

# ANNUAL GENERAL MEETING

2022

**NAPOTEL**

MEDICAL AID FUND



WE CARE ABOUT YOUR HEALTH

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## **AUDIENCE AND PURPOSE**

The AGM pack intends to guide members attending the meeting on the procedures during the meeting. However, most importantly reports to provide critical feedback/information on the operation of the Fund, financials, Fund strategy and performance of Napotel Medical Aid Fund for the 2021 benefit year.

## **SCOPE AND OVERVIEW**

The report covers the Fund's financial and operational performance for the period 1 January 2021 to 31 December 2021, with forward looking statements on key strategic aspirations for 2022.

We believe that the 2021 report is descriptive and provides material information on the affairs of the Napotel Medical Aid Scheme. It will empower our members with information in preparation for attending the AGM and also give you peace of mind that the Fund is well-managed, well-funded, and sustainable for taking good care of you and your family's healthcare needs. Members can rest assured that the Fund is determined to apply the Fund's resources Economically, Efficiently and Effectively.

## URGENT NOTICE TO MEMBERS

**NOTICE TO MEMBERS OF THE NAPOTEL MEDICAL AID FUND, (REGISTRATION NUMBER 0012),  
OF THE ANNUAL GENERAL MEETING (AGM) TO BE HELD ELECTRONIC VIA MICROSOFT TEAMS  
ON TUESDAY 21 JUNE 2022 AT 09:00,**

**Link**

Join on your computer or mobile app [Click here to join the meeting](#)  
**(REGISTRATION STARTS AT 08H30)**


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**1. The following documents are attached to this notice:**

- Proxy Form, Members who will attend the meeting can represent up to ten (10) members by proxy.
- Minutes of the AGM held on 21 June 2021.
- Financials for the period ending 31 December 2021.

**2. Registrations form link: <https://forms.gle/Roq9ump54CeAXjPZ9>**

All members who will join the meeting via Microsoft Teams must complete the registration form available at the above link. Please note that all proxies must be submitted before **Friday 17 June 2022** at the Napotel Office or via email to: **[muriel.alcock@prosperitynam.com](mailto:muriel.alcock@prosperitynam.com)**



# MEMBER FLOWCHART ON AGM VIRTUAL MEETING

## 1. Registration

- Open the AGM registration link sent via email or sms
- Access the electronic AGM registration form
- Complete form and indicate that you will attend the AGM
- Complete all required fields and submit the form once completed

## 2. Registration form submitted and access to meeting.

- Once your completed form is received by Fund, the following will be forwarded to you via email:
- Calendar invite with Microsoft Teams link to the meeting
- AGM booklet
- You can join the AGM meeting via your PC, Tablet or mobile phone

## 3. Day of the meeting

- Meeting opens at 08h30
- Please do not to access the meeting link before 08h30
- Go to your AGM calendar invite
- Please note you do not have to download the **teams app** on your pc / tablet or mobile phone, you can access it via the Internet browse
- Click on 'join teams meeting' link
- Our administration team will let you into the meeting

## 4. Meeting Procedures

- Only active Napotel principal members are allowed to attend the AGM
- If your username is different from your registration details, the Admin team will send you a message via the chat box requesting your medical aid number to verify your membership
- All microphones and cameras should remain switched off during the meeting
- Members can use the chat box to ask questions during the meeting
- Questions in the chat box should be directed to **Getrud Baisako**
- Members who are provided the floor to ask a question may then unmute their microphones and turn on their cameras.

**GROUND RULES FOR THE NAPOTEL MEDICAL AID FUND AGM 2022 VIA MICROSOFT TEAMS. IN ORDER TO HAVE AN ORDERLY AGM, ALL PARTICIPANTS ARE REQUIRED TO ADHERE TO THE FOLLOWING GROUND RULES. ANY PARTICIPANT VIOLATING THESE GROUND RULES MAY BE DISCONNECTED FROM THE VIRTUAL AGM**

1. All participants are reminded that this AGM is exclusively for NAPOTEL Medical Aid Members.
2. No members are permitted to allow any other person to view the proceedings of this online AGM via their device connected for the purposes of this AGM.
3. All participants should ensure that they are in a secure, quiet place.
4. Microphones of all participants shall be on MUTE except the AGM Facilitator.
5. Cameras of all participants shall be OFF except the AGM Facilitator.
6. Any participant that wants to be given the floor shall raise their hand via the teams app.
7. A participant that has been given the floor, may switch ON their microphone & Video streaming in order for the AGM members to see who is addressing them at that particular point of time.
8. No derogatory language will be permitted from any participant during the AGM proceedings.
9. All issues and questions raised should be done in a clear and professional manner.
10. Members who did not register prior to the meeting should send their medical aid numbers via teams messages to Ms. Lydia Chimana for registration purposes.

**All participants are further informed that the entire AGM proceedings will be recorded and minuted.**



**AGENDA**  
**for the Annual General Meeting (AGM) of Napotel Medical Aid Fund**  
**to be held on 21 June 2022 at 09h00 via Microsoft Teams**

1. Welcome by the Chairperson of the Fund – **Mr. Erastus Molatudi**
2. Quorum – The Quorum shall consist of 100 (hundred) members of the Fund in present or by proxy.
3. Approval of minutes of the AGM held on 21 June 2021.
4. Chairperson's Report
5. Tabling of the Annual Financial Statements, for the year ended 31 December 2021.
6. Adoption of the auditors of the Fund currently being Ernst & Young.
7. Remuneration of the Board of Trustees
8. Closing of AGM

**BY ORDER OF THE BOARD OF TRUSTEES**

# MINUTES

Of the Napotel Medical Aid Fund Annual General Meeting  
Held on **Monday, 21 June 2021** at **09h00**  
Via microsoft teams

## PRESENT:

### BOARD OF TRUSTEES:

E Molatudi  
D Nashandih  
J Mouton  
C Karokohe  
S Egelser  
S Bergh  
A Nakantimba  
H Witbooi  
S Kisting  
G Capelao  
B Hilzebecker

### APOLOGIES:

A Mbuende Trustee

### PRINCIPAL OFFICER:

G Baisako

### ADMINISTRATOR:

T Serfontein  
I Cuff  
L Chimana  
C Jacobs

### ERNST & YOUNG AUDITOR:

D Van Wyk

### NMG:

A Lowe

### NAMFISA:

None

### MEDISCOR:

J Wessels



## 1. OPENING & WELCOME

The Principal Officer welcomed all present at the meeting and shared the rules of the virtual meeting with the members on screen. The Principal Officer confirmed that the meeting was properly constituted, as the necessary quorum was present at the meeting. A total number of 90 members were in attendance and 21 by proxies.

The Principal Officer called upon Ms Sonja Bergh, the Chairperson of the Ex-Gratia Committee, to open the meeting officially on behalf of the Board of Trustees. Ms. Bergh welcomed all the members of the Fund and representatives from Ernst & Young the Auditors, Prosperity Health Namibia, the administrators, NMG, the asset consultants, and Mediscor, the medicine management providers. Ms. Bergh requested for a moment of silence for all the members that the Fund lost due to the Covid-19 Pandemic and closed off her opening remarks with prayer.

She indicated that all members have lost family and friends due to the Pandemic and that the Fund was facing difficult times and the Trustees were doing their best to ensure that all members have access to benefits. She added that it was not only the responsibility of the Trustees to ensure that benefits are available, but members should manage their benefits prudently. She urged members to adhere to the Government regulations.

The Principal Officer thanked Ms Bergh for the opening and welcoming and handed over to the Chairperson of the Board. The Chairperson introduced the Board of Trustees to the AGM and indicated that the Board was fully constituted and there were no vacant positions on the Board. The Principal Officer confirmed the quorum for the AGM in terms of the Fund rules, 100 members were required in attendance or by proxy. She noted that 90 members were present, 21 by proxy and in total 111 people attended. She highlighted that the notice of the AGM was distributed 21 days before the meeting as per the Fund rules and confirmed that no motions were received to be tabled at the AGM.

## 2. APPROVAL OF THE AGENDA

The meeting approved the agenda without any changes.

## 3. APPROVAL OF MINUTES OF THE MEETING HELD ON 7 SEPTEMBER 2020

The Chairperson requested for corrections while paging through the minutes. There were no corrections to the minutes. **Ms S Bergh and Mr L Shikwambi accepted the minutes as a correct and true reflection of the proceedings.**

## 4. ANNUAL REPORTS

### 4.1 CHAIRPERSONS REPORT

The Chairperson indicated that 2020 was a year of two fronts: number one, the pandemic, and number two, limited access to medical services, which resulted in the surpluses for 2020. He requested that members join hands to ensure that we overcome this pandemic. He noted that the Government made the vaccines available for all Namibians and encouraged members to be vaccinated.

He presented a brief overview of the Chairperson report and the Fund's operations.

#### **The Fund reserves:**

**He indicated the Fund reserves for the past three years as follows:**

2018 - 69%  
2019 - 68%  
2020 - 78%

He highlighted that the performance for 2020 was mainly due to the postponement of planned procedures due to the pandemic, but alluded that despite the surplus of 2020, the Fund was still faced with risk factors such as:

- Ageing
- Increase in chronic condition prevalence
- Limited entry of young members to the Fund
- Fraud Waste and Abuse (FWA)

The Chairperson presented that the Fund surplus for 2020 amounted to N\$18,581,096.00, and this was mainly attributed to the reduction in claims due to the pandemic. The Fund membership reduced from 1891 in 2019 to 1845 in 2020, which might result in the dissolution of the Fund, should the trend continue unabatedly. He highlighted that Napotel MAF had the lowest non-Healthcare expenditure of 4% compared to the industry of 10-12%, the Board therefore should be applauded for managing the Fund efficiently.

Mr Matte proposed that in order to encourage members to remain on the Fund the Board should consider a contribution Holiday. The Chairperson noted that the Board was in the process of addressing the issue and members will be informed accordingly. He pointed out that the reduction of members was also due to resignations and members going into retirement.

The Chairperson highlighted that the Disease Management Programme was implemented in October 2020. The Programme will manage all members with chronic illnesses and ensure that they adhere to their chronic medication to avoid hospitalization, which could result in high Hospital costs.

He alluded to the fact that in terms of technology, the Fund offered platforms such as the Fund website (portal) and Mobi App, which members could access to obtain information on benefits and Rules. Members with no internet access were encouraged to visit the Administrator's Office to obtain information regarding their benefits. He indicated that the Board, through the Administrator, established an internal FWA department to protect the Fund against unethical practices. The Fund also implemented a Disease Management Programme, which manages chronic members through medication adherence and proactively reduces In-Hospital costs. The Chairperson informed the members that a DSP agreement was in the process of being finalized, which would provide members access to Medical Practitioners that charged NAMAFA tariffs to avoid co-payments.

He thanked the members and the Board of Trustees for their contribution that rendered the Fund financially sustainable. The Chairperson thanked the Management of the participating Employer Groups for their support, the regulators NAMFISA and NAMAFA, for their continued support and guidance in their aspiration to improve the industry. He was confident that all members appreciated their hard work and dedication.

Mr Matte enquired on the recent migration of the company to total cost, and the options available for members from a Fund perspective. The Chairperson indicated that the Employer and not the Fund should address the migration. Mr Matte added that the Fund should investigate the reason why some members do not have all their dependents on the Medical Aid and if it might be because of financial reasons. The Chairperson added that the Board is currently looking into an alternative for members and this option would be shared going forward.

**There were no questions in respect of the presentation.**

## 4.2 FUND CHRONIC COMPLIANCE REPORT BY HALOCARE

The Principal Officer introduced Mr Jurie Wessels from Halo-Care to present the Disease Management Program. Mr Wessels presented a high-level report on the last 6 months of the Disease Management program and iterated that the importance of this program was to reduce Hospital admissions due to non-chronic adherence and unmanaged high-risk patients.

Ms E Petrus enquired on the calls that members received requesting for clinical information and why the members were not informed in advance about the Program. Mr Wessels explained that the calls were made from Prosperity Health Disease Management Nurses, and when they call members they would indicate where they were calling from and the purpose of the call. He noted that the system would send SMSs and emails to inform members that they have been enrolled on the Program, and would thereafter call to do interviews with the members to obtain clinical information. He added that the system created a follow-up alert based on the clinical information obtained.

