows under the Society's insurance payables are used and any deficiency is recognised in the surplus or deficit.

5.5 INSURANCE CONTRACT LIABILITIES

Movements on the insurance contract liabilities are set out in note 6 to the Annual Financial Statements. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Society.

6. CONTINUING FINANCIAL COMMITMENT FROM EMPLOYER

In terms of the agreement concluded between BPMAS and bpSA on 22 October 2002, bpSA and its associates are liable to at agreed times make payments of defined subsidies, allowances, reimbursements and an additional contribution in respect of continuation members of BPMAS, the total of which is reflected in the accounts as Continuing Financial Commitment, which includes the reimbursement of defined HIV/AIDS related costs and Principal/Acting Principal Officer fees.

7. FIDELITY COVER

The Board of Trustees policy and cover on 31 December 2024 was R 25 000 000. The policy is underwritten by AIG UK Limited

8. Medical Scheme Act - Section 57 – General provisions on governance

In full settlement with the Registrar and in compliance with the order of the High Court, the Society conducted member elections during 2024 which culminated in the announcement of the names of the four member-elected trustees at the AGM held on 26 June 2024; thereby duly constituting the board.

A breach of confidential information and thereby failure to adhere to the Trustee Code of Conduct as enshrined in the Rules of the Society by a member-elected trustee led to his suspension on 23 July 2024. After an intensive independent external investigation following a rigorous process by the legal firm Edward Nathan Sonnenberg Inc (ENS), a recommendation was made to the Board to remove the first member-elected trustee.

Two additional member-elected trustees were implicated in the same breach of confidential information based on sworn affidavits submitted by them to the ENS independent investigation and were suspended on 18 November 2024.

The Board considered the recommendations of ENS in relation to the first member-elected trustee. The other two member-elected trustees were given an opportunity to defend themselves at the Board meeting but failed to attend. All 3 member-elected trustees were removed by the Board on 4 December 2024.

In terms of the Rule 18.8.2, the Board shall fill casual vacancies from the list of previous candidates. This Rule requires confirmation that before their formal appointment, that the candidates approached are "willing to serve as trustees" having obtained this confirmation, the new member-elected trustees were appointed at the Board meeting on 24 March 2025. The appointment of the new member-elected trustees, in terms of CMS procedure, was effective 1 March 2025.

BP MEDICAL AID SOCIETY**REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2024****9. EVENTS POST THE REPORTING DATE**

At the date of finalisation of the Annual Financial Statements there were no material events that occurred subsequent to the reporting date that required adjustments to the amounts recognised in the Annual Financial Statements.

10. ACTUARIAL SERVICES

The Society's actuaries, Alexander Forbes Health (Pty) Ltd, have been consulted in the determination of the contribution and benefit levels.

11. INVESTMENTS IN AND LOANS TO EMPLOYERS OF MEMBERS OF THE SOCIETY AND OTHER RELATED PARTIES

The Society holds no investments in, and has made no loans to any participating employers of the Society's members. Refer to note 18 of the Annual Financial Statements for other related party transactions.

12. AUDIT COMMITTEE

A representative Audit Committee was appointed, which should have at least 5 members, of which 2 shall be members of the Board of Trustees.

During the year the Audit Committee comprised of:

B Sickle	Independent member Chairperson	Appointed 26 August 2021
M Tshuma	Independent member	Appointed 7 November 2018
C McClelland	Trustee-member	Appointed 10 May 2022 and term ended 26 June 2024
T Connelly	Trustee-member	Appointed 26 August 2021
D Klein	Trustee-member	Appointed 1 June 2023 and resigned 10 July 2024
C Bosenberg	Independent member	Appointed 26 August 2021
L Mlomo	Trustee-member	Appointed 10 May 2022 and resigned 31 January 2024
M Van Est	Independent member	Appointed 28 October 2022
L Sihlobo	Trustee-member	Appointed 26 June 2024

Mr Michael Wilson, the Society Chairperson and Employer Appointed Trustee attends the meetings in an Ex-Officio capacity. He is not entitled to a vote.

The Acting Principal Officer attends the meetings as required of the office.

The Committee met on three occasions during the course of the year as follows:

25 April 2024
27 August 2024
24 October 2024

The administrator and the external auditors are invited to all Committee meetings and have unrestricted access to the Chairperson of the Committee and to the members of the Board of Trustees.

In accordance with the provisions of the Medical Schemes Act, the primary responsibility of the Committee is to assist the Board of Trustees in carrying out its duties relating to the Society'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.

BP MEDICAL AID SOCIETY**REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2024****13. INVESTMENT SUB-COMMITTEE**

An Investment Sub-Committee was established and is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Sub-Committee should consist of at least 3 members, of whom 2 shall be Trustees of the Society.

During the year the Investment Sub-Committee comprised of:

C Bosenberg	Independent member Chairperson	Appointed 26 August 2021
B Sickle	Independent member	Appointed 26 August 2021
M Wilson	Trustee-member	Appointed 28 August 2021
M Lockwood	Independent member	Appointed 20 September 2021 and term ended 26 June 2024
T Connelly	Trustee-member	Appointed 17 May 2022
C McClelland	Trustee-member	Appointed 17 May 2022 and term ended 26 June 2024

The Sub-Committee met on four occasions during the course of the year as follows:

6 February 2024
23 May 2024
27 August 2024
10 October 2024

The primary responsibility of the Sub-Committee is to assist the Board of Trustees in carrying out its duties relating to the investment strategy of the Society.

14. COMMUNICATIONS SUB-COMMITTEE

A Communications Sub-Committee was established and is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Sub-Committee should consist of at least 2 members, of whom at least 2 shall be Trustees of the Society.

During the year the Communications Sub-Committee comprised of:

M Wilson	Trustee-member Chairperson	Appointed 15 March 2021
T Connelly	Trustee-member	Appointed 6 February 2024
J Mahlo	Trustee-member	Appointed 1 April 2022 and term ended 26 June 2024
L Mlomo	Union member elected	Appointed 4 November 2021 and resigned 31 January 2024
C Nefale	Union member elected	Appointed 10 October 2024

The Acting Principal Officer attended the meetings as required of the office.

The Sub-Committee met on two occasions during the course of the year as follows:

6 February 2024
10 October 2024

The primary responsibility of the Sub-Committee is to assist the Board of Trustees in carrying out its duties relating to the communication to members of the Society.

BP MEDICAL AID SOCIETY**REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2024****15. CLINICAL SUB-COMMITTEE**

A Clinical Sub-Committee was established and is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Sub-Committee should consist of at least 3 members of whom 2 shall be Trustees of the Society and the Society's Medical Advisor.

During the year the Clinical Sub-Committee comprised of:

S Manjra	Chairperson and Medical advisor	Appointed 1994
M Wilson	Trustee-member	Appointed 1 March 2021
T Connelly	Trustee-member	Appointed 26 August 2021
L Sihlobo	Trustee-member	Appointed 26 June 2024

The Acting Principal Officer attended the meetings as required of the office.

The Sub-Committee met on two occasions during the course of the year as follows:

16 July 2024
5 August 2024

The primary responsibility of the Sub-Committee is to assist the Board of Trustees in carrying out its duties relating to clinical matters.

16. DISPUTES COMMITTEE

A Disputes Committee was established and is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Committee shall consist of 3 members, who may not be members of the Board of Trustees as defined in the rules or the Principal Officer or any other officer of the Society as defined in the act or of the Administrator.

During the year the Disputes Committee comprised of:

J Mosethi	Appointed 28 May 2024
J Kikaya	Appointed 28 May 2024
I Juhnke	Appointed 1 July 2023 and resigned 3 May 2024
Adv Hanri Loots	Appointed 28 May 2024

The primary responsibility of the Committee is to assist the Board of Trustees in carrying out its duties in respect of disputes. A chairperson is elected at each meeting.

There were no meetings held during this period.

BP MEDICAL AID SOCIETY

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2024

17. SOCIETY'S MEETING ATTENDANCE

Principal Officer/Trustees	Board Meetings		Special Board Meetings		Audit Committee		Investment Sub-Committee		Communications Sub-Committee		Clinical Sub-Committee (Ben	
	A	B	A	B	A	B	A	B	A	B	A	B
M Wilson (Chairperson)	4	4	8	8	3	3	4	4	2	2	2	2
L Mlomo (Vice-Chairperson) (Resigned 31 January 2024)									1	1		
Mr C Azwifariwi Nefale (Vice-Chairperson) (Elected 26 June 2024)	3	3	4	4								
C McClelland (Term ended 26 June 2024)	4	1	4	4	1	1	2	2				
T Connelly	4	3	8	7	3	1	4	3	2	1	2	2
BJ Mahlo (Term ended 26 June 2024)	1	1	4	4	1	0			1	1		
D Klein (Resigned 10 July 2024)	4	1	4	3								
J Daniels (Acting Principal Officer)	4	4	8	8	3	3	4	4	2	2	2	2
Mr K Mtshazo (Appointed 26 January 2024 and term ended 26 June 2024)	1	1	4	2								
Mr L Sihlobo (Elected 10 July 2024)	3	3	4	4	2	2						
Mr R Fienberg (Elected 26 June 2024 / Suspended 23 July 2024 / Removed from Board 4 December 2024)	1	0	1	0								
Ms A Book (Elected 26 June 2024 / Removed from Board 4 December 2024)	3	1	4	2								
Mr D Natha (Elected 26 June 2024 / Removed from Board 4 December 2024)	3	1	4	2								
M Lockwood* (Term ended 26 June 2024)							2	1				
C Bosenberg*					3	3	4	4				
M van Est*					3	3						
M Tshuma*					3	3						
B Sickle*			2	2	3	3	4	3				
S Manjra* (Medical Advisor)	4	4	1	1							2	2

A - total possible number of meetings could have attended

B - actual number of meetings attended

* - independent members

BP MEDICAL AID SOCIETY**REPORT OF THE BOARD OF TRUSTEES
for the year ended 31 December 2024****18. NON-COMPLIANCE MATTERS****18.1 Contravention of Section 35(8)(c) of the Medical Schemes Act*****Nature and Impact***

In terms of Section 35(8) of the Act, a medical scheme shall not invest any of its assets in the business of or grant loans to an employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme.

