



# Let's talk

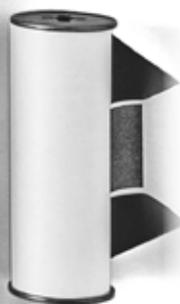
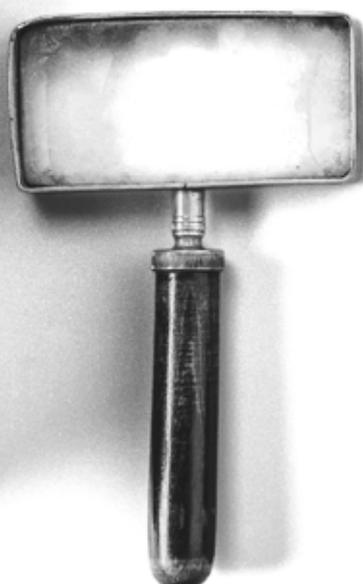
## **NMC Annual General Meeting Agenda 2017**

It's your annual opportunity to be heard and voice your opinions or suggestions on the administration of the NMC Fund.

**Date:** 30 June 2017

**Venue:** Arebbusch Travel Lodge  
c/o Golf Street & Auas Road  
Olympia, Windhoek

**Time:** 12:00



## Enclosed in this notice:

- a) Agenda
- b) NMC Board of Trustees/Auditor/Actuary/Investment Consultant
- c) 2016 AGM Minutes
- d) Chairperson's Report
- e) Administrator's Report
- f) Executive Review by the Actuary
- g) Performance of Fund
- h) Membership statistics
- i) Trustee Fees

### a) Agenda

- |      |   |    |
|------|---|----|
| 1.1  | Opening and Welcome   | TS |
| 1.2  | Constitution of the Meeting                                   | PO |
| 1.3  | Approval of the 2016 AGM Minutes                              | TS |
| 1.4  | Chairperson and Administrator's Reports                       | TS |
| 1.5  | Executive Review by the Actuary                               | NS |
| 1.6  | Investment Overview by the Investment Consultant              | HK |
| 1.7  | Approval of the Annual Financial Statements 31 December 2016  | TS |
| 1.8  | Approval of the Trustee Fees                                  | TS |
| 1.9  | Other Matters (forwarded to PO's office 15 days prior to AGM) |    |
| 1.10 | Closing   |    |

### b) NMC Board of Trustees/Auditor/Actuary/Investment Consultant – 2017

- 2.1 Board of Trustees - Chairperson: T. Smit, Deputy Chairperson: V. Malango Trustees: R. Coomer, R. Izaks, P. Mutota, H. Muisoor, G. Kamatuka, R. Doëses, D. Louw, A. Benjamin, S. Mbidhi,
- 2.2 Principal Officer: A. Begley
- 2.3 Auditor - Ernst and Young Chartered Accountants
- 2.4 Actuary - i3 Actuaries
- 2.5 Investment Consultant: NMG

## c) 2016 AGM Minutes

### 1.3 Approval of the 2016 AGM Minutes

Minutes of An [Annual General Meeting](#) of Namibia Medical Care held on [30 June 2016](#) at Nampower Convention Centre, Cnr. Goethe & Dr. Kenneth David Kaunda Street, Windhoek at [12:00 pm](#)

#### Present

The Chairperson, T. Smit together with 45 members and 380 proxies.

#### Officials in Attendance:

G Kamatuka	Trustee
V Malango	Trustee
R Coomer	Trustee
A Begley	Principal Officer
B Nandago	Fund Manager
T Opperman	Administrator
F Amulungu	Administrator
O Ferrari	Administrator
S Krügel	Administrator
N Nel	Administrator
J Pote	Administrator
Nico Smit	Actuary
Hein Klee	Investment Consultant
Jaco Coetzee	Auditor
Danica van Wyk	Auditor
Emma lita	Auditor
J Joodt	NAMFISA
R Kefas	NAMFISA

#### 1.1 Opening and Welcome

The Principal Officer welcomed all attendees with a special welcome to the Trustees, the Investment Consultant, Actuary, NamAsset, Sanlam, representatives from the Auditor, NAMFISA and the Administrator.