Mr Serfontein highlighted that letters were sent to members to inform them about the new program, and requested that the letters be redistributed to the members. Ms Petrus enquired on the confidentiality of the member information, and Mr Wessels assured her that the information is kept confidential. He indicated that 25 of the HIV members could not be engaged positively.

## 4.3 FUND BENCHMARK EXERCISE BY NMG

Mr Lowe presented the Fund benchmark comparison of Napotel to the other Funds.

**The following benefits were discussed and compared by Mr Lowe, and the members' enquiries were noted after the presentation:**

<b>DENTISTRY:</b>	Annual benefit and the Fund benefit relatively low in comparison with other Funds
<b>OPTICAL:</b>	Two yearly benefit falls in the middle of the range
<b>ACUTE MEDICATION:</b>	Benefit was in the middle of the range
<b>OTC:</b>	Benefit falls in the lower end of the range
<b>CHRONIC MEDICATION:</b>	Benefit falls middle of the range per beneficiary
<b>PROFESSIONAL SERVICES:</b>	The benefit is the best in the industry
<b>AUXILIARY SERVICES:</b>	At the lower end of the range and very difficult for the Fund to manage
<b>MRI &amp; CT SCANS:</b>	The benefit is at the high end of the range and in line

Ms S Albertine enquired about the benefit on optical lenses; and noted that she could only obtain lenses for 6 months, and could not access her Optical benefit. She noted that she was advised that she could only claim for the new lenses after 6 months. The Principal Officer highlighted that the benefit was for two years and requested that Ms Albertine send her an email, to address the query offline.

Mr J Human enquired why the Dental Benefit was so low and added that the annual Benefits was not sufficient. He enquired if the benefit could be rolled over to the next year. Mr Lowe responded that the benefit is difficult to manage from a costing perspective. The Principal Officer requested that the benefit be included on the 2022 wish list.

Ms Justine enquired why the benefit for MRI/SCANS was reduced in 2020 and requested for more clarity on the Family Benefit of N\$40,773.00. Mr Lowe responded that the +3 Family benefit would be N\$13,591.00 per member and in terms of the reduction of the benefit for the MRI/SCAN, the cost was brought in line with the general cost of scans and was done more than once a year. There was a question on the chats on why the Fund did not offer orthodontic benefit in the same manner when compared to the other Funds. The request was to add the Orthodontic benefit to the 2022 benefit design wish list.

#### **4.4 PRESENTATION: ANNUAL FINANCIAL STATEMENTS: 31 DECEMBER 2020**

Ms. Danica van Wyk, audit partner of Ernst & Young Namibia, presented the Annual Financial Statements of the Fund for the year ended 31 December 2020. She noted that the membership of the Fund at 31 December 2020 dropped with 2.6% when comparing to 2019. The financial statements indicated a net surplus of N\$17,578, 602 compared to N\$1,436,349 in 2019. She added that this was due to a reduction in claims attributed to the lockdown in 2020.

In the Auditor's opinion, the financial statements were presented fairly and in all material aspects the financial position of the Fund as at 31 December 2020, its financial performance and cash flow for the year in accordance with International Financial Reporting Standards, and in the manner required by the Medical Aid Funds Act of Namibia (Act 23 of 1995).

Mr O Heitha raised two questions on page 7 of the financial statements. The first question was on the appointment of the Trustee, Ms C Karokohe, stated incorrectly as appointed in 2002 whilst she joined the company in 2016. Ms Karokohe confirmed that the year should be 2016.

The second question was based on the bank guarantee of the Fund, on which the financial statements indicated that in terms of section 4 of the Medical Aid Funds Act, Bank Windhoek Limited did not provide a guarantee of 750 000.00 (2019 750 000) in favour of Namfisa? Ms Danica Van Wyk replied that it was an error and "the did not" should be removed to read provided a guarantee. Mr Heitha also enquired on the same page why Ms D Nashandih was still reflecting as Chairperson and the Principal Officer indicated that Ms Nashandihs' term ended in March 2021 and Mr E Molatudi was appointed as Chairperson and Mr J Mouton Vice Chairperson.

Ms Kisting requested for the approval of the Financial Statement for the Napotel Medical Fund with the changes as indicated by Mr Heitha. She noted that as reported by E&Y the statements were unqualified and prepared according to the international standards, as per the Medical Aid Funds Act (Act 23 of 1995) and NAMFISA regulations. Ms Kandundu proposed for approval and was seconded by Mr Van der Colff and Mr Human. The members approved the Annual Financial Statements for the year ending 31 December 2020.

## 4.5 ADOPTION OF THE AUDITORS

Mr Mouton informed the members that the Auditors Ernst & Young were appointed for the period, 2021-2023 through tender process. **The members did not have any question and adopted the appointment of the auditors.**

## 4.6 CLAIMS VS CONTRIBUTION

Ms Karokohe gave a short overview of the claims vs contributions as follow:

**2018 – 97%    Claims vs the contributions**  
**2019 – 99%    Claims vs the contributions**  
**2020 – 84%    Claims vs the contributions**  
**2021 – 109%   Claims vs the contributions**

**There was no question from the members.**

## 4.7 MATTERS RAISED AT THE 2020 AGM

Mr Capelao presented the matters raised at the AGM 2020 as below:

### Trustee Remuneration

- Distribution of information prior to AGM meeting.
- Information on total meetings held per annum.
- 

### Introduction of 2nd lower option

- Request to investigate possibility to introduce a second option to accommodate members are not able to afford the current option.

He reported that the above matters were addressed and implemented for the 2021 AGM. The Principal Officer added that since the request for a second option on the Medical Aid Fund was received late in 2020, the Board could not address the request, however, it was included on the Benefit wish list for 2022 for review by the Actuaries.

## 4.8 TRUSTEE REMUNERATION

Mr Mouton provided a background on the process for the request on the increase in seating fees. He proposed an inflationary increase to the AGM as per the Board resolution of 3.9 %. He presented the amounts for each Committee and Sub-Committees including the new proposed fees. Mr Mouton requested that the members provide their inputs. There was a concern by Mr Heitha that some Trustees' tenure was serving on the Board for more than ten years. The Principal Officer noted the concern.

The Principal Officer, through the Chairperson asked the members to vote. The Principal Officer handed over to Mr Mouton for his guidance on the adjustment of seating fees. Mr Mouton asked the members who were in favour of the increase of the seating fees to raise their hands. There was only one person in support of the increase and the request for the increase on the seating fees was therefore declined.

## 5. VOTE OF THANKS

Ms Karokohe thanked Ms Nashandih for her contribution over the years as the Chairperson. She congratulated Mr Molatudi as the new Chairperson and Mr Mouton as the Vice Chairperson and the new trustees, Ms S Egelser and Mr A. Nakantimba. She thanked the members for their support, the Principal Officer, Board of Trustees, Auditors, Actuaries and the Fund Administrators for the roles they play in managing the Fund effectively and efficiently.

## 6. CHATS FROM THE MEMBERS

- The Principal Officer responded to one of the chats from the members who enquired on additional benefits to members during the Covid Pandemic. She informed the members that the Board requested the actuaries for the costing of a Covid Basket in addition to the current OTC benefit. Once the costing is finalized, the Board's decision would be shared with the members.
- In addition to the Covid-19 Basket, the Principal Officer requested the Actuaries to investigate a possible review of Premium holiday as a retention strategy.
- She added that due to the current Covid-19 situation, the Healthcare industry opened up the Daycare facilities to patients who were not critical to be admitted at these facilities. She added that she received information that once the General Practitioners release patients from the Hospitals, the Fund would pay for oxygen as per prescription from the GP.

## 7. CLOSING OF FORMALITIES

The Chairperson, addressed the concerns raised earlier on whether the Board took the members concerns seriously. The Chairperson assured all members that the Board took members contribution or concerns very seriously.

He referred to the concern raised by Mr Heitha and Mr Nakantimba regarding the appointment of Trustees and indicated that Trustees were appointed by the participating Employers and Unions and not by the Board. On the tenure of Trustees, he explained that the Board was managed in accordance to the Fund Rules, Corporate Governance Principles, NAMFISA regulations, and Trustees appointments were approved by NAMFISA.

The Chairperson emphasized that the Fund exercised an open door policy and any concerns should be channeled through the Office of the Principal Officer or directly with any of Board members. The Chairperson indicated that the members could contact the Principal Officers' or the Administrator's office for any wellness issues. The Chairperson expressed his vote of thanks to the Principal Officer for facilitating the AGM and thanked all attendees, Auditors, Actuaries and Administrators for their contributions. The meeting adjourned at 12:47.

### Duly signed:

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Chairperson Principal Officer

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Principal Officer

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Minute Secretary

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Date



# Health in your hands to the benefit of all Napotel Medical Aid Fund Members

The 4-Step Guide to Surviving LIFE.

## PROSPERITY CONNECT APP



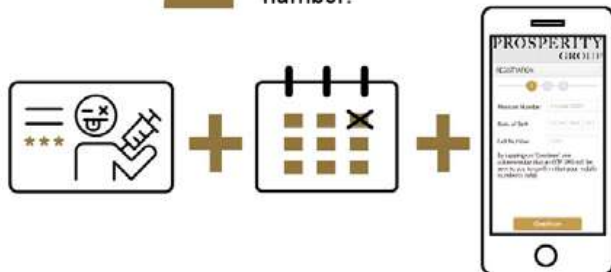
**You can't control LIFE,**  
but you can control your health with the **Prosperity  
Connect App**. Follow **4 easy steps** to downloading  
the App:



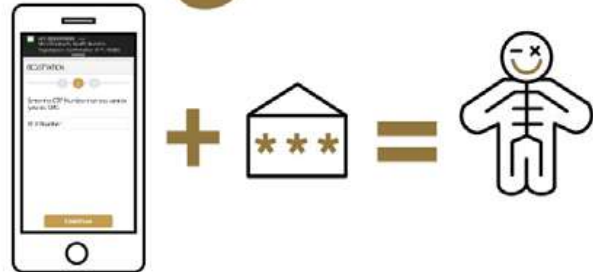
**STEP 1** Download the Prosperity Connect  
App on **Google Play** or **App Store**.



**STEP 2** Enter your **membership number**  
and **dependent code** using your  
date of birth and (+264) mobile  
number.



**STEP 3** Wait for the **one-time-PIN (OTP)**  
to be sent to you via **SMS** and  
then enter the code on your app.



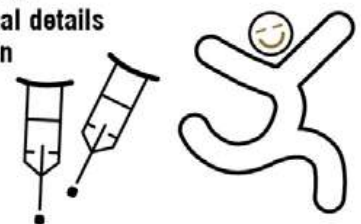
**STEP 4** Create your **personal 4-digit PIN**  
to complete your registration.



Now you can enjoy:

1. **Checking your available benefits**
2. **Processing your claims**
3. **Accessing your beneficiary accounts**
4. **Checking your balance**
5. **Update your personal details**
6. **SMS communication**

**TAKE THAT LIFE.**



# FUND REPORTS

## 2021 FUND HIGHLIGHTS

### 1. MEMBERSHIP

#### LIVES COVERED:

2019: 4635

2020: 4510

2021: 4425

#### AVERAGED PRINCIPAL MEMBERS AGE:

2019: 46.5

2020: 47.0

2021: 47.2

#### PENSIONER RATE:

2019: 13.8%

2020: 14.3%

2021: 15.3%

#### NUMBER OF PRINCIPAL MEMBERS:

2019: 1891

2020: 1867

2021: 1796

### 2. FINANCIAL

#### NON-HEALTHCARE COST AS % OF GROSS CONTRIBUTIONS:

2019: 5%

2020: 5%

2021: 5%

#### SOLVENCY RATIO:

2019: 11.38 times

2020: 11.03 times

2021: 12.80 times

#### CLAIMS RATIO:

2019: 99%

2020: 84%

2021: 96%

#### RESERVE LEVEL:

2019: 68%

2020: 78%

2021: 78%





# FUND STRATEGY

## Our Commitment

At Napotel, our members are the core reason why we exist and we are committed to acting in their best interest at all times. We pride ourselves in upholding a member-focused business model to achieve our core purpose of enhancing and making our members healthier. For the past two decades, we have set out to provide a competitive market-related product that provide access to quality healthcare. In doing so, we continue to revisit our strategies, explore new ways to connect to our members and improve our benefit offering.