The Society holds shares in Momentum Metropolitan Holdings Ltd, Sanlam Limited, Liberty Holdings and Discovery Group Ltd. This is in contravention of this requirement of the Act.

Causes for the failure

The Society invests in a pooled portfolio and does not have control over the selection of the underlying assets.

Corrective action

The Council for Medical Schemes granted the Society an exemption for a period of three years until 30 November 2025.

18.2 Contravention of Section 26(7) of the Medical Schemes Act***Nature and Impact***

In terms of Section 26(7) of the Act, contributions should be received in accordance with the rules of the Society. The rules indicate that contributions should be received no later than three days after they become due. As at 31 December 2023, there were contribution debtors outstanding for more than 30 days to the amount of R141 810 (2023: R105 493) the majority of which relates to debit order pensioners as well as pensioner employer groups in Portugal. This amount represents 0.13% of the total contributions received during the year, the delay in receipt is in contravention of Section 26(7) of the Act.

Causes for the failure

Delays were experienced in respect of receipt of payment from some of the group codes.

Corrective action

This non-compliance is a result of the following:

Section 26(7) does not adequately provide for circumstances where member contributions are remitted from other countries of residence and the Society has pensioner members who reside outside South Africa.

BP MEDICAL AID SOCIETY

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

ASSETS	Notes	2024 R	2023 R
Non-current assets		149 568 994	118 951 841
Financial assets at fair value through profit or loss	3	149 568 994	118 951 841
Current assets		69 691 681	86 835 098
Financial assets at fair value through profit or loss	3	13 716 847	24 225 900
Cash and cash equivalents	4	55 481 359	45 477 842
Risk transfer contract asset	7	95 091	168 424
Other receivables	8	398 384	2 962 932
Investments at amortised cost	5	-	14 000 000
Total assets		219 260 675	205 786 939
FUNDS AND LIABILITIES			
Non-current liabilities			
Insurance contract liability to future members	6.1	218 856 292	200 580 172
Current liabilities		404 383	5 206 767
Insurance contract liability to present members	6	324 050	4 229 234
Other payables	9	80 333	977 533
Total funds and liabilities		219 260 675	205 786 939

BP MEDICAL AID SOCIETY

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2024

	Notes	2024 R	2023 R
Insurance revenue	10.1	105 420 714	115 005 181
Insurance service expenses		(107 872 692)	(117 426 581)
Claims incurred	10.2	(103 549 133)	(112 632 956)
Third party claims recoveries		34 041	351 163
Accredited managed healthcare services	11	(1 796 218)	(2 111 314)
Directly attributable expenses	12.3	(2 561 382)	(3 033 474)
Net income from risk transfer arrangements	7	187 722	468 993
Risk transfer arrangements premiums paid		(1 797 170)	(1 994 154)
Recoveries from risk transfer arrangements		1 984 892	2 463 147
Insurance service result		(2 264 256)	(1 952 407)
Other income		25 693 636	18 696 713
Investment income :Interest received	14	8 552 547	9 508 290
:Dividends received	14	2 596 415	3 230 695
Continuing financial commitment from employer	15	1 253 316	3 361 430
Sundry income	15	-	6 010
Realised gains	3	625 722	1 255 472
Unrealised gains/(loss) on financial assets at fair value through profit or loss	3	12 665 636	1 334 816
Other expenditure		(5 153 260)	(5 126 960)
Administration fees and other operating expenses	12.4	(4 483 075)	(4 399 816)
Net movement in provision for expected credit loss	13	4 723	187 475
Asset management fees	3	(674 908)	(914 619)
Surplus for the year		18 276 120	11 617 346
Transfer to amounts attributable to future members		(18 276 120)	(11 617 346)
Total comprehensive income for the year		-	-

BP MEDICAL AID SOCIETY
STATEMENT OF CASH FLOWS
for the year ended 31 December 2024

	Notes	2024 R	2023 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from members and providers		99 711 290	114 093 713
Cash receipts from members - contributions		99 479 784	113 578 713
Cash receipts from members and providers - other		231 506	515 000
Cash paid to providers, employees and members		(108 475 351)	(126 116 295)
Cash paid to providers, employees and members - claims		(105 948 008)	(120 424 356)
Cash paid to providers, employees and members - non-healthcare expenditure		(2 527 343)	(5 691 939)
Net cash used in operating activities		(8 764 061)	(12 022 582)
Other:		1 253 316	3 361 430
Continuing financial commitment from employer		1 253 316	3 361 430
Net cash used in operating activities		(7 510 745)	(8 661 152)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	3	(68 343 525)	-
Disposal of investments	3	80 643 525	24 394 393
Interest received		5 214 262	3 631 072
Net cash from investing activities		17 514 262	28 025 465
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year**		10 003 517	19 364 313
		45 477 842	26 113 529
Cash and cash equivalents at the end of the year	4	55 481 359	45 477 842

BP MEDICAL AID SOCIETY**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024****1. MATERIAL ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of the BP Medical Aid Society (the Society) Annual Financial Statements as set out below are in accordance with IFRS® Accounting Standards, and interpretations issued by the IFRIC® interpretations and in the manner required by the Medical Schemes Act. In addition the statement of comprehensive income is prepared in accordance with Circular 41 of 2012 issued by the Council for Medical Schemes that set out their interpretation of IFRS Accounting Standards as it relates to the statement of comprehensive income for Medical Schemes in South Africa.

The accounting policies adopted are consistent with those of the previous financial year.

Refer to note 2 for new standards and amendments to standards.

IAS 1(116) a. Compliance with IFRS Accounting Standards

The financial statements of the Society have been prepared in accordance with IFRS® Accounting Standards and IFRIC interpretations applicable to schemes reporting under IFRS accounting standards. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The Financial Statements are also prepared in accordance with the MSA, which requires additional disclosures for registered medical schemes.

IAS 1(117a) b. Historical cost

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) – measured at fair value.
- Insurance and reinsurance assets and liabilities – measured in terms of IFRS 17 estimates.
- Defined benefit pension plans – plan assets measured at fair value.

Functional and presentation currency

Items included in the Annual Financial Statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("the functional currency"). The Annual Financial Statements are presented in South African Rand ("the presentation currency"), which is the functional currency of the Society.

1.2 Financial instruments

Initial recognition and subsequent measurements

Financial assets**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss. The Society classifies its financial instruments at fair value through profit or loss (FVTPL) and financial instruments at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Society's business model for managing them. With the exception of non-insurance receivables that do not contain a significant financing component or for which the Society has applied the practical expedient, the Society may initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Non-insurance receivables that do not contain a significant financing component or for which the Society has applied the practical expedient are measured at the transaction price.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Society commits to purchase or sell the asset.

Subsequent measurement**Financial assets are amortised costs**

Financial assets are measured at amortised cost due to the objective of the financial assets held within the business model, is to collect contractual cash flows.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Society's financial assets at amortised cost includes non insurance receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents consists of call accounts and current account, which forms an integral part of the Society's cash management.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Investment income comprising interest, dividends, realised and unrealised gains / losses are recognised as investment income in the statement of profit and loss when the right to receive the income has been established.

The Society's financial instruments at fair value through profit or loss consists of investments in the statement of financial position.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024
1. PRINCIPAL ACCOUNTING POLICIES (continued)**1.2 Financial instruments (continued)****Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Society's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Society has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Society has transferred substantially all the risks and rewards of the asset, (b) has transferred control of the asset.

When the Society has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Society continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Society also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Society has retained.

Impairment

For insurance receivables, the Society assesses at each reporting date whether there is any objective evidence that a financial asset carried at amortised cost or a group of financial assets, excluding financial assets at fair value through profit or loss, is impaired. The Society applies a simplified approach in calculating expected credit losses (ECLs) for non-insurance receivables. Therefore, the Society does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Society has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Society's financial liabilities consist of other payables and the insurance contract liabilities.

Financial liabilities at amortised cost

This is the category most relevant to the Society. These are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The Society's financial liabilities at amortised cost include other payables, and the insurance contract liabilities.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1.3 Significant judgements

The Society used the confidence level to determine the risk adjustment.

1.3.1 Mutual entity assessment

The Society has aligned itself with and adopted the reporting requirements of a mutual entity for the purpose of applying IFRS17. It is therefore expected that the remaining assets of the Society will be used to pay the claims of current and future members. The Society recognised a liability in its statement of financial position to provide coverage to future members.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.3 Significant judgements (continued)

1.3.2 Unit of account (Level of aggregation)

Judgement has been applied to how the Society determined the unit of account for the measurement of its insurance contracts. Management has assessed their portfolio as the Scheme as a whole due to the holistic pricing methodologies and risk management strategy that manages the risk on a Scheme level.

The above is demonstrated by the following:

- Hospital claims are managed on a Society level.
- Chronic conditions are managed on a Society level, i.e. no matter the option the member will have access to the chronic condition management
- Pricing and benefit option changes are determined at a Society level to manage member migration between different benefit options to ensure each option is sustainable.
- Risk (utilisation and concentration) is managed holistically.

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

The risk adjustment was calculated at the portfolio level as the Society doesn't have groups due to laws that constrain the Society's ability to set a price for different members. The confidence level method was used to derive the overall risk adjustment for non-financial risk. In the confidence level method, the risk adjustment is determined by applying a confidence level to run-off triangles used to calculate the LIC. The confidence level is set to 75%.

1.4 Significant estimates

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

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates. The present value of future cash flows is estimated using deterministic scenarios.

For the sensitivities with regard to the assumptions made that have the most significant impact on measurement under IFRS 17, refer to note 22.