#### 1.2 Constitution of The Meeting

Notice of the Annual General Meeting was published in the Namibian and Die Republiekin in May and June 2016. The notice, the agenda of the meeting and the annual financial statements for the 2015 financial year were made available to members on the NMC website. The notice was taken as read and the Principal Officer announced that the Meeting was duly constituted with 45 members in attendance and 380 proxies.

#### 1.3 Approval of 2015 AGM Minutes

The 2015 Minutes were approved.

#### 1.4 Chairperson's Report

The Chairperson presented his and the Administrator's Report for 2015.

#### 1.5 Executive Review by the Actuary

The Actuary to the Fund, Mr Nico Smit presented his actuarial report for 2015.

#### 1.6 Investment Overview by Investment Consultant

The Investment Consultant, Mr Hein Klee presented an overview of the performance of the Fund's investments for 2015. The presentation kicked off with a brief view of the Brexit and effect on the Fund's investments.

#### 1.7 Approval of Annual Financial Statements 31 December 2015

The Statements were presented by the Chairperson who informed the Meeting that the Fund showed a net healthcare surplus for 2015 of N\$24 million and a net surplus of N\$42 million. The 2015 Annual Financial Statements were adopted by the Meeting.

## 1.8 Approval of Trustee Fees

The Principal Officer informed the Meeting that the fees paid to Trustees to attend meetings were previously adjusted by inflation on an annual basis, but that NAMFISA had advised that Trustee fees should be approved by members at the Annual General Meeting. The Principal Officer presented the fees of the other open funds in the market as a comparison to the fees that Trustees of NMC are paid. The Trustee fees as proposed (below) for 2016, backdated to 1 January 2016, were approved as follows:

<b>Board (per meeting)</b>	<b>Sub-Committee (per meeting)</b>	<b>EXCO Members (per month)</b>
- Chairperson N\$3 960	- Chairperson N\$3 560	- N\$1 310
- Vice Chairperson N\$3 360	- Vice Chairperson N\$3 025	
- Trustees N\$2 760	- Trustees N\$2 490	
- Travel N\$3.50/km		

The 2016 Trustee fees were approved.

## 1.9 Other Matters

No other matters were raised.

## 1.10 CLOSURE

The Chairperson thanked all present for attending the Meeting and adjourned the Meeting at 12:32 pm.

These minutes thus accepted and approved with/without changes at the Annual General Meeting of 30 June 2017.

Thinus Smit  
Chairperson

## d) Chairperson's Report

### 1.4 Chairperson's Report and Administrator's Report

After posting annual growth rates of above 5% since 2010, Namibia's growth momentum sharply moderated in 2016. Gross domestic product (GDP) growth slowed from 5.3% in 2015 to an estimated 1.3% in 2016 as major mining construction projects ended and fiscal consolidation took hold.

Inflation picked up from 3.4% in 2015 to 6.7% in 2016, driven by food and administrative price increases. In response to this, monetary policy was tightened to stem strong credit growth also linked to an increase in luxury imports, rising housing prices and household indebtedness. The Bank of Namibia raised the repo rate to 7% in April, 2016 to align with the South African Reserve Bank's policy rate in the context of the Common Monetary Area.

Our members had to endure the tough financial period in 2016 and membership growth slowed significantly. The trend of a steady rise in claims experienced over the past couple of years continued in 2016. NMC paid a total of N\$1 087 922 000 through claim payments to health care professionals (medical service providers). Efforts by the industry to find possible solutions to counter the increase in claims continued throughout the year. The Trustees and Management put emphasis on the controllable expenses with renegotiations with suppliers to ensure good return on money paid for services.

NMC continues to grow in membership despite the economic hardships. 2016 saw growth in membership to 30 469 main members and a combined total membership of 68 890 (main members and dependants) for the year under review. Thus, the Fund remained the largest open Medical Aid Fund in Namibia.

Reserve levels reported at 31 December was at 29.15%. A membership growth of 3.1% for the year 2016 was achieved.