## March 2022: Fund Strategy Revisited

Napotel, like any other business organization, has set overall goals for the Fund and has developed a strategic plan on how to achieve these goals. The Fund has also developed founding statements, which forms part of the strategic plan. The founding statement describes the Fund purpose for existence, it's goals and values. The Board is responsible for the overall management and performance of the Fund. The Board need to ensure, oversee all necessary measures and actions put in place to achieve the Fund's strategic goals.

### The Board held its strategic review in March 2022, with the main objective:

\*to revisit the existing Fund strategic plan, \*reflect on the Fund past performances,  
\*consider the current socio-economic realities and \* craft a new strategic plan that speaks to these new realities.

## The New Fund Strategy 2022-2026

The purpose of the New Fund Strategic Plan or Score Card is to record strategic objectives and imperatives for the next five (5) years, taking into consideration the current economic/social factors as well as the prevailing impact of the COVID19 pandemic. The new strategy, emphasize the board's commitment to its members, it addresses the current fund challenges which might impact its future sustainability, and is founded on two core strategic goals namely;

**i) To offer World-class, affordable health care benefits and**

**(ii) To achieve a reduction in the claims vs contribution ratio of 90 percent by 2026**



Four strategic imperatives/themes as depicted above were identified to achieve the Fund strategic goals. The Fund strategic plan is considered a working document. It not static, and all four strategic imperatives are viewed as equally important in attaining the Fund goals. The Board will continuously monitor emerging risks and implement mitigation strategies, which might also result in changes to the strategic imperatives as they emerge.

The strategic plan forms part of the Board Agenda and its implementation progress is discussed at every Board Meeting. The Board established Work Streams for each strategic imperative, with the main objective to implement the action points in terms of the strategic plan. A leader is appointed for each Work Stream, and feedback on the progress on the implementation of the strategic imperatives is provided at every Board meeting. **As part of the 2022 strategic review, the Board revisited, amongst others, the Fund Statements and below are the new Fund founding statements.**

## FUND MISSION & VISION STATEMENT | CORE VALUES | STRATEGIC IMPERATIVES

### 1. New Fund Founding statements

#### Mission

We are committed to providing affordable and competitive benefits for all our members and their families' health and wellness needs.

#### Vision

To be the preferred medical aid fund for members of participating employers.

### 2. Core Values

The Fund defined five (5) core values as illustrated hereunder:

<b>Integrity</b>	We are ethical in everything we do and our word is our bond
<b>Client focused</b>	We collaborate with our stakeholders to provide superior client service and care
<b>Accountability</b>	We accept the responsibilities entrusted to us and shall account for it
<b>Reliable</b>	We always deliver on our service promises
<b>Excellence</b>	We exceed our clients' expectations through professionalism and innovation

In conclusion, the Board of Trustees would like to re-iterate that the Fund belongs to its members. It is also of importance to the Board of Trustees that members are kept up-to-date on the operational aspects of the Fund, new developments and challenges. Attendance of members to Fund information sessions or AGM meetings is part of their responsibility to the successful management of the Fund.

## REVIEW BY THE CHAIRPERSON & PRINCIPAL OFFICER



**CHAIRPERSON**



**PRINCIPAL OFFICER**

### Providing healthcare in the midst of a pandemic

The economic and socio-economic challenges brought about by Covid-19 in 2020 continued to be experienced world wide until today. The year 2021 could be described as one of the most difficult since the arrival of the Covid-19 pandemic, and it will remain engraved in the hearts of many Namibians for years to come. The arrival of the third wave, the Delta variant, was catastrophic. It robbed us of many loved ones, our health systems were under pressure, and according to the Namfisa's Q3 industry report, the healthcare industry reported an increase of 149.49% in Covid-19 related expenditure compared to the last quarter. A summarized report on the Covid -19 Impact on the Fund is provided under the operational report.

### REGULATION

The much anticipated FIMA was promulgated on the 30th of September 2021. **The Financial Institutions and Market Act (FIMA)** will replace the existing legislation for non-banking institutions regulated by the Namibia Financial Institutions Supervisory Authority (NAMFISA). The institutions that FIMA will govern include amongst others, medical aid funds, and their administrators, retirement funds, short- and long-term insurers, etc. FIMA was promulgated in 2021, but is not yet operational and it is expected to come into force on 1 October 2022.

#### **The introduction of FIMA will result in numerous changes for medical aid funds, which include some of the following:**

- All existing medical aid funds will have to re-apply for registration under FIMA. To register, medical aid funds must amend their rules to ensure that they are FIMA-compliant.
- Every person or entity required to register under FIMA must do so within 12 months of FIMA coming into force (i.e. by 30 September 2023).
- Increased adherence to Corporate Governance principles for the Fund and BoT.
- Higher penalties for non-compliance to legislation.
- Increased cost of Compliance.
- Increased reporting responsibility to Regulator and oversight over fund performance.
- Plain language requirements for fund disclosures to clients and increased management of treating customers fairly.

## RE-COMMISSING OF THE NAPOTEL LITE OPTION

On request of the members at the AGM of 2020, the Board of Trustees tasked the Fund Actuaries to investigate the possibility of introducing a second option that will offer less benefits at a lower premiums. The first investigation was concluded with the 2021 benefit review process and in terms of the findings, the Napotel risk pool was too small to accommodate two options and as a result, the Board put the implementation on hold.

Driven by the member affordability of the current option, the Board in April 2022 re-commission further investigations of the Napotel Lite Option. The New Napotel Lite is aimed at providing lower benefits at lower premiums and offer AddOn Benefits to enable members who require more benefits to enlarge their benefits to suit their individual medical needs. The New Napotel Lite will be introduced effective 01 January 2023, and the member information sessions are planned to start as from October 2022.

## FUND PERFORMANCE OVERVIEW

Looking at the year in review, we are pleased to announce that the Fund remains financially stable under current tough economic conditions. The Fund reserves remain healthy and meet the regulator requirement. Napotel reserves stood at 79% (2021) for the year under review compared to 78% (2020).

## OPERATIONAL OVERVIEW

### • HEALTHCARE COSTS

Rising healthcare costs and medical inflation that outstrip the \*CPI remains one of the biggest challenges for medical aid funds. In terms of Napotel, the Fund experienced high claims utilization compared to the previous financial year.

The increase in claims is mostly attributed to the Covid-19 delta variant that had a severe impact on the Fund. Apart from the Covid -19 impact, ageing of the fund membership, contributions affordability, and increase in chronic prevalence remain some of the pertinent challenges and the key focus of the Board is to mitigate this risks to ensure the long-term sustainability of the Fund.

### Fund Risk Factors:

- Ageing Membership
- Increase in chronic conditions prevalence
- Member affordability of premiums
- Limited entry of young members to the Fund
- Fraud, waste and abuse

## 1. CLAIMS EXPERIENCE

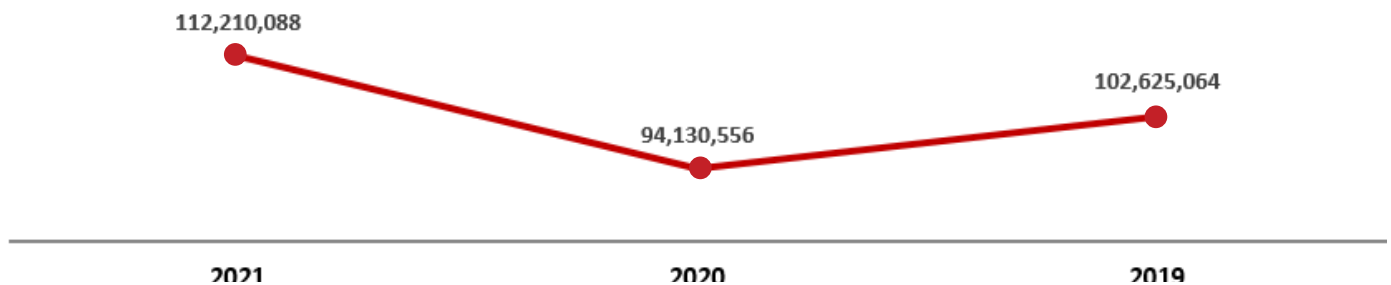
### • Total Claims

The Fund settled claims to the value of N\$ 112,210,088. This represents an 16.1% increase from the 2020 total claims paid . Below is a graph depicting the Funds claims payment from 2019.

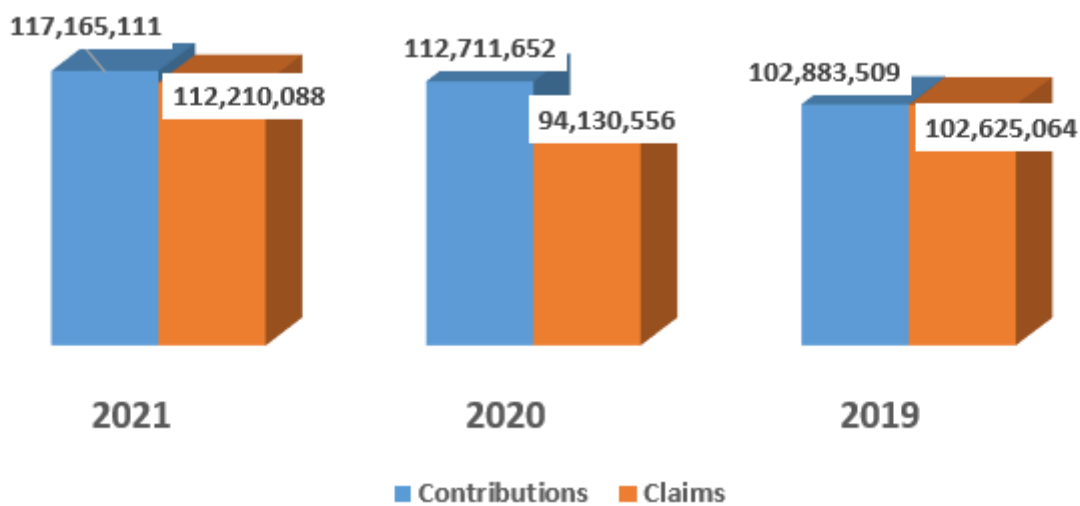
## 1. CLAIMS EXPERIENCE

- **Total Claims**

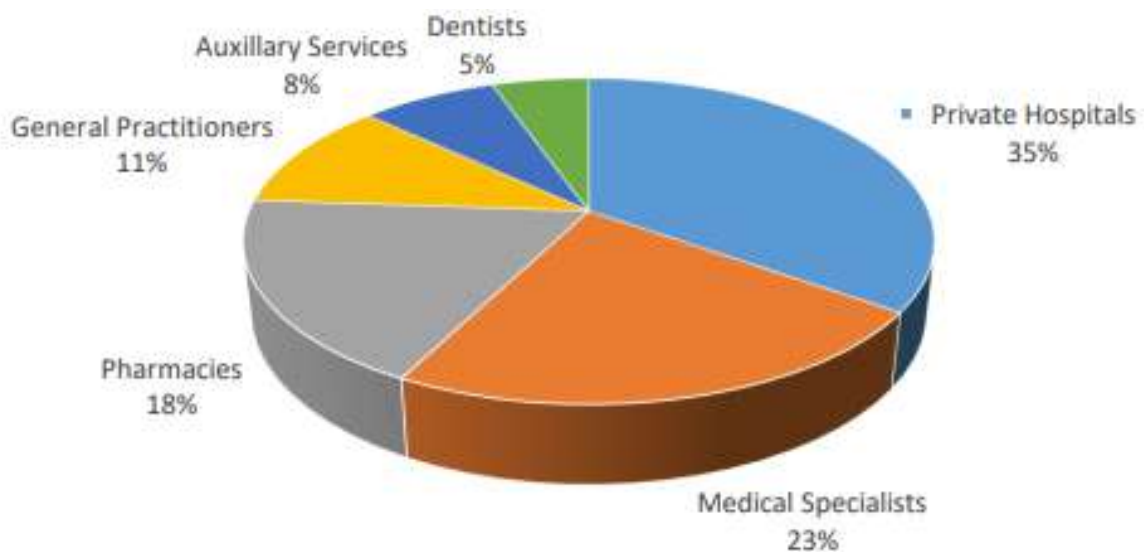
The Fund settled claims to the value of N\$ 112,210,088. This represents an 16.1% increase from the 2020 total claims paid . Below is a graph depicting the Funds claims payment from 2019.