1.4.1 Estimates of future cash flows to fulfil insurance contracts

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

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

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

1.4.2 Methods used to measure the insurance contracts

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

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

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

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

The following was taken into account when estimating the LIC:

- The homogeneity of the data.
- Changes in pattern of claims.
- Changes in the composition of members and their beneficiaries.
- Changes in benefit limits.
- Changes in the prescribed minimum benefits.

1.5 Insurance contracts

1.5.1 Transition to IFRS 17 and mutual entity considerations

The Society has aligned with and adopted the reporting requirements of a mutual entity for the purposes of applying IFRS17 which is different to the accounting under IFRS 4. The first time adoption and implementation took place in the 2023 financial year. While the legal construct of a medical scheme and a mutual entity differ, there are certain similarities between the two which allow for the same accounting treatment and principles to be applied for the purposes of IFRS 17. One such similarity lies in their purpose to satisfy a common need while not making profits or providing a return on capital.

It is expected that the remaining assets of the Society will be used to pay current and future policyholders. As the Society is in a surplus position, it recognised a liability in its statement of financial position to provide coverage to future members.

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

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

On measurement of the liability to future members, the fulfilment cash flows of this liability are measured incorporating information about the fair value of the other assets and liabilities of the Society. As a consequence of recognising this liability, the Society's Accumulated Funds as previously reported were transferred to the insurance contract liability for future members on the transition date. As a result of the recognition of the liability to future members, an additional onerous contract liability was not recognised.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.5 Insurance contracts (continued)

1.5.2.1 Identification of insurance contracts

The contracts issued by the Society (the issuer) indemnify covered members (the policyholder) and their registered dependants against the risk of loss arising from the occurrence of a health event (insured event). The timing, frequency and severity of the health event covered is uncertain. These contracts fall under the scope of IFRS 17.

Whilst the timing, frequency, severity and type of health events are uncertain, the ultimate insurance risk covered by a medical scheme can be defined as a single risk – that of providing cover for a health event that the member may incur. The risk under the insurance contracts issued by medical schemes can be expressed as the probability that an insured event ("health event") occurs, multiplied by the expected amount of the resulting claim.

1.5.2.2 Level of aggregation

IFRS 17 requires the Society to identify portfolios of insurance contracts. Such identification impacts the identification of groups of insurance contracts and the unit of account to which the requirements of IFRS 17 are applied. A portfolio comprises contracts subject to similar risks that are managed together.

The Society has applied the exemption under IFRS 17 to include all insurance contracts issued by the Society within the same group given that the Act prevents the Society from assessing the risks of an individual member and setting contributions or levels of benefits that fully reflect the risk of that member. As such, the Society does not group contracts into various profitability groupings.

The contracts issued by the Society are subject to similar risks and managed together and fall into the same portfolio with no further disaggregation into groups. The level of aggregation is set at the overall Society level for the Society.

1.5.2.3 Recognition and derecognition

IFRS 17 requires the Society to recognise a group of insurance contracts it issues from the earliest of the following:

- (a) The beginning of the coverage period;
- (b) The date when the first payment from a member becomes due; and
- (c) For onerous contracts, when the contracts become onerous.

The Society is required to derecognise an insurance contract:

- (a) When the obligation specified in the insurance contract expires or is discharged or cancelled; or
- (b) If the terms are modified due to an agreement between the Society and its member or by Regulation.

The Society's coverage period aligns to the financial reporting year and its benefit cycle as both begin on 1 January each year and conclude on 31 December of the same year.

1.5.2.4 Onerous contracts

The Scheme assumes no contract in the portfolio is onerous at initial recognition unless fact indicate otherwise.

In the consideration of whether facts and circumstances indicate that a group of insurance contracts is onerous, the Society considers whether the expected deficit of the following year exceeds the insurance liability attributable to future members. In the rare scenario where the following year's deficit exceeds the insurance liability attributable to future members – the contracts written would be onerous and an onerous contract liability raised. Where the amounts attributable to future members exceed the following year's deficit the contracts would not be determined as onerous, and no provision raised as a liability is already recognised.

1.5.2.5 Contract boundary

The Society uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

The contract boundary and the coverage period for the Society is one year or less. This is supported by the setting of contribution levels annually with the benefit cycle commencing on 1 January and ending on 31 December of each year.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the member is obligated to pay contributions, or the Society has a substantive obligation to provide the member with insurance coverage or other services.

Cash flows outside the boundary of an insurance contract and which relate to future insurance contracts are recognised when those contracts meet the recognition criteria.

The insurance contracts issued by the Society to its members have a contract boundary of one year or less.

1.5.2.6 Measurement model - Premium allocation approach (PAA)

IFRS 17 introduces a default measurement model for insurance contract liabilities referred to as the General Measurement Model (GMM). An optional simplified approach referred to as the Premium Allocation Approach (PAA) is available to entities where their contracts have a coverage period of one year or less, or where the entity reasonably expects that applying the PAA would not produce a measurement of the Liability for Remaining Coverage (LRC) (a component of the insurance contract liability) that would differ materially from that under the GMM.

The Society meets the eligibility criteria above to apply the PAA as its contracts have a coverage period of one year or less.

The contract boundary for contracts issued to its members does not exceed 12 months and consequently the Society elected to apply the PAA. In applying the PAA, the Society chose to recognise any insurance acquisition cash flows as expenses when it incurs those costs.

The classification of the Society as mutual entities does not impact the extent of insurance contract services to be provided by the Society in terms of the member contracts and therefore the PAA is still applicable.

The Society measures the Liability for incurred claims (LIC) as the fulfilment cash flows relating to incurred claims. The future cash flows are not adjusted for the time value of money and the effect of financial risk as these cash flows are expected to be paid in one year or less from the date the claims are incurred.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.5 Insurance contracts (continued)

1.5.2.7 Liability for Remaining Coverage (LRC)

The LRC refers to the Society's obligation to:

- (a) Investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred (i.e., the obligation that relates to the unexpired portion of the insurance coverage); and
- (b) Pay amounts under existing insurance contracts that relate to:
 - insurance contract services not yet provided (i.e., the obligations that relate to future provision of insurance contract services); or
 - Other amounts that are not related to the provision of insurance contract services and that have not been transferred to the liability for incurred claims.

As the coverage period of the Society's insurance contracts does not extend beyond the financial year, the Society would have no obligation to pay for claims for insured events that have not occurred as there would be no unexpired portion of insurance coverage at the year-end reporting date.

No LRC is recognised for contributions received in advance at the year-end reporting date, as these contributions fall outside of the coverage period and result from a voluntary payment by the member in respect of a new contract effective from the following year and for which the Society has no obligation to provide future insurance contract services as at the preceding year end reporting date.

As the coverage period and the financial year of the Society are the same, there would be no LRC at the year-end reporting date.

1.5.2.8 Liability for Incurred Claims (LIC)

The LIC refers to the Society's obligation to:

- (a) Investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses; and
- (b) pay amounts that relate to:
 - insurance contract services that have already been provided, or
 - Other amounts that are not related to the provision of insurance contract services and that are not in the LRC.

The Society's Rules require claims to be submitted within four months following the date on which the service was rendered. Therefore, at the year-end reporting date, the Society is required to provide a LIC comprising the fulfilment cash flows related to the past service.

The LIC is measured at the fulfilment cash flows related to past service for cash flows within the contract boundary (best estimate of fulfilment cash flows) and adjusted to reflect the compensation that the Society requires for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk as the Society fulfils its insurance contracts (risk adjustment).

The Society estimates which cash flows are expected and the probability that they will occur as at the measurement date. The uncertainty in the insurance contracts lies in the number, severity, and timing of claims. The estimation is based on historical information, current conditions, and forecasts of future conditions. To the extent that the historical claims development method is used, it is assumed that the historical pattern will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods. Such reasons may include:

- Changes in processes that affect the development or recording of claims paid and incurred (such as changes in claims submission mechanisms);
- Changes in composition of members and their dependants;
- Variations in the nature and average cost incurred per claim;
- Legislative changes (e.g., expansion of the definition of a Prescribed Minimum Benefit (PMB) / Chronic Disease List (CDL) condition); and
- Random fluctuations.

The risk adjustment for non-financial risk is calculated at portfolio level as the Act limits the Society's ability to set a price that reflects the risk at member level.

As the Society is applying the PAA and the coverage period of each contract does not exceed one year, no discounting is applied.

Insurance contract liabilities

Insurance contract liabilities comprise provisions for the Society's estimate of the ultimate cost of settling all claims incurred but not yet reported at the reporting date. Claims outstanding are determined as accurately as possible based on a number of factors, which include previous experience in claims patterns, claims settlement patterns, changes in the nature and number of members according to gender and age, trends in claims frequency, changes in the claims processing cycle, and variations in the nature and average cost incurred per claim.

The Society does not discount its insurance contract liabilities on the basis that claims must be submitted within four months of the medical event.

BP MEDICAL AID SOCIETY**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024****1. PRINCIPAL ACCOUNTING POLICIES (continued)****1.5.2.9 Risk transfer arrangements**

IFRS 17 requires the Society to apply the standard to the risk transfer contracts that it holds. A risk transfer contract is defined under IFRS 17 as an insurance contract issued by one entity to compensate another entity for claims arising from one or more insurance contracts issued by that other entity.

Whilst the capitation providers of the Society's Risk Transfer Arrangements (RTAs) are not reinsurers as defined in the Act, these RTAs meet the definition of a reinsurance contract under IFRS 17 and therefore are required to be accounted for as such.

IFRS 17 requires the Society to present income or expenses from risk transfer contracts held, separately from the expenses or income from the underlying insurance contracts issued by the Society.

Risk transfer arrangements are contractual arrangements entered into by the Society with providers. The providers are paid a fixed fee per member to cover the risk of the number of incidents that occur during a specified period and the cost of providing the service. Risk transfer arrangements do not reduce the Society's primary obligations to its members and their dependents.