Added Benefits: Our excellent added benefits have continued to add value to the lives of our members. These benefits

include the comprehensive Wellness Programme, emergency evacuation, premium waiver in case the principal member passes away, the additional hospital benefit, our lenient ex gratia policy, the HIV/AIDS Programme, international medical travel insurance and gym rebates.

Financials: The Fund reported a net surplus of N\$41 million mainly due to the investment returns by Namibia Asset Managers and Sanlam Namibia.

Corporate Social Responsibility - NMC continued to support Mister Sister, a not for profit entity, that delivers mobile primary healthcare services to people living in rural areas of Namibia. NMC makes a monthly contribution to this worthy cause.

The financial assistance trust that receives funds from NMC and Methealth enabled 11 medical and pharmaceutical students to continue with their studies for 2016.

The mental health campaign: "I See You" was a resounding success. With the campaign, the Fund sought to uncover the realities of depression and suicides in our country that for some time have been ignored. All proceeds from the Mental Health event went to the Autism Society of Namibia.

### **In Closing:**

**On behalf of the Board of Trustees I wish to thank the following:**

- Our loyal members for their support and encouragement,
- Our Principal Officer and her office for their dedication and hard work,
- The health professionals for their commitment in taking care of our members,
- Methealth Namibia Administrators, i3 Actuaries, Namasset and Sanlam Investment Managers, and
- NMG consultants for their contribution to the Fund.

Thinus Smit,  
Chairperson,  
NMC

## **e) Administrator's Report 2016**

Taking over the reins of Methealth Namibia Administrators in the latter of 2016 has been a welcoming and rewarding experience. We refocus our efforts this year to ensure that Namibia Medical Care receives only the best in claims processing, premiums management and client services by living our values of excellence, teamwork, accountability, integrity, innovation and diversity.

We work together with the Trustees to ensure that we exceed the needs of the Fund and its members. We believe that we are the best at what we do and we cultivate our strengths by providing cost effective and innovative solutions in a changing environment.

We take this opportunity to thank the NMC Board of Trustees and the Principal Officer for their confidence and guidance, as well as all stakeholders, members and health professionals for their valued support.

Florian Amulungu, CEO, Methealth Namibia Administrators



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SAND CITY INVESTMENTS FIFTY (PTY) LTD

Registration Number: 2014/0017

23 June 2017

Alison Begley  
Principal Officer  
Namibia Medical Care

### **Actuarial Report for 2017 Annual General Meeting**

This report will provide information on various aspects of the financial performance of Namibia Medical Care over the past year.

#### **1. Financial Performance**

The Namibia Medical Care Fund ("NMC" or "the Fund") ended 2016 in a healthy and satisfactory financial position.

The current financial goal of the Trustees of NMC is to maintain the Solvency Ratio at close to 30%. The Trustees believe that at this level of solvency, the Fund will be able to withstand all likely financial shocks without endangering the ability of the Fund to pay all valid claims as they fall due. It is also not desirable for the Fund to build up excessive reserves as this will have a negative impact on the value of money its members receive. The regulatory minimum guideline is to have a Solvency Ratio of 25%.

At the end of 2016, the Solvency Ratio of NMC was equal to 29.2%. This is the sixth consecutive year that the Fund has managed to maintain a Solvency Level very close to the target. The Solvency Ratio has remained at the same level reported at the end of 2015 despite the Fund generating a surplus from its operations amounting to N\$16.8 million before the addition of investment returns.

The investment strategy is designed to deliver stable returns in excess of medical inflation. Even though the strategy delivered lower than expected returns due to the adverse investment market returns, the Fund still managed to generate an additional N\$24.7 million in net investment returns.

The Fund generated a total surplus of N\$41.4 million over the year. This is very similar to the N\$42.1 million generated in the previous year.

All the options of NMC managed to deliver a satisfactory financial result over 2016. In our view this is an indicator of a financially healthy fund. The financial performance of each option is analysed and monitored on a continuous basis and the aim is to ensure a consistent performance across all options as this will avoid cross-subsidies between options and will allow the Fund to implement similar increases for all the options which in turn, reduces the risk profile of the Fund.