- **Total contributions vs claims from 2019**



- **Total Claims paid per top discipline**



# COVID-19

## IMPACT

### COVID -19 SUMMARY:

- **Covid Pathology Tests**

The Covid Impact resulted in 1071 Blood tests done up to a total cost of N\$880 033.52, while the Highest number of Tests were performed in June 2021.

- **Hospital Admissions**

A total of 66 hospital admissions were due to Covid-19 at a total admission cost of N\$5.7 Million. The highest admission cost was in June 2021 at N\$1.8 Million.

- **Mortality**

Sadly, 17 members passed on due to Covid- 19, while 6 members passed on due to Covid-19 related conditions.



## 2. MEMBERSHIP

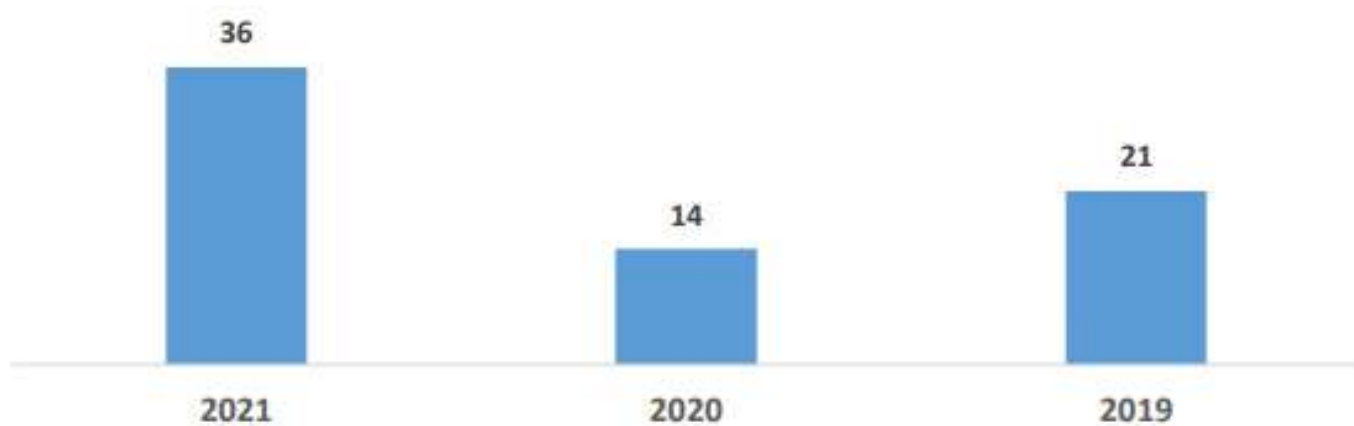
The Fund membership decreased from 1867 main members in (2020) to 1796 in 2021, which represents a decrease of 3.9% in membership. The main reason for the decreased in membership is attributed to resignations from employment. The growth in membership on Napotel depends on new appointments by participating employer groups.

The graph below depicts the Fund membership from 2019:



- **Mortality Rate**

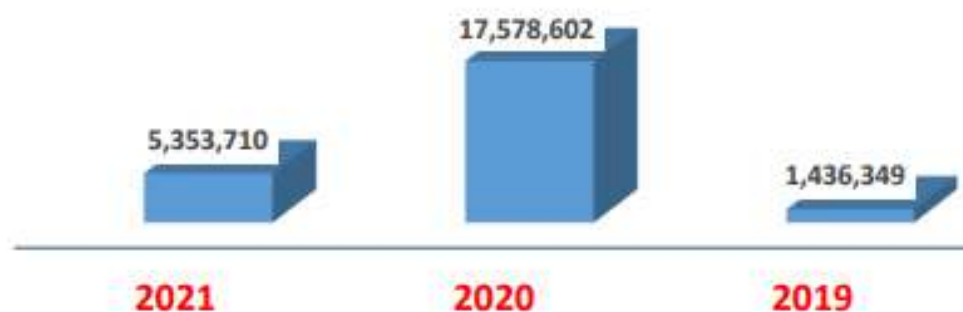
The mortality rate indicates the number of deaths of principal members on the Fund, the below graph depicts the mortality rate since 2019.





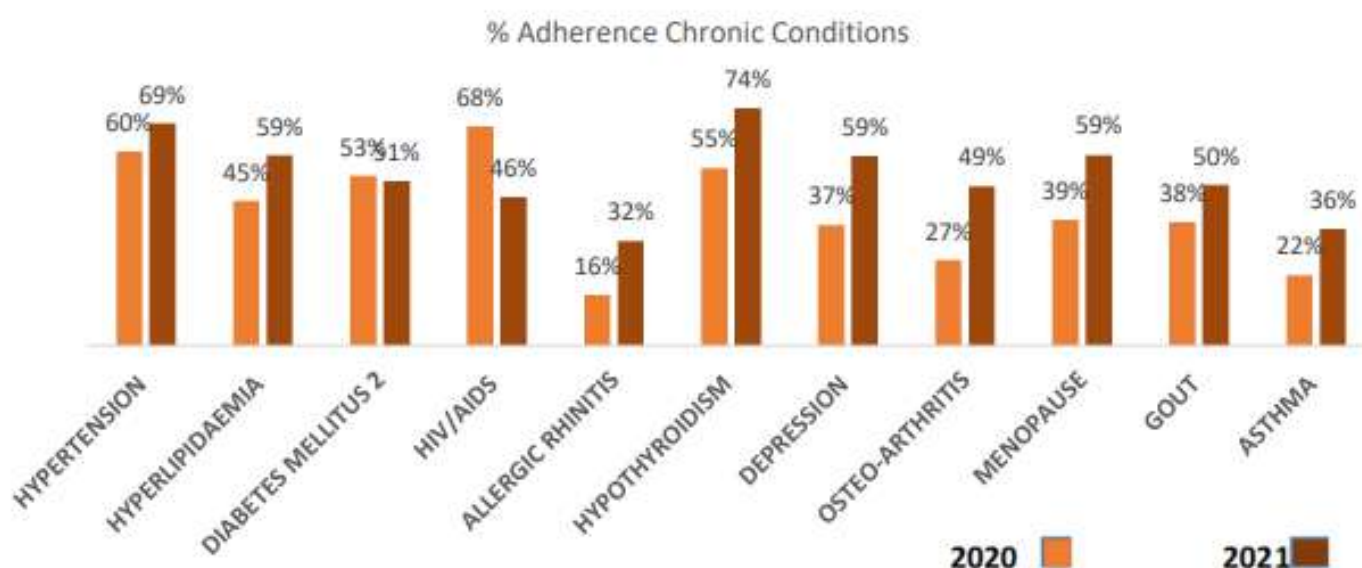
### 3. FINANCIAL REVIEW

For the financial year ended 31 December 2021, the Fund ended in a positive result of **N\$ 5,353,710**. the performance is lower compared to the outstanding results of **N\$ 17,578,602** in 2020, which was mainly attributed to the postponement of planned procedures, and better than the 2019 results of **N\$ 1,436,349**. The Fund continues to monitor and manage its non-healthcare expenditure and it remains one the lowest in the healthcare industry at **4%** compared to the open medical aid Funds of average non-healthcare costs of **10-12%** Fund Net Surplus:



### 4. DISEASE MANAGEMENT

Early intervention, ensuring compliance and adherence with the recommended care regimes, can prevent or delay the onset of costly chronic diseases, such as diabetes, hypertension, HIV/AIDS, cancer, and other. The Fund implemented the disease managed care program effective 01 October 2020. The main objective of the program is to improve the health of persons with chronic conditions, reduce associated costs of avoidable complications by identifying and treating Chronic conditions more quickly and more effectively. We can report that the benefits from this program become evident through the increase in members' adherence and compliance profiles during 2021.



**HIV/AIDS**  
**Expenditure:**  
**N\$ 913,080**  
**Registered**  
**patients: 120**

**DIABETES**  
**MELLITUS II**  
**Expenditure:**  
**N\$ 1,132,377**  
**Registered**  
**patients: 254**

**PREVENTATIVE HEALTH TESTS**  
**N\$ 509, 581**

**PREVENTATIVE TESTS**

Blood sugar tests

Cholesterol tests

BMI measurements

**MAMMOGRAMS**

**PROSTATE**  
**SCREENING**

**PAP SMEARS**

**HIV TESTS**

**PREVENTATIVE HEALTH TESTS**  
**N\$ 705, 000**

## **FRAUD, WASTE AND ABUSE**

The growing incidences of fraud, wasteful expenditure and abuse of members' benefits is another factor that impacts the cost of medical aid. In partnership with the Administrator, we have been meticulous in our zero-tolerance response to these unethical practices. The Administrator has also established a focused internal audit department to identify and address FWA related cases. FWA- Fraud, Waste & Abuse.

## **MEMBER PARTICIPATION**

The Board of Trustees acknowledge that by enhancing members understanding and knowledge of how the Fund functions, including the benefit composition and cost control, it could assist members to accept co-responsibility and assist the Fund in controlling and managing costs effectively.

## **TECHNOLOGY**

Technology is changing the way we interact with our members, particularly the younger members, and real-time access to information and services is fast becoming the norm. Napotel is positioned for this and is already offering members a wide range of options to access i.e. web page, mobile app, and a portal access option.

To ensure that we adequately respond to the opportunities presented by this changing environment, Napotel has implemented the digital plan offered by the Administrators to enhance our platforms to transform the way we connect with our members. Whilst these developments improve the service offering, many of our members don't have access to Internet or smart phones, and we recognise that some members still prefer personal interaction and we will maintain our improved service offering through the Client Service offices of the Administrator.

Our Administrator has also applied measures to manage risks associated with digital transformation, such as cybercrime and breaches of data integrity. The protection of our systems and members' personal information forms part of the service level agreement of our service providers and we are in the process of formulating an IT governance policy.

## **ACKNOWLEDGEMENT**

We would like to take this opportunity to convey our most sincere appreciation to our fellow colleagues who served as Trustees for their commitment, support and cooperation during a challenging year. Without these qualities, the Fund would not be in the current sound position. We thank each of you for your continued support and dedication. We also wish to express our heartfelt gratitude to the Administrator, Actuaries and Auditors for their loyalty and dedicated hard work. You are indeed delivering on the Fund's promise to take due care. We are confident that your hard work and dedication is appreciated by all members. We also wish to thank the Management of the Participating Employer Groups for their support, our regulators, NAMFISA and NAMAFA, for their continued support and guidance in their aspiration to improve the industry.

**Mr. E Molatudi**  
**Chairperson**

**Ms. G Baisako**  
**Principal Officer**



# FINANCIAL REPORTS

**NAPOTEL MEDICA AID FUND  
(Registration number 0012)**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2021**

## Napotel Medical Aid Fund

(Registration number 0012)

Annual Financial Statements for the year ended 31 December 2021

### General Information

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Country of incorporation and domicile	Namibia
Type of fund	The Fund is a closed Fund, which offers cover against the cost of medical services to the employees of Namibia Post Limited, Telecom Holdings Limited and Namibia Post and Telecommunications Holdings Limited, and such of its subsidiary and associate companies.
Trustees	Mr. E Molatudi (Chairperson) Mr. J Mouton (Vice-chairperson) Ms. S Egelser Ms. AV Mbuende Ms. B Hilzebecher Ms. C Karokohe Mr. G Capelao Mr. H Witbooi Mr. A Nakantimba Mr. O Heitha Ms. B Van Eck Ms. S Kisting
Principal officer and address	Ms. G Baisako Head Quarters Namibia Post and Telecom Holdings Independence Avenue Windhoek
Administrator and address	Prosperity Health Namibia Head Office C/o Feld and Thorer Street Windhoek Namibia
Actuaries and investment consultants	NMG Consultants & Actuaries (Namibia) (Pty) Ltd
Bankers	Standard Bank Namibia Limited
Fund registration number	0012
Investment managers	Capricorn Asset Management (Pty) Ltd Sanlam Investment Management Namibia (Pty) Ltd
Auditors	Ernst & Young Namibia

# Napotel Medical Aid Fund

(Registration number 0012)

Annual Financial Statements for the year ended 31 December 2021

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# Napotel Medical Aid Fund

(Registration number 0012)

Annual Financial Statements for the year ended 31 December 2021

## Statement of Corporate Governance by the Board of Trustees

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The Board of Trustees is committed to the principles and practices of fairness, openness, integrity and accountability in all dealings with its stakeholders. The trustees are proposed and elected by the members of the Fund and participating employers in terms of the rules of the Fund.