Contracts entered into by the Society with third party service providers under which the Society is compensated for losses/claims (through the provision of services to members) on one or more contracts issued by the Society and that meet the classification requirements of insurance contracts are classified as risk transfer arrangements (risk transfer contracts). Only contracts that give rise to a significant transfer of insurance risk are accounted for as risk transfer arrangements. Risk transfer premiums/fees are recognised as an expense over the indemnity period.

The Society's RTA's are grouped together as the contracts are subject to similar risks and are managed together. The unit of account does not differ from the unit of account of the underlying insurance contracts which have been assessed at Society level.

The contract boundary and/or coverage period of the Society's RTAs do not differ from the contract boundary and/or coverage period of the underlying insurance contracts. As these contracts have a boundary of one year or less, they are accounted for using the PAA.

Risk transfer premiums are recognised as an expense over the indemnity period.

The Society does not adjust the asset for the remaining coverage for reinsurance contracts held for the effect of the time value of money as the reinsurance contributions are due within the coverage period which are one year or less.

Risk transfer claims and benefits reimbursed are presented in the statement of profit or loss and other comprehensive income and statement of financial position on a gross basis.

Amounts recoverable under risk transfer arrangements are estimated in a manner consistent with the insurance contracts and are assessed for non-performance at each reporting date.

BP MEDICAL AID SOCIETY**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024****1. PRINCIPAL ACCOUNTING POLICIES (continued)****1.5.2.10 Insurance revenue**

When an entity applies the PAA, insurance revenue for the period is the amount of expected premium receipts adjusted to reflect the time value of money and the effect of financial risk, if applicable, allocated to the period.

The entity shall allocate the expected premium receipts to each period of insurance contract services on the basis of the passage of time; but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.

Insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Society allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time and does not have a savings option.

1.5.2.11 Insurance service expenses

The Society presents insurance service expense in profit or loss in insurance service expenses comprising incurred claims and other incurred insurance service expenses.

In applying the PAA, an entity may choose to recognise any insurance acquisition cash flows as expenses when it incurs those costs, provided that the coverage period of each contract in the group at initial recognition is no more than one year.

The Society presents in profit or loss insurance service expenses comprising:

- Incurred claims;
- Changes that relate to past service - changes in fulfilment cash flows relating to the LIC;
- Third party claims recoveries;
- Accredited managed healthcare services (no risk transfer) - comprises amounts paid or payable to third parties for managing the utilisation, costs and quality of healthcare services to the members and their registered dependants;
- Other incurred directly attributable insurance service expenses – expenses that are directly attributable to the fulfilment of the obligations of the insurance contract. Expenses that are not directly attributable are classified as other operating expenses.

1.6 Taxation

The Society is registered under the Medical Schemes Act. It therefore falls within the definition of a benefit fund as defined in the Income Tax Act. The receipts and accruals of the Society are exempt from taxation under Section 10(1)(d) of the Income Tax Act.

1.7 Continuing financial commitment

bpSA agreed to pay additional amounts to assist in funding the shortfall arising from the ageing membership, as well as the costs for the Principal Officer and HIV and AIDS. This amount is disclosed under other income in the Statement of Comprehensive Income.

BP MEDICAL AID SOCIETY**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024****2. NEW STANDARDS AND AMENDMENTS TO STANDARDS****Standards issued and effective**

The following new standards were adopted by the Society effective 1 January 2024.

IAS 1 Presentation of Financial Statements

Classification of Liabilities as Current or Non-current:

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

Disclosure of Accounting Policies:

The amendments require schemes to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

IAS 1 is effective for reporting periods beginning on or after 1 January 2024 and it is not expected to have a significant impact on the Society.

IFRS 7 Financial Instruments: Disclosures

IAS 7 Statement of Cash flows Amendment: Supplier finance arrangements requiring disclosure:

- about how supplier finance arrangements affect an entity's liabilities and cash flows.

Amendment: Supplier finance arrangements requiring disclosure:

- about how supplier finance arrangements affect an entity's liabilities and cash flow.

- as to whether supplier finance

- of the effects of exposure to liquidity risk including the impact if the supplier finance arrangements are no longer available.

1 January 2024 IFRS 18 Presentation and Disclosure in Financial Statements

New standard: This standard deals with the presentation and disclosure of information in general purpose financial statements; new requirements:

- specified totals or subtotals within the statement of profit or loss

- disclosure of management-defined performance measures

- aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes; and

- consequential amendments to other accounting standards.

1 January 2027

IAS 1 Presentation of Financial Statements

Amendment: Classification of Liabilities as Current or Non-current:

- Classification to be based on whether the right to defer settlement by at least twelve months exists at the end of the reporting period.

- Classification is not affected by expectation of settlement.

- Clarifies that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

1 January 2024

Amendment: Classification of Long-term Debt Affected by Covenants:

- Classify debt as non-current only if the company can avoid settling the debt within 12 months after the reporting date.

- Specify that covenants to be complied with after the reporting date do not affect the Classification of debt as current or non-current at the reporting date.

- Requirement to disclose information about covenants in the notes to the financial statements.

BP MEDICAL AID SOCIETY**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024**

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2024	2023
	R	R
Fair value at the beginning of the year	143 177 741	148 919 545
Capitalised interest and dividends	5 791 650	8 976 920
Asset management fees	(674 908)	(914 619)
Unrealised gain at fair value through profit or loss	12 665 636	1 334 816
Realised gains	625 722	1 255 472
Purchase of investments	68 343 525	-
Disposal of investments	(66 643 525)	(16 394 393)
Fair value at the end of the year	<u>163 285 841</u>	<u>143 177 741</u>
Non-current assets	149 568 994	118 951 841
Current assets	<u>13 716 847</u>	<u>24 225 900</u>
	<u>163 285 841</u>	<u>143 177 741</u>
The investments are unitised and are part of a pooled portfolio through a pooled investment product.		
Bonds and debentures	49 171 661	43 192 899
Listed property	4 446 783	2 762 102
Equities with primary listing on the JSE	95 950 550	72 996 840
Local cash	12 105 380	23 779 664
Foreign cash	1 611 467	446 236
	<u>163 285 841</u>	<u>143 177 741</u>

The investments have no fixed maturity. The fair value of the investments is based on the market value as at 31 December 2024.

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

4. CASH AND CASH EQUIVALENTS	2024	2023
	R	R
Call accounts	54 981 145	37 926 783
Current accounts	500 214	7 551 059
Cash and cash equivalents per cash flow statement	<u>55 481 359</u>	<u>45 477 842</u>

The weighted average effective interest rate on short-term bank deposits was 9.3% (2023: 7.21%) per annum.

At 31 December the carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets.

5. INVESTMENTS AT AMORTISED COSTS	2024	2023
	R	R
Fixed deposits	-	14 000 000
Fixed deposits being held at the banks	<u>-</u>	<u>14 000 000</u>

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

6. INSURANCE CONTRACT LIABILITY

Reconciliation of the liability for remaining coverage and the liability for incurred claims - 2024

	Liability for Remaining Coverage	Liability for Incurred Claims	Total R
Opening balance as at 1 January 2024	-	4 229 234	4 229 234
Insurance revenue New contracts and contracts measured under the full retrospective approach at transition	(105 420 714)		(105 420 714)
Total insurance revenue	(105 420 714)	-	(105 420 714)
Insurance service expenses Incurred claims and other directly attributable expenses		107 684 970	107 684 970
Insurance service result	(105 420 714)	107 684 970	2 264 256
Other changes: Premium debtors to LIC	5 940 930	(5 940 930)	-
Cash flows Contributions received	99 479 784	-	99 479 784
Claims and other directly attributable expenses paid	-	(105 649 224)	(105 649 224)
Total cash flows	99 479 784	(105 649 224)	(6 169 440)
Closing insurance contract liabilities	-	324 050	324 050
Closing balance as at 31 December 2024	-	324 050	324 050

Comprising of:

Insurance contract receivables	
Contribution receivables	7 674 944
Accounts receivable: Providers/Members	143 645
Less Provision for impairment losses on contribution receivables	(188 692)
	<u>7 629 897</u>
Insurance contract payables	(3 680 074)
Liability for incurred claims	(4 001 515)
Risk adjustment factor for non-financial risk	(272 358)
	<u>(324 050)</u>

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

6. INSURANCE CONTRACT LIABILITY (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims - 2023

	Liability for Remaining Coverage	Liability for Incurred Claims	Total R
Opening balance as at 1 January 2023	-	8 688 848	8 688 848
Insurance revenue New contracts and contracts measured under the full retrospective approach at transition	(115 005 181)	-	(115 005 181)
Total insurance revenue	(115 005 181)	-	(115 005 181)
Insurance service expenses Incurred claims and other directly attributable expenses	-	116 957 588	116 957 588
Insurance service result	(115 005 181)	116 957 588	1 952 407
Other changes: Premium debtors to LIC	1 426 468	(1 426 468)	-
Cash flows Contributions received	113 578 713	-	113 578 713
Claims and other directly attributable expenses paid	-	(119 990 734)	(119 990 734)
Total cash flows	113 578 713	(119 990 734)	(6 412 021)
Balance as at 31 December 2023	-	4 229 234	4 229 234
Closing balance as at 31 December 2023	-	4 229 234	4 229 234

Comprising of:

Insurance contract receivables	
Contribution receivables	1 627 578
Accounts receivable: Providers/Members	315 348
Less Provision for impairment losses on contribution	(266 924)
	<u>1 676 002</u>
Insurance contract payables	(1 852 573)
Liability for incurred claims	(3 585 088)
Risk adjustment factor for non-financial risk	(467 575)
	<u>(4 229 234)</u>