## **2. Membership**

The Fund continued to attract new members over the course of 2016. The total number of members increased from 29 542 at the end of 2015 to 30 121 at the end of 2016. This represents an increase of 3.1% over the year. The membership growth was spread across most of the options with the Ruby option showing the highest level of membership growth.

The rate of growth has reduced from the previous year and the Fund is actively engaged in marketing activities to attract and retain members.

It is beneficial to a medical fund if it can attract new members and consistently increase its total membership size every year as this would generally avoid the situation whereby, on average, the members of the Fund would grow older every year. The membership growth does however place pressure on the Solvency Ratio of the Fund and it places pressure on the Fund to ensure that the new members that it attracts, are relatively younger and healthy members. This will keep the risk pool healthy and thereby benefit all the members of the Fund.

## **3. Contributions and Benefits**

The contributions and benefits of all the options offered by NMC is reviewed on an annual basis. This is done to ensure that the benefits remain relevant and competitive and to allow for the impact of the annual medical tariff adjustments (also called medical inflation).

The change in the contribution tables for each option is driven by three main factors. These are the annual tariff adjustments, the increase in utilisation (members tend to use the services more often and this includes the impact of newer and more expensive treatments and medicines) and then the increase due to benefit changes and allocations to the reserves. These three factors are different for each option, but on average for the fund, these values were as follows for the last year:

Tariff Adjustments	7.65%
Utilisation Adjustments	1.00%
Benefits and Allocation to Reserves	1.02%

The total average increase amounted to 9.67%

Most of the benefit limits were improved for the 2016 benefit year to ensure that the limits keep track with the increasing cost driven by the increase in the tariffs.

The reduction in premiums for single parent families was increased from 6.0% to 7.5%. Additionally, the contribution tables for the Opal option (previously the Protector Health option) was changed and the contributions are now expressed on a Member / Adult / Child basis. Only the Diamond, Sapphire and Ruby options are still on the old structure. The Trustees have expressed the intention to change all the options to the new structure when this is feasible.



#### 4. Outlook

We expect that the Fund will maintain its strong financial position in the near future and it is expected to be able to withstand all likely financial and other risks to which it is exposed. The membership growth has been reasonable over the first few months of the year however the claims experience is much higher than what we anticipated. We do however believe that the claims will normalise towards the end of the year without any adverse impact on the Fund.

In the absence of any other adverse events, we expect that the contribution increases will broadly follow the increase in the medical tariffs for the 2018 year.

Yours sincerely



**Nico Smit**

B.Comm | FASSA | FSAN

In my capacity as an Actuary

For and on behalf of i3 Actuaries and Consultants



## g) Performance of the Fund

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended	2016	2015
	N\$ '000	N\$ '000
Net Contribution Income	1 238 022	1 095 335
Net Healthcare Expenditure	(1 114 150)	(970 790)
Gross Healthcare Result	123 872	124 545
Administration Expenses	(107 118)	(99 559)
Net Healthcare Result	16 754	24 986
Net Investment Income	27788	19 867
Asset Management Fees	(3 106)	(2 772)
<b>Net surplus for the year</b>	<b>41 436</b>	<b>42 081</b>

### STATEMENT OF FINANCIAL POSITION

At 31 December	2016	2015
	N\$ '000	N\$ '000
Assets		
Non-Current Assets	66 010	58 882
Current Assets	419 906	381 085
<b>Total Assets</b>	<b>485 916</b>	<b>439 967</b>
Equity and Liabilities		
Members' Funds	360 851	319 415
Non-Current Liabilities	-	-
Current Liabilities	125 065	120 552
<b>Total Equity and Liabilities</b>	<b>485 916</b>	<b>439 967</b>
Reserve Level		
(Members' fund / Net contributions)	29%	29%
Solvency Ratio		
(Total assets / Net claims)	44%	45%

## h) Membership Statistics

FINANCIAL YEAR	2016	2015
Total Membership as at 31 December	68 890	66 732
Principal members	30 469	28 142
Pensioners	2 330	1 400
Dependents	36 091	37 190
Average Number of Members	68 037	64 871
Member to Dependent ratio	1:1.26	1:1.26
Member to Pensioner ratio	1:0.08	1:0.05
Average Age of Members	40.84	40.94