### Board of Trustees

The trustees meet regularly and monitor the performance of the Fund, administrators, health professionals and other service providers. They address a range of key issues and ensure that discussion on items of policy, strategy and performance is critical, informed and constructive.

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

### Risk Management and Internal Controls

The trustees are accountable for Risk Management and Internal Controls. Risks are identified, regularly reviewed, and appropriate resultant strategies implemented.

Risks are reviewed and dealt with at the Finance Committee and Board of Trustees level. Risks are addressed, based on impact to the fund and specific strategies or processes are set in place to deal with these risks.

As considered appropriate and to protect the long term sustainability of the Fund and volatility of claims the trustees do enter into risk transfer arrangements to secure this.

The administrators of the Fund maintain internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements and to safeguard, verify and maintain accountability for its assets adequately. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

No event or item has come to the attention of the trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.

The annual financial statements were approved by The Board of Trustees and are signed on its behalf by:

### Approval of annual financial statements



Chairperson



Trustee



Principal Officer



Trustee

May 25 2022

Date



# Napotel Medical Aid Fund

(Registration number 0012)

Annual Financial Statements for the year ended 31 December 2021

## Statement of Responsibility by the Board of Trustees

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The Board of Trustees is responsible for the preparation, integrity and fair presentation of the annual financial statements of Napotel Medical Aid Fund. The annual financial statements presented on pages 11 to 41 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Medical Aid Fund Act 23 of 1995 and include amounts based on judgments and estimates made by management.

The Board of Trustees considers that in preparing the annual financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

The Board of Trustees is satisfied that the information contained in the annual financial statements fairly present the results of the operations for the year and the financial position of the Fund at year end.

The Board of Trustees is responsible for ensuring that accounting records are kept. The accounting records disclose with reasonable accuracy the financial position of the Fund which enables the Board of Trustees to ensure that the annual financial statements comply with the relevant legislation.

The Fund operates in a controlled environment which was reviewed through a risk management plan. The internal control procedures are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the Fund are controlled.

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

The Fund's external auditor, Ernst & Young Namibia, is responsible for auditing the annual financial statements in terms of the International Standards on Auditing and their report is presented on pages 5 to 6. Ernst & Young Namibia have unrestricted access to all the financial records and related data, including minutes of all meetings of members, the Board of Trustees and all committees of the Board. The Board of Trustees believes that all representations made to the independent auditors during the audit were accurate and appropriate.

The annual financial statements were approved by The Board of Trustees and are signed on its behalf by:

### Approval of financial statements



Chairperson



Trustee



Principal Officer



Trustee

May 24 2022

Date

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF NAPOTEL MEDICAL AID FUND

### Opinion

We have audited the annual financial statements of Napotel Medical Aid Fund set out on pages 11 to 41, which comprise the Statement of Financial Position as at 31 December 2021, and the Statement of Surplus or Deficit and Other Comprehensive Income, the Statement of Changes in Funds and Reserves and the Statement of Cash Flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Napotel Medical Aid Fund as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Medical Aid Act.

### 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 annual financial statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* and other independence requirements applicable to performing audits of annual financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The Trustees are responsible for the other information. The other information comprises the General Information, the Statement of Corporate Governance by the Board of Trustees, the Statement of Responsibility by the Board of Trustees, as well as the Report of the Board of Trustees. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Trustees for the annual financial statements

The Trustees are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Medical Aid Act, and for such internal control as the Trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Trustees are responsible for assessing the Fund'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 Fund or to cease operations, or have no realistic alternative but to do so.



### Auditor's Responsibilities for the audit of the annual financial statements

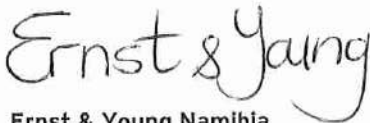
Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee 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 annual 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 annual 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 Fund'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 Fund'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 annual 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



**Ernst & Young Namibia**  
Partner – Danica van Wyk  
Registered Accountants and Auditors  
Chartered Accountants (Namibia)

Windhoek

02 June 2022

# Napotel Medical Aid Fund

(Registration number 0012)

Annual Financial Statements for the year ended 31 December 2021

## Report of the Board of Trustees

The board of trustees hereby submit their annual report on the annual financial statements of Napotel Medical Aid Fund for the year ended 31 December 2021.

### 1. Terms of registration

Napotel Medical Aid Fund is a not for profit closed medical aid fund registered in Namibia in terms of the Medical Aid Funds Act 23 of 1995.

### 2. Description of the medical aid fund

#### Main business and operations

The Fund is a closed Fund, which offers cover against the cost of medical services to the employees of Namibia Post Limited, Telecom Holdings Limited and Namibia Post and Telecommunications Holdings Limited, and such of its subsidiary and associate companies. The Fund operate principally in Namibia.

The operating results and state of affairs of the Fund are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net Surplus of the Fund was N\$5 353 710 (2020: N\$17 578 602).

#### Membership

As at 31 December 2021, the membership of the Fund was 1 796 (2020: 1 845) and the total beneficiaries of the Fund were 4 425 (2020: 4 510).

#### Benefit options

The Fund is a closed Fund, which offers cover against the cost of medical services to the employees of Namibia Post Limited, Telecom Holdings Limited and Namibia Post and Telecommunications Holdings Limited, and such of its subsidiary and associate companies.

#### Risk transfer arrangements

Risk transfer arrangements are entered into with Prosperity Lifecare Insurance Limited. Refer to note 18 for more information.

### 3. Management

The trustees in office during the year under review are as follows:

Trustee	Nationality	Date appointed/elected	Date resigned
Mr. E Molatudi (Chairperson)	Namibian	01 May 2013	
Mr. J Mouton (Vice-chairperson)	Namibian	01 July 2015	
Ms. S Bergh	Namibian	01 July 2015	31 August 2021
Ms. AV Mbuende	Namibian	01 October 2007	
Ms. B Hilzebecher	Namibian	27 May 2019	
Mr. G Capelao	Namibian	26 February 2018	
Ms. D Nashandi-Endjambi	Namibian	01 March 2006	10 March 2021
Mr. H Witbooi	Namibian	13 February 2015	
Ms. C Karokohe	Namibian	01 August 2016	
Ms. S Kisting	Namibian	28 May 2020	
Ms. S Egelser	Namibian	08 April 2021	
Mr. A Nakantimba	Namibian	14 June 2021	
Mr. O Heitha	Namibian	10 November 2021	
Ms. B Van Eck	Namibian	24 November 2021	

The Principal Officer during the year under review was Ms. G Baisako.

# Napotel Medical Aid Fund

(Registration number 0012)

Annual Financial Statements for the year ended 31 December 2021

## Report of the Board of Trustees

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### 4. Guarantee received by the fund from a third party

In terms of Section 4 of the Medical Aid Fund Act, Bank Windhoek Limited has provided a guarantee of N\$750 000 (2020: N\$750 000) to the Fund in favour of NAMFISA.

### 5. Events after statement of annual financial position date

No matter which is material to the financial affairs of the Fund has occurred between 31 December 2021 and date of approval of the annual financial statements.

Effect of Covid-19 on the fund:

Given the uncertainties and ongoing development, the Fund cannot accurately and reliably estimate the future quantitative impact of Covid-19, but believes that at this stage it will not have a significant impact on the Fund.

### 6. Investments in and loans to participating employers of members of the fund and other related parties

The Fund has an investment in Namibia Post Limited Savings Bank, one of the participating employers, under normal commercial terms, but did not provide any loans to any other participating employers.

### 7. Related parties transactions

Refer to related party disclosure in note 17 to the annual financial statements.

### 8. Investment managers during the year

The Fund utilised the following investment managers during the current year:

#### Sanlam Investment Management Namibia (Pty) Ltd

4th Floor Sanlam Centre  
154 Independence Avenue  
Windhoek  
Namibia

P.O. Box 23081  
Windhoek  
Namibia

#### Capricorn Asset Management (Pty) Ltd

119 Independence Avenue  
Windhoek  
Namibia

P.O. Box 284  
Windhoek  
Namibia

### 9. Actuaries during the year

The Fund appointed NMG Consultants and Actuaries (Pty) Ltd for the financial year end to provide actuarial services and investment consulting.

17 Nachtigal Street  
Windhoek  
Namibia

P.O. Box 13393  
Windhoek  
Namibia

### 10. Operational statistics of the fund

	2021	2020
	N\$	N\$
Non-healthcare costs	4 967 321	4 865 407
Health management costs	1 742 015	1 311 709
Non-healthcare costs as a % of contributions	4%	4%
Return on investment as a percentage of investments at year end	5%	5%



# Napotel Medical Aid Fund

(Registration number 0012)

Annual Financial Statements for the year ended 31 December 2021

## Report of the Board of Trustees

### 11. Results of operations

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

#### Reserve ratio

	2021 N\$	2020 N\$
Total members' fund per statement of financial position	92 680 377	87 326 667
Net contributions	117 165 111	112 711 652
<b>Reserve level</b>	<b>79%</b>	<b>78%</b>

#### Solvency ratio

	2021 N\$	2020 N\$
Total assets	100 536 944	96 034 067
Total liabilities	7 856 567	8 707 400
<b>Solvency ratio</b>	<b>12.80 times</b>	<b>11.03 times</b>

#### Reserve accounts

Movements in the reserves are set out in the Statement of Changes in Funds and Reserves. There have been no unusual movements that the trustees believe should be brought to the attention of the members of the Fund.

#### Outstanding claims

The basis of calculation of the outstanding claims provision is discussed in note 9 and this is consistent with the prior year. Movements on the outstanding claims provision are set out in note 9 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 Fund.

### 12. Board of trustees meeting attendance

The following schedule sets out Board of Trustees meeting attendance.

Trustee	Total meetings for the year	Number of meetings attended
Mr. E Molatudi (Chairperson)	7	7
Mr. J Mouton (Vice- Chairperson)	7	7
Ms. S Egelser	4	4
Ms. AV Mbuende	7	5
Mr. H Witbooi	7	6
Mr. Nakantimba	4	4
Ms. S Bergh	6	6
Ms. D Nashandih	1	1
Ms. C Karokohe	7	7
Mr. G Capelao	7	5
Ms. B Hilzebecker	7	6
Ms. S Kisting	7	7

### 13. Record keeping and attendance of meetings

All meetings are duly minuted and attendance registers kept. The Administrator and Principal Officer participate in all the meetings and discussions at the meetings held by the Fund, but the ultimate power and decision making vest solely in the Board of Trustees.

# Napotel Medical Aid Fund

(Registration number 0012)

Annual Financial Statements for the year ended 31 December 2021

## Report of the Board of Trustees

---

### 14. Finance committee

A finance committee was established in accordance with the guidelines on good corporate governance. The committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The members, including the Chairperson, are not officers of the Fund or its third party administrator. The committee met on a quarterly basis and these meetings were duly minuted and attendance registers were kept. The Principal Officer and Administrator participate in all discussions at the meetings held by the Fund, but the ultimate power of decision making vest solely in the finance committee.

The primary responsibility of the committee is to assist the Board of Trustees in carrying out its duties relating to the Fund's accounting policies, internal control systems and financial reporting practices. The external auditors formally report to the committee on critical findings arising from audit activities.

The committee currently comprises of:

- Mr. J Mouton (Chairperson)
- Ms. C Karokohe
- Ms. S Bergh (retired 31 August 2021)
- Mr. H Witbooi
- Ms. S Kisting

### 15. Ex-gratia committee

An ex-gratia committee was established in accordance with the guidelines on good corporate governance. The committee is mandated by the Board of Trustees by means of written terms of reference as to its authority. The members, including the Chairperson, are not officers of the Fund or its third party administrator. The committee met on six occasions and these meetings were duly minuted and attendance registers were kept. The Principal Officer and Administrator attend all meetings.