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

6. INSURANCE CONTRACT LIABILITY (continued)

LIABILITY FOR INCURRED CLAIMS	2024	2023
	R	R
Not covered by risk transfer arrangements		
Liability for incurred claims	<u>4 001 515</u>	<u>3 585 088</u>
Analysis of movements in outstanding claims		
Balance at beginning of year	3 585 088	2 646 259
Payments in respect of prior year	<u>(3 600 821)</u>	<u>(2 223 385)</u>
(Under)/over provision in the prior year	(15 733)	422 874
(Under)/over provision in respect of prior year written back	15 733	(422 874)
Adjustment for current year	<u>4 001 515</u>	<u>3 585 088</u>
Liability at end of year (note 10)	<u>4 001 515</u>	<u>3 585 088</u>
Risk adjustment on claims		
Balance at the beginning of the year	299 151	178 063
Payments in respect of the prior year	<u>(299 151)</u>	<u>(178 063)</u>
Over/(under) provision in the prior year	-	-
Adjustment for the current year	<u>177 267</u>	<u>299 151</u>
Balance at the end of the year	<u>177 267</u>	<u>299 151</u>
Covered by risk transfer arrangements		
Liability for incurred claims for Iso Leso and Netcare 911	<u>95 091</u>	<u>168 424</u>
Analysis of movements in outstanding claims		
Balance at beginning of year	168 424	88 671
Payments in respect of prior year	<u>(168 424)</u>	<u>(88 671)</u>
Over/(under) provision in the prior year	-	-
Adjustment for current year	<u>95 091</u>	<u>168 424</u>
Provision at end of year (note 10)	<u>95 091</u>	<u>168 424</u>
Total liability for incurred claims	<u>4 273 873</u>	<u>4 052 663</u>

Process used to determine the assumptions

The process used to determine the assumptions is intended to result in neutral estimates of the most likely or expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out monthly. There is more emphasis on current trends, and where in earlier years there was insufficient information to make a reliable best estimate of claims development, prudent assumptions are used.

Each notified claim is assessed on a separate, case by case basis with due regard to the claim circumstances, information available from managed care: healthcare management services and historical evidence of the size of similar claims. The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments. The impact of many of the items is difficult to estimate. The provision estimation difficulties also differ by category of claims (i.e. in-hospital and chronic benefits) due to differences in the underlying insurance contract, claim complexity, the volume of claims, the individual severity of claims, determining the occurrence date of a claim, and reporting lags.

The cost of outstanding claims is estimated using statistical methods. Such methods extrapolate the development of paid and incurred claims, average cost per claims and ultimate claim numbers for each benefit year based upon observed development of earlier years and expected loss ratios. Past trends are used in situations where it takes time after the treatment date until the full extent of the claims to be paid is known. It is assumed that payments will emerge in a similar way in each service month. The proportional increase in the known cumulative payments from one development month to the next can then be used to calculate payments for future development months.

BP MEDICAL AID SOCIETY**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024****6. INSURANCE CONTRACT LIABILITY (continued)****OUTSTANDING CLAIMS PROVISION (continued)**

The Basic Chain Ladder method used is consistent with prior years, and considers categories of claims and observed historical claims development. To the extent that these methods use historical claims development information they assume that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods. Such reasons include:

- changes in processes that affect the development / recording of claims paid and incurred (such as changes in claim reserving procedures);
- economic, legal, political and social trends (resulting in different than expected levels of inflation and/or minimum medical benefits to be provided);
- changes in composition of members and their dependents and random fluctuations, including the impact of large losses.

Assumptions

The assumptions that have the greatest effect on the measurement of the outstanding claims provision are the expected percentages of claims settled after each of the first four months of the claims run-off period, before the claims turn stale.

Other assumptions

- The actual demographics of the Society were used including all membership movements for the period.
- The effect of an ageing population on the utilisation of health services is automatically incorporated.

The impact of the sensitivity of the assumptions excluding the risk adjustment and risk transfer arrangements, are set out below:

	2024	2023
	R	R
Effect of a 1% point increase in provision	40 015	35 851
Effect of a 2% point increase in provision	80 030	71 702
Effect of a 3% point increase in provision	120 045	107 553

The Society believes that the liability for claims reported in the Statement of Financial Position is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims arise.

The risk adjustment was calculated at the portfolio level as the Society doesn't have groups due to laws that constrain the Society's ability to set a price for different members. The confidence level method was used to derive the overall risk adjustment for non-financial risk. In the confidence level method, the risk adjustment is determined by applying a confidence level to run-off triangles used to calculate the LIC. The confidence level is set to 75%.

6.1 INSURANCE CONTRACT LIABILITIES - LIABILITY ATTRIBUTABLE TO FUTURE MEMBERS

Opening balance	200 580 172	188 962 826
Movement in insurance liability attributable to future members	18 276 120	11 617 346
Closing balance	<u>218 856 292</u>	<u>200 580 172</u>

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

7. RISK TRANSFER ARRANGEMENTS

Reconciliation of risk transfer arrangements - 2024

	Assets for Remaining Coverage	Assets for Incurred claims	Total R
Risk transfer arrangement contracts			
Opening balance as at 1 January 2024	-	168 424	168 424
Net income/(expense) from risk transfer contracts held			
Risk transfer expenses	1 797 170	-	1 797 170
Claims recovered	-	(1 984 892)	(1 984 892)
Current year movement		(73 333)	(73 333)
Net income/(expense) from risk transfer contracts held	1 797 170	(2 058 225)	(261 055)
Cash flows			
Premiums paid	(1 797 170)	-	(1 797 170)
Recoveries received		1 984 892	1 984 892
Total cash flows	(1 797 170)	1 984 892	187 722
Closing closing balance as at 31 December 2024	-	95 091	95 091

Reconciliation of risk transfer arrangements - 2023

	Assets for Remaining Coverage	Assets for Incurred claims	Total R
Risk transfer arrangement contracts			
Opening balance as at 1 January 2023	-	88 671	88 671
Net income/(expense) from risk transfer contracts held			
Risk transfer expenses	1 994 154	-	1 994 154
Claims recovered	-	(2 463 147)	(2 463 147)
Current year movement		79 753	79 753
Net income/(expense) from risk transfer contracts held	1 994 154	(2 383 394)	(389 240)
Cash flows			
Premiums paid	(1 994 154)	-	(1 994 154)
Recoveries received	-	2 463 147	2 463 147
Total cash flows	(1 994 154)	2 463 147	468 993
Closing closing balance as at 31 December 2023	-	168 424	168 424

BP MEDICAL AID SOCIETY**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024****8 OTHER RECEIVABLES**

	2024	2023
	R	R
Interest receivable	163 857	1 299 562
Income receivable - bpSA refunds	132 453	1 663 370
bpSA - Acting Principal Officer	101 463	-
Prepaid expense	611	-
	<u>398 384</u>	<u>2 962 932</u>

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

Interest receivable and risk transfer receivables are of a current nature and are settled within 30 days.

Income receivable for HIV & AIDS relates to a contractual reimbursement for HIV & AIDS related costs incurred by the Society for all members who are registered on the HIV YourLife Programme. The reimbursement is made by bpSA, on a quarterly basis.

9. OTHER PAYABLES

	2024	2023
	R	R
Accrued expenses	80 333	661 116
Audit fees accrual	-	316 417
	<u>80 333</u>	<u>977 533</u>

At 31 December the carrying amounts of other payables approximate their fair values due to the short-term maturities of these liabilities.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

	2024 R	2023 R
10. INSURANCE REVENUE AND SERVICE EXPENSES		
CLAIMS INCURRED FROM INSURANCE CONTRACTS		
10.1 Total insurance revenue	<u>105 420 714</u>	<u>115 005 181</u>
10.2 Insurance service expenses - claims incurred		
Current year claims	97 866 342	107 050 344
Movement in outstanding claims provision	4 017 248	3 162 214
(Under)/over provision in prior year (note 6)	15 733	(422 874)
Adjustment for current year (note 6)	<u>4 001 515</u>	<u>3 585 088</u>
	<u>101 883 590</u>	<u>110 212 558</u>
Less: Discounts received on claims	(197 465)	(163 837)
Claims incurred excluding claims incurred in respect of risk transfer	<u>101 686 125</u>	<u>110 048 721</u>
Risk adjustment on claims		
Movement in current year risk adjustment	(121 884)	121 088
Claims incurred in respect of risk transfer arrangements		
Current year claims	1 889 801	2 294 723
Movement in outstanding claims provision	95 091	168 424
Adjustment for current year (note 6)	<u>95 091</u>	<u>168 424</u>
	<u>1 984 892</u>	<u>2 463 147</u>
Claims incurred	<u>103 549 133</u>	<u>112 632 956</u>
11 ACCREDITED MANAGED HEALTHCARE SERVICES		
(NO RISK TRANSFER)		
11.1 Momentum Health Solutions (Pty) Ltd		
Active disease risk management services	647 494	761 160
Dental benefit management services	53 898	63 430
Hospital benefit management services	410 085	482 032
Managed care network management services	234 130	275 219
Pharmacy benefit management services	440 314	517 567
	<u>1 785 921</u>	<u>2 099 408</u>
11.2 Icon Managed Care (Pty) Ltd		
Active disease risk management services	<u>10 297</u>	<u>11 906</u>
Total accredited managed healthcare services (no risk transfer)	<u>1 796 218</u>	<u>2 111 314</u>