**i) Trustee Fees**

**Industry Trustee Remuneration Fees 2017**

	<b>Open Fund 1</b>	<b>NMC</b>	<b>Open Fund 2</b>	<b>Open Fund 3</b>
<b>Board Meetings:</b>				
Chairman	N\$3 973.96	N\$4 240.00	N\$4 160.00	N\$3 741.06
Vice chairman	N\$3 179.16	N\$3 600.00	N\$3 015.00	N\$3 020.50
Other Trustees	N\$2 732.10	N\$2 950.00	N\$3 015.00	N\$2 690.74
Traveling	N\$4.25km	N\$3.50	N\$3.40 km	N\$3.50
<b>Subcommittee Meetings:</b>				
Chairman	N\$3 973.96	N\$3 810.00	N\$4 055.00	N\$3 367.46
Vice chairman	N\$3 179.16	N\$3 240.00	N\$3 015.00	N\$2 246.61
Other Trustees	N\$2 732.10	N\$2 670.00	N\$3 015.00	N\$2 246.61
<b>Other Ad-Hoc Meetings:</b>				
Convener	N\$3 973.96	N\$3 810.00	N\$ 4 055.00	N\$3 367.46
Other trustees	N\$2 732.10	N\$2 670.00	N\$3 015.00	N\$2 246.61
<b>Exco Meetings:</b>				
Chairman	N\$3 973.96	N\$3 810.00	N\$4 055.00	N\$3 741.06
Vice chairman	N\$3 179.16	N\$3 240.00	N\$3 015.00	N\$ 3 020.50
Other trustees	N\$2 732.10	N\$2 670.00	N\$3 015.00	N\$2 690.74
Monthly Retainer	Not Indicated	N\$1 400.00	N\$ 1 970.00 Chairperson Only	No retainer

## **1.9 Other matters** (forwarded to PO's office 15 days prior to AGM)

### **Questions and Responses**

#### **What does NMC do to protect its members?**

NMC provides protection to its members against on-going and unexpected medical expenses. Therefore, it provides protection to its members in the ordinary course of doing its business. NMC aims to provide this protection at the highest possible level, and at the lowest possible cost.

NMC also provides wellness programs to protect members against possible future diseases and costs. These programs aim to prevent member getting sick in the future. NMC also protects the data and confidentiality of members through appropriate service level agreements with service providers.

#### **Why does NMC have limits per beneficiary instead of one amount for the whole family?**

The limits are there to protect the Fund against very high and unnecessary claims. NMC aims to have as few members affected by the limits as possible through regular analysis of the number of members that reach the limits and by annually adjusting most limits.

The claims experience of a single member and beneficiary is obviously different. Individual members cannot have the same levels of limits as family members would have as this could open the fund up to abuse by such members due to the limits being very high relative to the expected claims.

NMC is considering amending the limits by changing the limits based on the number of members in a family to a limit which is based on the family alone. This will most likely happen in line with any changes to the contribution structures. Such changes cannot all happen at once and Trustees have been phasing-in these changes over time. This necessary level of prudence ensures that NMC can maintain its financial stability.

#### **How does NMC compare with other medical aid funds re roll-over options?**

NMC does not provide a roll-over benefit in the same manner as provided by other medical schemes in Namibia. Trustees have considered providing it in the past, but the conclusion was that NMC has "additional benefits" which provide better value for money and that members that select a traditional option expects full cross-subsidisation.

The roll-over benefit removes some level of the cross-subsidisation from the traditional options as healthier members are better-off compared to the sicker members. The benefits of cross-subsidisation is utilised in full only if all the members are in the same risk pool. If all the members in one option are in a single risk pool, then the average contributions are as low as possible for this group of members.

If members do not want the benefits of cross-subsidisation, then NMC offers two new generation options where members can choose their own contributions towards the day-to-day benefits and all unused funds are carried over to the new financial year.

The "additional benefits" provided by NMC is called the Benefit Booster. This is an additional layer of day-to-day benefits that each member can elect to use on any of the day-to-day disciplines. Any unused benefit does not roll over into the next year, however this ensures that the additional layer can be provided at a very low cost.

## **1.10 Closing**