The committee currently comprises of:

- Mr. H Witbooi (Chairperson)
- Ms. S Egelser
- Ms. AV Mbuende
- Ms. S Bergh (retired 31 August 2021)
- Ms. B Hlizebecher

## Napotel Medical Aid Fund

(Registration number 0012)

Annual Financial Statements for the year ended 31 December 2021

### Statement of Financial Position as at 31 December 2021

	Note(s)	2021 N\$	2020 N\$
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	160 855	78 833
<b>Current Assets</b>			
Financial assets measured at fair value	5	64 279 842	59 208 697
Financial assets measured at amortised cost	6	10 176 782	7 665 852
Trade and other receivables	7	5 762 819	5 734 699
Cash and cash equivalents	8	20 156 646	23 345 986
		<b>100 376 089</b>	<b>95 955 234</b>
<b>Total Assets</b>		<b>100 536 944</b>	<b>96 034 067</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated fund		92 680 377	87 326 667
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Outstanding claims provisions	9	7 359 872	8 507 971
Trade and other payables	11	201 116	199 429
Low claim bonus wallet	10	295 579	-
		<b>7 856 567</b>	<b>8 707 400</b>
<b>Total Equity and Liabilities</b>		<b>100 536 944</b>	<b>96 034 067</b>



## Napotel Medical Aid Fund

(Registration number 0012)

Annual Financial Statements for the year ended 31 December 2021

### Statement of Surplus or Deficit and Other Comprehensive Income

	Note(s)	2021 N\$	2020 N\$
Net contribution income	12	117 165 111	112 711 652
<b>Relevant healthcare expenditure</b>			
Net claims incurred	13	(112 210 088)	(94 130 556)
<b>Gross healthcare result</b>		<b>4 955 023</b>	<b>18 581 096</b>
Health management costs	13	(1 742 015)	(1 311 709)
Non-healthcare costs	21	(4 967 321)	(4 865 407)
<b>Operating healthcare result</b>		<b>(1 754 313)</b>	<b>12 403 980</b>
Dividends received	16	483 842	568 830
Employer refund of HIV / AIDS costs	22	1 034 690	1 202 524
Fair value gain on financial assets measured at fair value	5	2 788 014	1 031 076
MVA refunds	22	12 490	-
Interest received	16	3 329 801	3 012 165
Asset disposal		917	1 375
<b>Other expenditure</b>			
Asset management fees	14	(541 731)	(641 348)
<b>Total surplus for the year</b>		<b>5 353 710</b>	<b>17 578 602</b>

## Napotel Medical Aid Fund

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Annual Financial Statements for the year ended 31 December 2021

### Statement of Changes in Funds and Reserves

	Accumulated fund N\$	Total equity N\$
Balance at 01 January 2020	69 748 065	69 748 065
Total surplus for the year	17 578 602	17 578 602
Balance at 01 January 2021	87 326 667	87 326 667
Total surplus for the year	5 353 710	5 353 710
Balance at 31 December 2021	92 680 377	92 680 377

# Napotel Medical Aid Fund

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## Statement of Cash Flows

		2021 N\$	2020 N\$
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations	15	(1 505 786)	14 507 757
Interest received	16	377 850	246 085
<b>Net cash from operating activities</b>		<b>(1 127 936)</b>	<b>14 753 842</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(164 613)	(9 356)
Sale of property, plant and equipment	4	3 209	4 582
Increase in assets measured at fair value	5	(2 824 863)	(3 099 722)
Capital investments	6	(1 900 000)	-
Increase in assets measured at amortised cost	6	(610 930)	(235 189)
Withdrawal from Investment	5	-	16 457 700
Addition to investment	5	-	(16 457 700)
Interest received	5&16	2 951 951	2 766 080
Dividends received	5&16	483 842	568 830
<b>Net cash from investing activities</b>		<b>(2 061 404)</b>	<b>(4 775)</b>
<b>Total cash movement for the year</b>		<b>(3 189 340)</b>	<b>14 749 067</b>
Cash and cash equivalents at the beginning of the year		23 345 986	8 596 919
<b>Cash and cash equivalents at the end of the year</b>	8	<b>20 156 646</b>	<b>23 345 986</b>

# Napotel Medical Aid Fund

(Registration number 0012)

Annual Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### 1. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below. These policies comply with International Financial Reporting Standards and have been consistently applied for all years presented, except for the standards adopted that became effective during the current year.

These accounting policies are consistent with the previous year. They are presented in Namibia Dollars which is the Fund's functional currency.

#### Basis of Preparation

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Medical Aid Fund Act 23 of 1995. The annual financial statements have been prepared under the historical cost convention, except for the fair valuation of some financial assets.

#### Changes in accounting policies and disclosures

##### Standards, Interpretations and amendments to published standards that are effective:

The following standards and amendments became effective in the current year:

- The Conceptual Framework for Financial Reporting (effective 1 January 2020);
- Amendments to IAS 1 and IAS 8 - Definition of Material (effective 1 January 2020)

The above standards did not have a material impact on the Fund.

##### Standards, Interpretations and amendments to published standards that are not yet effective

The standards and interpretations that are issued, but not yet effective as at 31 December 2021 are disclosed below. The Fund intends to adopt these standards, when they become effective.

Standard	Title	Effective Date
IFRS 17	Insurance Contracts	1 January 2023

IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts. The Fund is in the process of assessing the impact that IFRS 17 will have on the Fund.



# Napotel Medical Aid Fund

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Annual Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### 1.1 Property, plant and equipment

Property, plant and equipment are tangible assets which the Fund holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Fund, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Fund and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Fund. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

# Napotel Medical Aid Fund

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Annual Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### 1.2 Financial instruments

#### Classification

##### Financial assets

The Fund classifies its financial assets as subsequently measured at either amortised cost or fair value on the basis of both: the entity's business model for managing financial assets; and the contractual cash flow characteristics of the financial asset. Financial assets are measured at amortised cost if both of the following conditions are met: the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding. If a measurement or recognition inconsistency is eliminated or significantly reduced by designating a financial asset as measured at fair value, the Fund has the discretion to elect this option at the financial asset's initial recognition. Classification is not based on an instrument-by-instrument approach, but is determined at a higher level of aggregation.

This classification is determined at initial recognition of a financial asset. At this point, the Fund may make an irrevocable election to present in other comprehensive income subsequent changes in fair value of an investment in an equity instrument that is not held for trading.

Trade and other receivables are classified as financial assets at amortised cost. Refer to notes 1.2 and 7.

##### Financial liabilities

The Fund classifies its financial liabilities as at fair value or as financial liabilities at amortised cost. The Fund has the option to classify the financial liability as at fair value if it is held for trading or if the prerequisites in IAS 39.9 (b) are met and it is designated upon initial recognition as at fair value.

Trade and other payables are classified as financial liabilities at amortised cost. Refer to note 11.

#### Low claims bonus wallet

If a member's total day-to-day claims excluding chronic medication, are less than the threshold limits, the difference between the total day-to-day claims and the threshold limit will be allocated to the member as a Benefit Wallet. This benefit wallet amount can be used to pay for any medical services.

At the end of April the difference between the threshold limit and the member's total day-to-day claims as specified above, will be transferred to the member's Benefit Wallet Account.

The accumulated amount in the Benefit Wallet will be available during the time the member remains a fully paid-up member of the Fund. On resignation of membership, the amount in the Benefit Wallet will revert back to the reserves of the Fund.

The Benefit Wallet Account may be used to fund additional medical services or expenses normally excluded in terms of the Rules of the Fund, but meeting the provisions and definition of medical services as defined in the Medical Aid Fund Act.

Principal Members who are transferred from one employer to any other employer within the Napotel Medical Aid Fund Participating Employer Group, provided further that the member remains registered as a Principal member or dependant on the fund, the Benefit Wallet will remain vested on the member.

Upon the death of the principal member, any accumulated amount in the Benefit Wallet Account due to the member shall be transferred to his/her dependents should they continue membership in the fund. Where the dependents of such deceased member decide to resign from the fund, such positive balance shall be transferred to the reserves of the Fund.

Low claims bonus wallet are classified as financial liabilities at amortised cost. Refer to note 10.



# Napotel Medical Aid Fund

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Annual Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### 1.2 Financial instruments (continued)

#### Recognition and measurement

##### Financial assets

##### Initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value plus, in the case of a financial asset not at fair value, transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets carried at fair value are initially recognised at fair value and transaction costs are expensed in the statement of surplus/deficit.

##### Financial liabilities

##### Initial measurement

Financial liabilities are initially recognised at fair value plus, in the case of financial liabilities not at fair value, transaction costs that are directly attributable to the acquisition of the liability. Financial liabilities carried at fair value are initially recognised at fair value and transaction costs are expensed in the statement of surplus/deficit.

#### Subsequent measurement

##### Financial assets

Financial assets at fair value are subsequently carried at fair value. Financial assets at amortised cost are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of a financial asset that is measured at fair value and is not part of a hedging relationship shall be recognised in the statement of surplus/deficit within 'realised gains/(losses) on the financial assets' or 'unrealised gains/(losses) on financial assets' in the period in which they arise, unless the financial asset is an investment in an equity instrument and the entity has elected to present gains and losses on that investment in other comprehensive income.

Gains and losses on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in the statement of surplus/deficit when the financial asset is derecognised, impaired or reclassified, and through the amortisation process.

Dividend income from financial assets at fair value and financial assets at amortised cost is recognised in the statement of surplus/deficit as part of investment income when the Fund's right to receive payments is established. Interest on financial assets at fair value and financial assets at amortised cost calculated using the effective interest method is recognised in the statement of surplus/deficit as part of investment income.

##### Financial liabilities

Financial liabilities at amortised cost are carried at amortised cost using the effective interest method. Financial liabilities at fair value are subsequently carried at fair value, unless the exceptions in IAS 39 paragraph 47 apply.

Gains or losses on a financial liability that is measured at amortised cost and is not part of a hedging relationship shall be recognised in the statement of surplus/deficit when the financial liability is derecognised, impaired or reclassified, and through the amortisation process.

Realised and unrealised gains or losses arising from changes in the fair value of a financial liability that is measured at fair value and is not part of a hedging relationship shall be recognised in the statement of surplus/deficit within 'realised gains/(losses) on the financial liabilities' or 'unrealised gains/(losses) on the financial liabilities' in the period in which they arise.

- the Fund has an obligation at the reporting date as a result of a past event;
- it is probable that the Fund will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.



# Napotel Medical Aid Fund

(Registration number 0012)

Annual Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### 1.2 Financial instruments (continued)

#### Derecognition

##### Financial assets

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

##### Financial liabilities

Financial liabilities are derecognised when they are extinguished - the obligation specified in the contract is discharged or cancelled or expires.

#### Impairment of financial assets

The Fund assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

##### Assets carried at amortised cost

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced and the amount of the loss is recognised in the statement of surplus/deficit. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

Receivables with a short duration are not discounted.

##### Reversals of impairment losses

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of surplus/deficit, unless the investment is an equity instrument and the entity has elected to present gains and losses on that investment in other comprehensive income, in which case impairment losses recognised in the statement of surplus/deficit on equity instruments are not reversed through the statement of surplus/deficit.

#### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

# Napotel Medical Aid Fund

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Annual Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### 1.2 Financial instruments (continued)

#### Trade and other receivables

Contributions outstanding are amounts due from counterparties trading in the normal course of business, such as Fund members for contributions or from insurers for claim recoveries. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Low claims bonus wallet

Low claims bonus wallet are classified as financial liabilities at amortised cost and are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

### 1.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

### 1.4 Health care insurance contract

Contracts under which the Fund accepts significant insurance risk from another party (the member) by agreeing to compensate the member or other beneficiary if a specified uncertain future event (the insured event) adversely affects the member or other beneficiary are classified as insurance contracts. The contracts issued compensate the Fund's members for healthcare expenses incurred.

The accounting policies for the income, expenses, assets and liabilities relating to such insurance contracts are disclosed in more detail in specific accounting policy notes.

### 1.5 Risk transfer

Risk transfer premiums are recognised as an expenses over the indemnity period on a straight line basis. A portion of risk transfer premiums is treated as prepayments.