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

12. ADMINISTRATION EXPENSES	2024	2023
12.1 Accredited Administration Services provided by Administrator	R	R
Member record management	83 414	97 188
Contribution management	68 015	79 243
Claims management	519 307	604 806
Financial management	367 165	578 332
Information management and data control	496 636	542 975
Customer services	684 996	797 760
Total accredited administration services	<u>2 219 533</u>	<u>2 700 304</u>
12.2 Other Administration Services provided by Administrator		
Benefit management services	29 658	34 469
Internal audit services	32 082	37 312
Third party claim recovery services	18 251	21 321
Forensic investigations and recoveries	45 486	52 947
Governance and compliance services rendered	211 317	246 080
Total other administration services provided by accredited administrators	<u>336 794</u>	<u>392 129</u>
12.3 Directly attributable expenses		
Actuarial fees		
- Pricing and benefit design	293 940	277 380
Administrator's fees		
- Administration fees paid in respect of accredited services	2 219 533	2 700 304
- Administration expenditure: benefit management services	29 658	34 469
- Third party claims recovery administration fees	18 251	21 321
	<u>2 561 382</u>	<u>3 033 474</u>
12.4 Not directly attributable expenses		
Actuarial fees - other	293 940	277 380
Administrator's fees - other		
- Internal audit services	32 082	37 312
- Forensic investigations and recoveries	45 486	52 947
- Governance and compliance services rendered	211 316	246 080
AGM costs	93 368	-
Audit fees - current year audit services	940 988	368 167
Bank charges	26 203	24 237
Board of Healthcare Funders subscriptions	20 766	40 909
Consulting fees	1 289 082	1 820 672
Council for Medical Schemes - levies	62 104	62 889
Fidelity cover	208 438	208 438
General Expenses	16 772	7 840
Printing and postages	57 294	67 011
Principal Officer costs	603 398	546 270
Seminars	13 200	41 812
Telephone	37 427	46 772
Travelling and accommodation	64 016	69 569
Trustees/Committee members remuneration (note 12.5 and 12.6)	467 195	481 511
	<u>4 483 075</u>	<u>4 399 816</u>

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

12. ADMINISTRATION EXPENSES (continued)

12.5 Board of Trustees members' remuneration and related costs

	Services as Trustee R	Travelling and accommodation R	Total R
31-Dec-24			
T Connelly*	-	41 608	41 608
C McClelland	48 000	-	48 000
B Mahlo	38 400	-	38 400
K Mtshazo*	-	6 441	6 441
L Sihlobo*	-	22 708	22 708
C Nefale*	-	52 638	52 638
L Mlomo*	-	-	-
R Fienberg	-	-	-
D Klein*	-	-	-
A Book	-	-	-
D Natha	-	-	-
M Wilson*	-	-	-
	<u>86 400</u>	<u>123 395</u>	<u>209 795</u>
	Services as Trustee R	Travelling and accommodation R	Total R
31 December 2023			
T Connelly*	-	26 651	26 651
C McClelland	105 400	-	105 400
B Khumalo*	-	-	-
B Mahlo	88 200	3 784	91 984
L Mlomo*	-	14 291	14 291
M Wilson*	-	-	-
	<u>193 600</u>	<u>44 726</u>	<u>238 326</u>

* Non remunerated Trustees and committee members

12.6 Sub-Committee remuneration

	Audit Committee R	Investment Committee R	Total R
31 December 2024			
B Sickle	132 100	27 500	159 600
M Van Est	21 300	-	21 300
M Tshuma*	-	-	-
T Connelly*	-	-	-
C Bosenberg	42 100	34 400	76 500
M Wilson*	-	-	-
	<u>195 500</u>	<u>61 900</u>	<u>257 400</u>
	Audit Committee R	Investment Committee R	Total R
31 December 2023			
B Sickle	116 085	40 200	156 285
M Van Est	13 600	-	13 600
M Tshuma*	-	-	-
T Connelly*	-	-	-
C Bosenberg	13 300	60 000	73 300
M Wilson*	-	-	-
	<u>142 985</u>	<u>100 200</u>	<u>243 185</u>

* Non remunerated Trustees and committee members

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

13. NET MOVEMENT IN PROVISION FOR EXPECTED CREDIT LOSSES	2024	2023
	R	R
Other receivables		
Contributions at risk of not being collected	(26 730)	19 379
Movement in provision for expected credit losses	<u>(26 730)</u>	<u>19 379</u>
Members' and service providers' portions at risk of not being collected	29 889	148 116
Movement in provision for expected credit losses	<u>104 962</u>	<u>189 871</u>
Written off	<u>(75 073)</u>	<u>(41 755)</u>
Less:		
Previous impairment losses recovered	1 564	19 980
Net movement in provision for expected credit losses	<u><u>4 723</u></u>	<u><u>187 475</u></u>
14. INVESTMENT INCOME		
Financial assets at fair value - interest income	3 338 285	5 877 218
Financial assets at fair value - dividend income	2 596 415	3 230 695
Cash and cash equivalents - interest income	5 214 262	3 631 072
	<u><u>11 148 962</u></u>	<u><u>12 738 985</u></u>
15. OTHER OPERATING INCOME		
Continuing financial commitment from employer		
HIV & AIDS refunds	649 918	2 815 160
Principal Officer costs refunds	603 398	546 270
	<u><u>1 253 316</u></u>	<u><u>3 361 430</u></u>
Sundry income		
Prescribed credit write backs	<u><u>-</u></u>	<u><u>6 010</u></u>

BP MEDICAL AID SOCIETY**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024****16. Going Concern**

The Trustees have made an assessment of the ability of the Society to continue as a going concern based on an actuarial analysis. The Trustees believe the Society will be a going concern in the year ahead.

17. Events post reporting date

At the date of finalisation of the Annual Financial Statements there were no material events that occurred subsequent to the reporting date that required adjustments to the amounts recognised in the Annual Financial Statements.

18. RELATED PARTY TRANSACTIONS**Parties with significant influence over the Society**

The employer, bpSA, has significant influence over the Society as it has a continuing financial commitment to the Society and also appoints three trustees.

The administrator, Momentum Health Solutions (Pty) Ltd, has significant influence over the Society as it provides financial and operational information on which policy decisions are based.

The managed care organisation, Momentum Health Solutions (Pty) Ltd, a wholly owned subsidiary of Momentum Metropolitan Holding Ltd, has significant influence over the Society as managed care provider.

The provider of actuarial and consulting services, Alexander Forbes Health (Pty) Ltd has significant influence over the Society as it provides financial and operational information on which policy decisions are based.

The investment cash manager, Old Mutual Wealth Trust Company (Pty) Ltd and Tower Watson Actuaries and Consultants (Pty) Ltd has significant influence over the Society as it provides financial and operational information on which policy decisions are based.

These entities do not have significant influence for the purposes of accounting for the Society as an associate.

These parties are considered to have influence, different from IAS 24 but the Society believes it is improved disclosure to add these particular parties to the related parties note.

Key management personnel and their close family members

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Society. Key management personnel include the Board of Trustees, the Principal Officer and members of sub-committees.

Close family members include dependants of the Board of Trustees, Principal Officer and members of the sub-committees.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

18. RELATED PARTY TRANSACTIONS (continued)

Transactions with related parties (continued)	2024 R	2023 R
Statement of comprehensive income		
Gross contributions received (key personnel) - short term	344 108	410 006
Claims incurred (key personnel)	(145 075)	(172 916)
Continuing financial commitment from employer	30 533 276	32 024 450
- Contributions received for Continuation members	29 279 960	28 663 020
- HIV & AIDS refunds	649 918	2 815 160
- Principal Officer costs refunds	603 398	546 270
Administration fees paid to Momentum Health (Pty) Ltd	(2 556 327)	(3 092 433)
Managed care fees paid to Momentum Health (Pty) Ltd	(1 785 921)	(2 099 408)
Consulting fees paid to Alexander Forbes Health (Pty) Ltd	(587 880)	(554 760)
Consulting fees paid to Old Mutual Wealth Trust Company (Pty) Ltd	(16 289)	(176 697)
Consulting fees paid to Tower Watson Actuaries and Consultants (Pty) Ltd	(207 000)	(51 750)
Acting Principal Officer remuneration	(603 398)	(546 270)
Statement of financial position		
Momentum Health (Pty) Ltd	(21 194)	(8 041)
bpSA refunds	233 916	1 663 369
- HIV & AIDS refunds	132 453	1 663 369
- Principal Officer costs refunds	101 463	-
Old Mutual Wealth Trust Company (Pty) Ltd	(21 194)	(4 260)
Compensation to key management personnel		
Remuneration and related costs - short term	(209 795)	(238 326)

The terms and conditions of the related party transactions were as follows:**Contributions received (key personnel)**

This constitutes the contributions paid by related parties as members of the Society, in their individual capacities. All contributions were on the same terms as applicable to other members.

Claims incurred (key personnel)

This constitutes amounts claimed by related parties, in their individual capacities as members of the Society. All claims were paid out in terms of the rules of the Society, as applicable to other members.

Administration fees

The administration agreement is in terms of the rules of the Society and in accordance with instructions given by the Board of Trustees. The duration of the agreement is indefinite but subject to the right of either party to terminate the agreement by giving not less than six months notice.

Managed care fees

The managed care agreement is in terms of the rules of the Society and in accordance with instructions given by the Board of Trustees. The duration of the agreement is indefinite but subject to the right of either party to terminate the agreement by giving not less than three months notice.

19. GUARANTEES AND COMMITMENTS

The Society has not given any guarantees or commitments as at 31 December 2024 (no changes from 31 December 2023).

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

20. FINANCIAL RISK MANAGEMENT REPORT

The Society is exposed to a range of financial risks through its financial assets and financial liabilities. In particular, the key financial risk is that the Society's investment performance is not sufficient to maintain the current reserve ratio, or that the Society may have to increase member contributions due to insufficient investment performance. The most important components of these financial risks are interest rate risk, equity price risk, credit risk and liquidity risk.

These risks arise from open positions in interest rate and equity risk products, both of which are exposed to general and specific market movements. The risks that the Society primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Board of Trustees appointed an investment committee to focus on the Society's investment strategy, risk management and asset allocation. Risk management and investment decisions are made under the guidance and policies approved by the Board of Trustees. The audit, investment and risk committees assist the board with the formulation of these policies.

The Society's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the financial performance of the investments, which the Society holds to meet its obligations to its members.

The following summary represents the major asset classifications held by the Society which is exposed to the financial risks as discussed:

Asset allocation summary	2024	2023
	R	R
Financial assets at fair value (note 3)	163 285 841	143 177 741
Cash and cash equivalents (note 4)	55 481 359	45 477 842
Other receivables (note 8)	398 384	2 962 932
	<u>219 165 584</u>	<u>191 618 515</u>

Risk management and investment decisions are carried out by the Board of Trustees. The Board of Trustees identifies and evaluates risks associated with the Society's investment portfolios, with the assistance of the Investment sub-committee.

The Society appointed a professional investment manager (Willis Tower Watson Actuaries and Consultants (Pty) Ltd) with an established track record to manage the Society's investment portfolios. The approach of the asset manager is to construct portfolios of diversified asset classes in order to obtain an optimal risk/return mix. The strategy is to focus on strategic asset allocation rather than on timing the market. This will mitigate the risk of volatile markets.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

20. FINANCIAL RISK MANAGEMENT REPORT (continued)

LIQUIDITY RISK

Liquidity risk is the risk that the Society may be in a position where it cannot settle claims and other obligations as they fall due. This could occur when the Society's assets are tied up in investments that cannot be readily converted into cash.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities through liquid holding cash positions with various financial institutions. This ensures that the Society has the ability to fund its day-to-day operations.

At year end 33.9% (2023: 29.3%) of the Society's assets were invested in cash products to ensure that the Society can meet its short term liabilities. The table below illustrates the prudent liquidity position of the Society and amounts presented are undiscounted:

As at 31 December 2024					
Category	Total	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	Over 1 year
	R	R	R	R	R
Other payables	80 333	80 333	-	-	-
Cash and cash equivalents	55 481 359	55 481 359	-	-	-
Excess liquidity	55 561 692				

As at 31 December 2023					
Category	Total	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	Over 1 year
	R	R	R	R	R
Insurance and other payables	977 533	977 533	-	-	-
Cash and cash equivalents	45 477 842	45 477 842	-	-	-
Excess liquidity	46 455 375				

BP MEDICAL AID SOCIETY**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024****20. FINANCIAL RISK MANAGEMENT REPORT (continued)****CREDIT RISK**

The Society has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Society is exposed to credit risk are:

- Amounts due from members and service providers
- Interest and capital due from financial institutions

The table below illustrates the Society's receivables in order to assess the credit risk:

As at 31 December 2024	R
Class	Total
Other receivables	234 527
Interest receivables	20 808

As at 31 December 2023	R
Class	Total
Other receivables	1 663 370
Interest receivables	1 299 562

The table below illustrates the quality of the Society's cash and cash equivalents.

Fitch National Long Term Rating

Financial institution	2024	2023	Credit Rating	
	R	R	2024	2023
ABSA	-	2 000 000	BB-	BB+
Investec	-	2 000 000	BB-	BB+
Standard Bank	500 214	10 551 059	BB-	BB+
Nedgroup Investments - Income Fund	38 324 954	15 899 370	BB-	BB+
Nedgroup Investments - Money Market	16 656 191	15 027 413	BB-	BB+
	55 481 359	45 477 842		

The credit risk on liquid funds is limited because the counterparty is a financial institution with a high credit rating.

INVESTMENTS AT AMORTISED COSTS

	2024	2023
	R	R
Investments at amortised costs	-	14 000 000

The credit risk is low due to the fixed deposits being held at the Banks.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

20. FINANCIAL RISK MANAGEMENT REPORT (continued)

CREDIT RISK (continued)

Management information reported to the Society includes details of provisions for impairment on receivables, and subsequent write-offs.

MARKET RISK

The Society has exposure to market risk, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price risk comprises three types of risks: currency risk, interest rate risk and other price risk which includes equity price risk.

Currency Risk

The Society is exposed to foreign exchange risk arising from its investment in the ABAX and Coronation portfolios. The Society has exposure to offshore cash. As at 31 December 2024: R14 638 000 (2023: R446 236).

Sensitivity analysis

The sensitivity analysis for interest rate risk illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

A decrease in 100 basis points in interest yields for a full year would result in an decrease in reserves and profit or loss income of R389 000 (2023: R4 130). An increase in 100 basis points in interest yields for a full year would result in a increase in reserves and profit or loss of R389 000 (2023: decrease of R4 130) .

The Trustees manage this risk by ensuring that the asset manager complies with the Regulations of the Act. The maximum exposure to foreign cash is 10% of assets available for investment.

Interest rate risk

The Society is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate placings within market expectations.

The table below summarises the Society's exposure to interest rate risks. Included in the table are the Society's investments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

2024	Up to 1 month	1 - 3 months	3 -12 months	1 - 5 years	Total
	R	R	R	R	R
Cash and cash equivalents	55 481 359	-	-	-	55 481 359
Investments at amortised costs			-		-
Financial assets at fair value through profit or loss					
- Bonds, debentures and equity	149 568 994	-	-	-	149 568 994
- Local cash	12 105 380	-	-	-	12 105 380
- Foreign cash	1 611 467	-	-	-	1 611 467
Total	218 767 200	-	-	-	218 767 200

The cash and cash equivalents are subject to floating interest rates, linked to the repo rate. Bond investments are subject to fixed interest rates. The cash portion of the financial instruments contains exposure to floating interest rates and exposure to fixed interest rates.

2023	Up to 1 month	1 - 3 months	3 -12 months	1 - 5 years	Total
	R	R	R	R	R
Cash and cash equivalents	45 477 842	-	-	-	45 477 842
Investments at amortised costs			14 000 000	-	14 000 000
Financial assets at fair value through profit or loss					
- Bonds, debentures and equity	118 951 841	-	-	-	118 951 841
- Local cash	23 779 664	-	-	-	23 779 664
- Foreign cash	446 236	-	-	-	446 236
Total	188 655 583	-	14 000 000	-	202 655 583

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

20. FINANCIAL RISK MANAGEMENT REPORT (continued)

Interest rate risk (continued)*Sensitivity analysis*

The sensitivity analysis for interest rate risk illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

A decrease in 100 basis points in interest yields for a full year would result in an decrease in reserves and profit or loss income of R838 000 (2023: R818 419). An increase in 100 basis points in interest yields for a full year would result in a increase in reserves and profit or loss of R838 000 (2023: decrease of R818 419) .

This sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated, for example the effect of interest rates on the equity market.

Equity price risk

The Society is exposed to equity price risk as it invested funds in South African equities through an asset manager. The Society's equity portfolio is a long term investment, and the funds invested in this portfolio are not needed in the short to medium term. This mitigates the risk for short term fluctuations in the equity market. The Society appointed a reputable asset manager with a good track record in terms of performance.

The Society is also exposed to equity price risk as the asset manager deals in equities. The equity investment strategy is to protect capital by limiting any loss in exposed capital. This is achieved by hedging exposures with other derivative instruments. The equity price risk is thus limited by strategic actions by the asset manager.

Sensitivity analysis

The sensitivity analysis for equity price risk illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in the equity market at the reporting date.

An increase of 1% in the Society's equity portfolio would result in an increase in reserves of some R 885 000 (2023: R 758 000). This full amount would be recognised in the Society's accumulated funds, and will not affect the Society's reserve ratio.

This sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated, for example the effect of interest rates on the equity market.

The Board of Trustees monitor the equity portfolio movements on a regular basis, and the Investment sub-committee has regular meetings to review the Society's strategy and asset allocation.

Risk Management of the Investment Portfolio

The asset manager's approach is to construct a portfolio of diversified asset classes, after determining the long term relationship or correlation of these asset classes, in order to obtain an optimal risk/return mix. The asset manager uses strategic asset allocation rather than market timing strategies to manage risk. Quantitative analysts ensure appropriate risk exposure.

Fair value estimation

The fair value of publicly traded financial instruments and financial assets at fair value through profit or loss investments is based on quoted market prices at the reporting date.

Management assessed that the fair values of cash and short-term deposits, receivable, payables and other current liabilities approximate their carrying amount largely due to the short-term maturities of these instruments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

There is an active market for the Society's listed equity investments and quoted debt instruments.

The table below provides the carrying amounts of financial assets and liabilities per category:

	2024	2023
	R	R
Financial assets at fair value	163 285 841	143 177 741
Cash and cash equivalents	55 481 359	45 477 842
Investments at amortised cost	-	14 000 000
Other receivables	398 384	2 962 932
Other payables	(80 333)	(977 533)

The carrying amounts of these financial assets and liabilities approximate their fair values except for insurance contract liabilities which approximate their best estimate.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

20. FINANCIAL RISK MANAGEMENT REPORT (continued)

The Society invests in pooled investment product, the underlying of which is made up of bonds and debentures, listed property, equities.

The table below has been prepared on a look-through basis.

The classification of bond and debentures, local cash and foreign cash is not consistent with the prior year as listed property and equity should have been classified as level 1 financial instruments. Cash and other receivables are classified as financial instruments at amortised cost.

As at 31 December 2024	Level 1	Level 2	Level 3	Reclassification
	R	R	R	R
Financial assets at fair value through profit or loss				
Bonds and debentures	-	49 171 661	-	-
Property fund	4 446 783	-	-	-
Equities with listing on the JSE	95 950 550	-	-	-
Total	100 397 333	49 171 661	-	-

As at 31 December 2023	Level 1	Level 2	Level 3	Reclassification
	R	R	R	R
Financial assets at fair value through profit or loss				
Bonds and debentures	-	43 192 899	-	-
Property fund	2 762 102	-	-	-
Equities with listing on the JSE	72 996 840	-	-	-
Total	75 758 942	43 192 899	-	-

The hierarchy levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. These are readily available in the market and are normally obtainable from multiple sources.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Society for similar financial instruments.

Listed bonds and debentures are classified as level 2 due to the limited frequency of trading.

Investment structures

The Society views its investments in pooled market linked policies as investments in unconsolidated structured entities. The Society invests in these portfolios, whose objectives range from achieving medium to long-term capital growth. The portfolios are managed by unrelated asset managers that apply various investment strategies to accomplish their respective investment objectives. The Society may request full or part redemption of these investments if the need arises. The change in fair value is included in the statement of comprehensive income in 'Net gains/ (losses) on financial instruments held at fair value through profit or loss'.

The exposure the Society has to these portfolios are listed in the table below. The Society's maximum exposure to loss from its interests in these portfolios are limited to the total fair value of its investment in these portfolios.