Risk transfer premiums and benefits reimbursed are presented in the statement of surplus/deficit and statement of financial position on a gross basis.

Only contracts that give rise to a significant transfer of insurance risk are accounted for as insurance contracts. Amounts recoverable under such contracts are recognised in the same year as the related claim.

Claim recoveries relating to risk transfer arrangements are calculated on the basis of the underlying contracts, utilising detail expense reports provided by the insurer.

Assets relating to risk transfer arrangements include balances due under risk transfer arrangements for outstanding claims provisions and claims reported not yet paid. Amounts recoverable under risk transfer arrangements are estimated in a manner consistent with the outstanding claims provisions, claims reported not yet paid, and settled claims associated with the risk transfer arrangement.

Amounts recoverable under risk transfer arrangements are assessed for impairment at each statement of financial position date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Fund may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Fund will receive under the risk transfer arrangement.



# Napotel Medical Aid Fund

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Annual Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### 1.6 Outstanding claim provisions

Provisions are recognised when: the Fund has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Claims outstanding comprise provisions for the Fund's estimate of the ultimate cost of settling all claims incurred but not yet reported or reported but not yet processed at the statement of financial position date. Claims outstanding are determined as accurately as possible based on the actual claims relating to the financial year received in the four months after year-end plus an estimate for expected claims relating to the financial year that will be paid after the four month period. This estimate is based on the ratio of claims after four months to the claims within four months and is determined from historical experience. Claim handling expenses are not separately accounted for as the service is provided by the administrator and a fixed fee paid for the full administration service including claims handling. No provision for claims handling expenses is required as the Fund has no further liability to the administrator at year-end.

Estimated co-payments and payments from savings plan accounts are deducted in calculating the outstanding claims provision.

### 1.7 Contribution income

Contributions on member insurance contracts are accounted for monthly when their collection in terms of the insurance contract is reasonably certain. Net contributions represent gross contributions after deduction of savings plan contributions. The earned portion of net contributions received is recognised as revenue. Net contributions are earned from the date of attachment of risk, over the indemnity period on a straight-line basis.

### 1.8 Relevant healthcare expenditure

Relevant healthcare expenditure consists of net claims incurred and health management costs.

### 1.9 Claims

Gross claims incurred comprise the total estimated cost of all claims arising from healthcare events that have occurred in the year and for which the Fund is responsible, whether or not reported by the end of the year. Net claims incurred represent claims incurred net of discounts received, recoveries from members for co-payments and after taking into account recoveries from third parties.

Net claims incurred comprise of:

- claims submitted and accrued for services rendered during the year, net of discounts received, recoveries from members for co-payments;
- movement in the provision for outstanding claims;
- claims settled in terms of risk transfer arrangements; and
- charges for managed care: healthcare services (Ex-gratia).

### 1.10 Managed care: management services costs

The expenses represent the cost of managing healthcare expenditure and the amounts paid or payable to third party administrators, related parties and other third parties for managing the utilisation, costs and quality of healthcare services to the Fund.

# Napotel Medical Aid Fund

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Annual Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### 1.11 Investment income

Investment income mainly comprises dividends and interest.

#### Interest income

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Fund reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues to unwinding the discount as interest income. Interest income on impaired loan and receivable are recognised using the original effective interest rate.

#### Dividend income

Dividend income is recognised when the right to receive payment is established.

#### Other investment income

Income from collective investment schemes and insurance policies is recognised when entitlement to revenue is established and it can be measured reliably.

### 1.12 Significant judgements and sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Key sources of estimation uncertainty

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

#### Financial assets measured at cost and amortised cost

The Fund assesses its financial assets measured at cost and amortised cost for impairment at each reporting period date. In determining whether an impairment loss should be recorded in the statement of surplus/deficit, the Fund makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for financial assets measured at cost and amortised cost is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting period date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions.

The Fund reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

#### Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the fund is the current bid price.

## **Napotel Medical Aid Fund**

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Annual Financial Statements for the year ended 31 December 2021

### **Accounting Policies**

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#### **1.12 Significant judgements and sources of estimation uncertainty (continued)**

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.



# Napotel Medical Aid Fund

(Registration number 0012)

Annual Financial Statements for the year ended 31 December 2021

## Notes to the Annual Financial Statements

	2021 N\$	2020 N\$
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### 2. Financial risk management

#### 2.1. Overview

The Fund's activities exposes it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance and statutory solvency requirement.

The trustees have overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Fund manages these risks through various risk management processes. These processes have been developed to ensure that the long-term investment return on assets supporting the insurance liabilities is sufficient to Fund members' reasonable benefit expectations.

#### 2.2. Credit risk

Credit risk is the risk of financial loss to the Fund, if a counterparty to a financial instrument fails to meet its contractual obligations.

##### 2.2.1. Credit risk management

The Fund's principal financial assets are cash and cash equivalents, trade and other receivables and financial assets at fair value through profit and loss. The Fund's credit risk is primarily attributable to its trade and other receivables.

##### Trade and other receivables

Trade and other receivables comprises outstanding contributions (insurance receivables) and other receivables.

The main components of insurance receivables are:

- receivables for contributions due from members; and
- receivables for amounts recoverable from insurance contracts.

The Fund manages credit risk by:

- actively pursuing all contributions not received after 1 month of becoming due;
- performing credit checks on insurers;
- suspending benefits on member accounts when contributions have not been received for 30 days;
- terminating benefits on member accounts when contributions have not been received for 90 days; and
- ageing and pursuing unpaid accounts on a monthly basis.

The Fund establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Refer to note 7 for more detail. The Fund's management does not expect any losses in excess of this provision from non-performance by these counterparties.

##### Investment and cash and cash equivalents

Counterparties and cash transactions are limited to high credit quality financial institutions. The Fund has a policy of limiting the amount of credit exposure to any one financial institution.

##### 2.2.2. Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:



## Napotel Medical Aid Fund

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### Notes to the Annual Financial Statements

	2021 N\$	2020 N\$
<b>2. Financial risk management (continued)</b>		
Financial assets measured at fair value	64 279 842	59 208 697
Financial assets measured at amortised cost	10 176 782	7 655 852
Trade and other receivables	5 762 819	5 734 699
Cash and cash equivalents	20 156 646	23 345 986
	<b>100 376 089</b>	<b>95 945 234</b>

#### Trade and other receivables

The main components of insurance receivables are contribution receivables, member and service provider claims receivables. Contribution receivables are collected by means of debit orders, cash payments or electronic funds transfers.

Contributions receivable	Gross 2021	Impairment 2021	Gross 2020	Impairment 2020
Current	5 383 572	-	5 251 593	-
Past due 31 - 60 days	-	-	-	-
	<b>5 383 572</b>	<b>-</b>	<b>5 251 593</b>	<b>-</b>
<b>Other receivables</b>				
Current	379 247	-	483 106	-

Based on past experience, the Fund believes that no allowance is required in respect of debtors that are past due and outstanding for less than 90 days, unless they are individuals who resigned from the Fund. The Fund has not renegotiated the term of receivables and does not hold any collateral or guarantees as security.

The entire amount of trade and other receivables is unrated. Insurance receivables consist of outstanding contributions at year-end as well as the insurance debtor amount. On analysing the credit quality of contribution debtors the Fund effectively collected 100% of these amounts in January. This indicates a high credit quality relating to these debtors. The insurance debtor is also a high credit quality counterparty. Consequently no additional disclosure of the credit quality is provided. The other debtors are expected to have similar credit quality and settled their obligations in January 2022. No impairment provision has been raised for these debtors.

#### Financial assets at amortised cost

Financial assets at amortised cost are neither past due nor impaired and thus no impairment provision has been raised for these assets.

#### Financial assets at amortised cost

Nampost Investment	10 176 782	7 665 852
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#### Cash and cash equivalents

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The credit rating below were obtained from Fitch and Global Credit Rating Company. Financial assets at fair value:

	Credit rating		
Capricorn Asset Management (Pty) Ltd	(A1+)	7 986 985	1 410 874
Standard Bank Namibia Limited	(F1+)	12 169 661	21 935 112
		<b>20 156 646</b>	<b>23 345 986</b>

# Napotel Medical Aid Fund

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Annual Financial Statements for the year ended 31 December 2021

## Notes to the Annual Financial Statements

	2021 N\$	2020 N\$
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### 2. Financial risk management (continued)

Financial assets at fair value

Financial assets measured at fair value are neither past due nor impaired.

The Fund limits its exposure to credit risk by investing in high-quality credit worthy counterparties. Given these high credit ratings, the trustees do not expect any counterparty to fail to meet its obligations.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Financial assets at fair value	Credit rating		
Sanlam Investment Management	(AA+)	64 279 842	59 208 697

### 2.3. Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due.

The short-term financial liabilities of the Fund consist of claims made by members which have not been processed by the Fund, savings refundable to members and claims incurred but not yet reported (outstanding claims provision).

The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Prudent liquidity management implies maintaining sufficient cash and marketable securities, reflected in the table below. The availability of funding through liquid holding cash positions with various financial institutions ensures that the Fund has the ability to fund its day-to-day operations.

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	2021 N\$	2020 N\$
<b>2. Financial risk management (continued)</b>		
<b>2021</b>		
<b>Assets</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>
Financial assets measured at fair value	64 279 842	-
Financial assets measured at amortised cost	10 176 782	-
Trade and other receivables	5 762 819	-
Cash and cash equivalents	20 156 646	-
	<b>100 376 089</b>	<b>-</b>
		<b>Between 2 and 5 years</b>
		-
		-
		-
		<b>Over 5 years</b>
		-
		-
		-
		<b>Total</b>
		64 279 842
		10 176 782
		5 762 819
		20 156 646
		<b>100 376 089</b>
<b>Liabilities</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>
Trade and other payables	(201 116)	-
Outstanding claims provisions	(7 359 872)	-
Low claim bonus wallet	(295 579)	-
	<b>(7 856 567)</b>	<b>-</b>
		<b>Between 2 and 5 years</b>
		-
		-
		-
		<b>Over 5 years</b>
		-
		-
		-
		<b>Total</b>
		(7 856 567)
<b>Net Position</b>	<b>92 519 522</b>	<b>-</b>
		<b>Over 5 years</b>
		-
		<b>Total</b>
		92 519 522
<b>2020</b>		
<b>Assets</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>
Financial assets measured at fair value	59 208 697	-
Financial assets measured at amortised cost	7 665 852	-
Trade and other receivables	5 734 699	-
Cash and cash equivalents	23 345 986	-
	<b>95 955 234</b>	<b>-</b>
		<b>Between 2 and 5 years</b>
		-
		-
		-
		<b>Over 5 years</b>
		-
		-
		-
		<b>Total</b>
		59 208 697
		7 665 852
		5 734 699
		23 345 986
		<b>95 955 234</b>
<b>Liabilities</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>
Trade and other payables	(199 429)	-
Outstanding claim provision	(8 507 971)	-
	<b>(8 707 400)</b>	<b>-</b>
		<b>Between 2 and 5 years</b>
		-
		-
		-
		<b>Over 5 years</b>
		-
		-
		-
		<b>Total</b>
		(8 707 400)
<b>Net Position</b>	<b>87 247 834</b>	<b>-</b>
		<b>Over 5 years</b>
		-
		<b>Total</b>
		87 247 834

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year approximate their fair values. The carrying amounts of financial assets and financial liabilities in the financial statements approximates their fair values.

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	2021 N\$	2020 N\$
<b>2. Financial risk management (continued)</b>		
<b>2.4. Market risk</b>		
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.		
<b>2.5. Currency risk</b>		
The Fund operates in Namibia and therefore its cash flows are denominated in Namibian dollar (N\$). The exposure to foreign currency movements is not significant as no investments are denominated in foreign currency.		
<b>2.6. Price risk</b>		
The Fund is exposed to securities price risk because of financial assets held by the Fund and classified as financial assets at fair value. The Fund is exposed to commodity risk. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio. Diversification of the portfolio is done by the asset managers in accordance with the mandate set by the Fund.		
The effect on surplus of changes in the market on the equity portfolio at the reporting date is shown in the sensitivity analysis below with all other variables held constant. Accumulated funds would not be affected as all financial assets are classified as financial assets at fair value.		
<b>Financial assets at fair value:</b>		
100bp 1% increase in market	642 798	592 087
100bp 1% decrease in market	(642 798)	(592 087)

The Fund's sensitivity to equity prices has increased from the prior year.