Portfolio	As at 31 December 2024			As at 31 December 2023		
	Total portfolio value	Fair value	% exposure	Total portfolio value	Fair value	% exposure
Alexander Forbes	2 912 371 893	64 707 704	2.22%	3 387 156 979	90 485 307	2.67%
ABAX investments	845 379 250	26 965 074	3.19%	-	-	-
Coronation	1 029 114 683	23 879 433	2.32%	817 282 654	21 290 777	2.61%
Sanlam	-	-	-	772 134 168	31 401 657	4.07%
Ninety One	278 991 955	10 616 605	3.81%	-	-	-
Old Mutual Investment	5 644 297 349	37 117 025	0.66%	-	-	-

Capital management

The Society's objective is to manage its capital in such a way that the annual contribution increase to members is as low as possible. Capital adequacy risk is the risk that there may be insufficient reserves to provide for adverse variations on actual and future experience.

The solvency ratio was 177.47% at 31 December 2024 and 157.80% at 31 December 2023, and compares favourably to the accumulated funds ratio of 25%, as prescribed by the Medical Schemes Act.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

21. INSURANCE RISK MANAGEMENT

NATURE AND EXTENT OF RISKS ARISING FROM INSURANCE CONTRACTS

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

Insurance risk - description of benefits

- In-hospital benefits cover all costs incurred by members, whilst they are in hospital to receive pre-authorized treatment for certain medical conditions.
- Chronic medication benefits cover the cost of certain prescribed medicines consumed by members for chronic conditions/ diseases, such as high blood pressure, cholesterol and asthma.
- Day-to-day benefits cover the cost of out of hospital medical attention (subject to certain sub-limits), such as visits to general practitioners and dentists as well as prescribed non-chronic medicines.
- The treatment of Prescribed Minimum Benefits are covered at cost.

Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the Society assumes the risk of loss from members and their dependants that are directly subject to the risk. These risks relate to the health of the Society's members. As such the Society is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Society also has exposure to market risk through its insurance and investment activities.

The Board of Trustees has developed and approved documented policies and practices for the acceptance and management of insurance risk to which the Society is exposed. Reference has also been made to the requirements of the Medical Schemes Act in compiling the insurance risk management policy. These policies are reviewed annually and the benefit option provided to members is structured to fall within the acceptable insurance risk levels specified. The Board of Trustees also determines the policy for entering into risk transfer arrangements. The annual business plan is structured around the insurance risk management policy.

The Society manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorization and case management, as well as the monitoring of emerging issues, and network arrangements through the appointment of designated and preferred service providers. Certain risks are mitigated by entering into a risk transfer arrangement.

The Society uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include analysing detailed claims information with the assistance of the Society's actuarial consultants.

The Board of Trustees also appointed managed care providers to focus on specific areas where the Society is exposed to insurance risk. These programmes include the following:

- Disease Risk Management
- Hospital Benefit Management Services
- Maternity Programme
- Oncology Programme
- Pharmacy Benefit Management Services
- Prescribed Minimum Benefit
- HIV YourLife Programme
- GP Network Management
- Specialist Network Programme
- Dental Benefit Management

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024
21. INSURANCE RISK MANAGEMENT (continued)

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 is 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 using established statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Society has developed its insurance underwriting strategy to manage the type of insurance risk accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Frequency and severity of claims

For insurance contracts issued, climatic and seasonal changes, as well as the spread of pandemics give rise to more frequent and severe claims.

Source of uncertainty in the estimation of late claims payments

The Society reviews the contributions and benefits annually to ensure that the necessary underwriting surplus is maintained relative to the risk exposure. It is relatively easy to assess the future claim payments since the large majority is lodged soon after year end before the four month expiration of claims period comes into effect.

All the contracts are annual in nature and the Society has the right to change the terms and conditions of the contracts at renewal. Management information including contribution income and claims ratios, target market and demographic split, is reviewed monthly.

The insurance risk management strategy is set out in the annual business plan, which specifies the benefits to be provided. Management information including contribution income and claims ratios is reviewed monthly.

Concentration of insurance risk

The following table summarises the concentration of insurance risk, with reference to the number of beneficiaries by age group.

	2024	2023
Age grouping (in years)	Total	Total
<=25	258	570
26 - 35	42	76
36 - 50	155	356
51 - 64	327	408
=> 65	920	943
Total	1 702	2 353

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024

21. INSURANCE RISK MANAGEMENT (continued)

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

2024								
Age grouping	General Practitioners	Medical Specialists	Dentistry	Medicines	Hospital	Other	Optometry	Total
	R	R	R	R	R	R	R	R
<=25	318 886	808 324	246 611	542 066	724 069	333 629	-	2 973 585
26 - 35	81 265	380 808	44 787	156 361	512 631	84 655	-	1 260 507
36 - 50	367 127	1 869 423	188 872	830 194	1 642 313	360 832	-	5 258 761
51 - 64	644 618	4 404 091	696 016	2 597 184	4 523 773	1 819 894	-	14 685 576
=>65	2 270 203	23 304 266	1 551 205	9 090 205	31 657 947	5 707 553	4 160	73 585 539
Iso Leso	-	-	-	-	-	-	1 297 024	1 297 024
Netcare 911	-	-	-	-	-	592 777	-	592 777
	3 682 099	30 766 912	2 727 491	13 216 010	39 060 733	8 899 340	1 301 184	99 653 769
Insurance contract liability								4 178 782
Insurance contract liability - prior year over provision								(283 418)
TOTAL								103 549 133

2023								
Age grouping	General Practitioners	Medical Specialists	Dentistry	Medicines	Hospital	Other	Optometry	Total
	R	R	R	R	R	R	R	R
<=25	622 523	1 247 687	378 210	788 627	1 611 542	314 373	-	4 962 962
26 - 35	178 410	468 565	84 330	237 801	555 742	82 238	-	1 607 086
36 - 50	848 620	4 178 899	393 261	1 527 878	6 909 813	840 652	-	14 699 123
51 - 64	838 907	5 432 955	767 790	2 942 908	5 910 165	1 848 858	-	17 741 583
=>65	2 160 752	22 749 390	1 291 807	9 762 543	26 947 500	5 132 185	-	68 044 177
Iso Leso	-	-	-	-	-	-	1 657 560	1 657 560
Netcare 911	-	-	-	-	-	637 163	-	637 163
	4 649 212	34 077 496	2 915 398	15 259 757	41 934 762	8 855 469	1 657 560	109 349 654
Insurance contract liability								3 706 176
Insurance contract liability - prior year over provision								(422 874)
TOTAL								112 632 956

The insurance risk management strategy is reviewed annually and specifies the benefits to be provided as well as the contribution payable.

The Other category includes: radiology, pathology, renal care, blood services etc.

Claims development

Claims development tables are not presented since the uncertainty regarding the amount and timing of claims payment is typically resolved within one year.

BP MEDICAL AID SOCIETY**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2024****21. INSURANCE RISK MANAGEMENT (continued)****Risk transfer arrangements**

The Society entered into capitation agreements with an optical service provider and an emergency transport provider.

The Society however remains liable to its members with respect to these services, should the capitation provider fail to meet its obligation.

The amount of each risk retained depends on the Society's evaluation of the specific risk, subject in certain circumstances, to maximum limits on the basis of characteristics of coverage. According to the terms of the risk transfer arrangements, the third party agrees to reimburse the ceded amount in the event the claim is paid. According to the terms of the capitation agreement, the supplier provides certain minimum benefits to all Society members, as and when required by the members.

When selecting a capitation provider the Society considers its relative security. The security of the capitation provider is assessed from public rating information and from internal investigations such as considering capital adequacy, solvency, capacity and appropriate resources.

22. CRITICAL ACCOUNTING JUDGEMENTS AND AREAS OF KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Society's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the Annual Financial Statements.

A key assumption concerning the future that has a significant risk of causing a material adjustment to the carrying amounts of liabilities in the next financial year is that used to determine the liability for incurred claims (refer note 6).

When arriving at this provision it is assumed that the reporting and settlement trend of claims incurred but not reported will be similar to that of the previous financial period. The provision is calculated based on percentages derived from the previous financial period and is adjusted as the claims are reported and settled.

Although the assumption is considered critical, post year-end settlements against the provision have been monitored to ensure reasonability of the original provision.

Included in the measurement of the scheme level are all the future cash flows within the boundary of the Society's group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The Society estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Society uses information about past events, current conditions and forecasts of future conditions. Each scenario specifies the amount, timing and probability of cash flows. (refer note 6).

23. NON-COMPLIANCE MATTERS**23.1 Contravention of Section 35(8)(c) of the Medical Schemes Act*****Nature and Impact***

In terms of Section 35(8) of the Act, a medical scheme shall not invest any of its assets in the business of or grant loans to an employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme.

The Society holds shares in Momentum Metropolitan Holdings Ltd, Sanlam Limited, Liberty Holdings and Discovery Group Ltd. This is in contravention of this requirement of the Act.

Causes for the failure

The Society invests in a pooled portfolio and does not have control over the selection of the underlying assets.

Corrective action

The Council for Medical Schemes granted the Society an exemption for a period of three years until 30 November 2025.

23.2 Contravention of S26(7) of the Medical Schemes Act***Nature and Impact***

In terms of Section 26(7) of the Act, contributions should be received in accordance with the rules of the Society. The rules indicate that contributions should be received no later than three days after they become due. As at 31 December 2023, there were contribution debtors outstanding for more than 30 days to the amount of R141 810 (2023: R105 493) the majority of which relates to debit order pensioners as well as pensioner employer groups in Portugal. This amount represents 0.13% of the total contributions received during the year, the delay in receipt is in contravention of Section 26(7) of the Act.

Causes for the failure

Delays were experienced in respect of receipt of payment from some of the group codes.

Corrective action

This non-compliance is a result of the following:

Section 26(7) does not adequately provide for circumstances where member contributions are remitted from other countries of residence and the Society has pensioner members who reside outside South Africa.

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