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## Notes to the Annual Financial Statements

	2021 N\$	2020 N\$
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### 2. Financial risk management (continued)

#### 2.7. Interest rate risk (cash flow and fair value)

The Fund's investment policy is to hold a large portion of its investments in interest bearing instruments. The Fund's income and operating cash flows are therefore substantially influenced by the change in market interest rates. Investments in interest bearing instruments issued at variable rates expose the Fund to cash flow interest rate risk (i.e. loss of income if the rates decrease and increase in income if they increase). Investments in interest bearing instruments issued at fixed rates exposes the fund to fair value interest rate risk (i.e. movement in interest rates would have a direct effect on the fair value of the instruments).

The Fund is exposed to both interest rate risks 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 investments within the Fund's investment portfolio.

The Fund's insurance and other liabilities are settled within one year and therefore the Fund does not discount its liabilities and consequently changes in market interest rates would not affect the Fund's surplus or deficit. The same applies to trade and other receivables.

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

2021	Less than 12 months	More than 12 months	Total
Cash and cash equivalents	20 156 646	-	20 156 646
Financial assets measured at fair value	64 279 842	-	64 279 842
Financial assets at amortised cost	10 176 782	-	10 176 782
	<b>94 613 270</b>	<b>-</b>	<b>94 613 270</b>
2020	Less than 12 months	More than 12 months	Total
Cash and cash equivalents	23 345 986	-	23 345 986
Financial assets measured at fair value	59 208 697	-	59 208 697
Financial assets at amortised cost	7 665 852	-	7 665 852
	<b>90 220 535</b>	<b>-</b>	<b>90 220 535</b>

The following table below summarises the effective interest rate for monetary financial instruments:

Cash and cash equivalents	1.87%	1.05%
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Cash flow sensitivity analysis for floating interest rate bearing instruments (cash and cash equivalents) and fair value sensitivity analysis for fixed interest rate bearing instruments.

A change of 100 basis points in interest rates at the reporting date would have increased or decreased surplus by the amounts shown below. No impact on accumulated funds as all interest income is reported in the statement of comprehensive income. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2020.

<b>Cash and cash equivalents:</b>		
100bp 1% increase in market	201 566	233 460
100bp 1% decrease in market	(201 566)	(233 460)

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## Notes to the Annual Financial Statements

	2021 N\$	2020 N\$
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### 2. Financial risk management (continued)

#### 2.8. Legal risk

Legal risk is the risk that the Fund will be exposed to contractual obligations which have not been provided for. At 31 December 2021 the Fund did not consider there to be any significant concentration of legal risk that had not been provided for.

#### 2.9. Capital risk management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide benefits for its stakeholders.

Consistent with others in the industry, the Fund monitors capital on the basis of the reserve ratio. This ratio is calculated as accumulated funds divided by gross contributions. At year-end the Fund had a solvency ratio of 12.80 times (2020: 11.03 times) and reserve level 79% (2020: 78%).

#### 2.10. Fair value estimation

Valuation techniques and assumptions applied for the purposes of measuring fair value.

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. These valuation techniques make maximum use of market inputs and are relying as little as possible on entity-specific inputs.

The carrying amount less impairment provision of trade receivables and the carrying amount of trade payables is assumed to approximate their fair values due to their short-term nature. The same applies to the outstanding claims provision, as claims should be settled within 4 months after year-end according to the terms of the Fund. Cash and cash equivalents have by definition a maturity of less than 3 months and therefore their fair value is also approximated by the carrying amount.

The members savings accounts contain a demand feature. In terms of regulations, any credit balance on a member's savings account must be taken as a cash benefit when the member terminates his or her membership of the Fund or benefit option, and enrolls in another benefit option or medical scheme without a savings account or does not enroll in another medical fund. Interest on these amounts is accrued monthly. Therefore the carrying values of the members savings accounts are deemed to be equal to their fair values, which is the amount payable on demand.

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 fair value measurement represents those instruments which are measured using unadjusted quoted prices for identical assets. Fair value measurements classified as level 1 include exchange-traded prices of fixed maturities and equity securities. Listed debt securities such as government securities and corporate bonds may be classified as level 1 or 2 depending on trade frequency and data availability.



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	2021 N\$	2020 N\$
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### 2. Financial risk management (continued)

Level 2 fair value measurement represents those instruments for which inputs other than quoted prices within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). They primarily include government and agency securities and certain corporate debt securities, such as private fixed maturities. As market quotes are generally not readily available or accessible for these securities, their fair value measures are determined utilising relevant information generated by market transactions involving comparable securities. They are often based on model pricing techniques that effectively discount prospective cash flows to present value using appropriate sector-adjusted credit spreads commensurate with the security's duration, also taking into consideration issuer-specific credit quality and liquidity. These valuation methodologies have been studied and evaluated by the asset manager and the resulting prices determined to be representative of exit values. Observable inputs generally used to measure the fair value of securities classified as level 2 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data. Additional observable inputs are used when available, and as may be appropriate, for certain security types, such as pre-payment, default and collateral information for purpose of measuring the fair value of mortgage- and asset-backed securities.

Level 3 fair value measurement represents those instruments for which inputs for the asset or liability are not based on observable market data (that is, unobservable inputs). Private equity securities are usually priced based on unobservable market data and are not easily tradable and therefore likely to be classified as level 3.

As at 31 December 2021, the Fund recognised financial instruments based on the following fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value - 2021	64 279 842	-	-	64 279 842
Financial assets at fair value - 2020	59 208 697	-	-	59 208 697

#### 2.11. Investment risk

Investment risk is the risk that the investment returns on accumulated assets will not be sufficient to cover future liabilities. Continuous monitoring takes place to ensure that appropriate assets are held where the Fund's liabilities are dependent upon the performance of the investment portfolio and that a suitable match of assets exists for all liabilities.

The Fund's investment objectives are to maximise the return on its investments on a long-term basis at minimal risk, subject to any constraints imposed by legislation or the trustees. Therefore, the portfolio of financial assets is managed and its performance evaluated on a fair value basis. The Fund continues to diversify its investment portfolio by investing in short-term deposits, money market instruments, debt securities and equity.

### 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed in note 1.12.

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#### 4. Property, plant and equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Computer equipment	275 761	(166 322)	109 439	224 440	(145 607)	78 833
Medical equipment	63 825	(12 409)	51 416	-	-	-
<b>Total</b>	<b>339 586</b>	<b>(178 731)</b>	<b>160 855</b>	<b>224 440</b>	<b>(145 607)</b>	<b>78 833</b>

Computer equipment to an amount of N\$100 788 have been acquired during the current financial year (2020: N\$9 356) in order for the trustees to use during board meetings. Medical equipment of N\$ 63 825 (2020: N\$nil) was acquired during the current financial year.

#### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	78 833	100 788	(3 209)	(66 972)	109 439
Medical equipment	-	63 825	-	(12 409)	51 416
	<b>78 833</b>	<b>164 613</b>	<b>(3 209)</b>	<b>(79 381)</b>	<b>160 855</b>

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	151 824	9 356	(4 582)	(77 765)	78 833

#### Depreciation rates

The depreciation methods and average useful lives of property, plant and equipment have been assessed as follows:

		2021	2020
Computer equipment	Straight line basis - years	3	3
Medical equipment	Straight line basis - years	3	-

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	2021 N\$	2020 N\$
<b>5. Financial assets measured at fair value</b>		
Interest and dividends received from the investments in the current year amounts to N\$2 341 020 and N\$483 842 respectively (2020: N\$2 530 891 and N\$568 830).		
Fair value at the beginning of the year	59 208 697	55 719 248
Capital investment	-	16 457 700
Interest received	2 341 020	2 530 891
Dividends received	483 842	568 830
Other incomes and expenditure	(541 731)	(641 348)
Market movement	2 788 014	1 031 076
Withdrawals	-	(16 457 700)
	<b>64 279 842</b>	<b>59 208 697</b>
Current portion	64 279 842	59 208 697

The current portion is represented by Sanlam Investments Management (Pty) Ltd.

The Fund complies with Regulation 9 which requires that a minimum of 35% of the total assets value of the Fund are invested within Namibia.

Financial instruments 2021	Namibia	CMA	Offshore	Total
Equities	2 984 473	9 331 020	5 977 213	18 292 706
Government Bonds	11 833 481	2 403 232	-	14 236 713
Properties	-	721 595	634 782	1 356 377
Cash and Cash Equivalents	20 720 210	9 398 990	274 846	30 394 046
	<b>35 538 164</b>	<b>21 854 837</b>	<b>6 886 841</b>	<b>64 279 842</b>
Financial instruments 2020	Namibia	CMA	Offshore	Total
Equities	2 272 015	8 214 969	5 268 463	15 755 447
Government Bonds	5 535 892	2 440 031	-	7 975 923
Properties	-	334 949	351 042	685 991
Cash and Cash Equivalents	21 865 503	12 798 679	127 154	34 791 336
	<b>29 673 410</b>	<b>23 788 628</b>	<b>5 746 659</b>	<b>59 208 697</b>

### 6. Financial assets held at amortised cost

Balances at the beginning of the year	7 665 852	7 430 663
Interest received	610 930	235 189
Capital investments	1 900 000	-
	<b>10 176 782</b>	<b>7 665 852</b>
Current portion	10 176 782	7 665 852

The current portion is represented by Nampost.

Total interest received from the investments in the current year amounts to N\$610 930 (2020: N\$235 189). The fair value approximates the carrying amount.



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	2021 N\$	2020 N\$
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### 7. Trade and other receivables

#### Financial instruments:

Contributions	5 383 572	5 251 593
Trade and other receivables	379 247	483 106
<b>Total trade and other receivables</b>	<b>5 762 819</b>	<b>5 734 699</b>

#### Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IAS 39: Financial Instruments:

At amortised cost	5 762 819	5 734 699
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### 8. Cash and cash equivalents

Cash and cash equivalents consist of:

Current Account - Standard Bank Namibia Limited	12 169 661	17 795 653
Money Market Funds - Capricorn Asset Management	7 986 985	1 410 874
Call Account - Standard Bank Namibia Limited	-	4 139 459
<b>Total</b>	<b>20 156 646</b>	<b>23 345 986</b>

#### Details of total facilities:

Credit card facility - Standard Bank Namibia Limited	20 000	20 000
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### 9. Outstanding claims provisions

#### Reconciliation of outstanding claims provisions - 2021

	Opening balance	Utilised during the year	Total
Outstanding claims provisions	8 507 971	(1 148 099)	7 359 872

#### Reconciliation of outstanding claims provisions - 2020

	Opening balance	Incurred during the year	Total
Outstanding claims provisions	6 419 148	2 088 823	8 507 971

The outstanding risk claims provision was based on the actual claims relating to the financial year received in the four months after year-end plus an estimate for expected claims relating to the financial year that will be paid after the four month period. This estimate is based on the ratio of claims after four months to the claims within four months and is determined from historical experience.

The existing accounting policy relating to the outstanding claims provision considers current estimates of all contractual flows, therefore in terms of paragraph 15 to 19 of IFRS 4, no further liability adequacy test is required.

### 10. Low claims bonus wallet

Low claims bonus wallet	295 579	-
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	2021 N\$	2020 N\$
<b>11. Trade and other payables</b>		
Financial instruments:		
Accruals	201 116	199 429
<b>12. Contribution income</b>		
Net contribution income	117 165 111	112 711 652
<b>13. Net claims &amp; health management costs</b>		
The net claims incurred and health management costs comprises of the following:		
Net claims incurred	112 210 088	94 130 556
Pharmacy claim processing	947 807	784 402
Hospital benefit management	334 875	410 925
HIV/Aids disease management	109 365	27 710
Chronic adherence disease management	207 793	52 649
Diabetes disease mangement	142 175	36 023
	<b>113 952 103</b>	<b>95 442 265</b>
<b>14. Asset management fees</b>		
Asset management fees	541 731	641 348
<b>15. Cash (used in)/generated from operations</b>		
Surplus for the year	5 353 710	17 578 602
<b>Adjustments for:</b>		
Depreciation	79 381	77 765
Dividends received	(483 842)	(568 830)
Interest received	(3 329 801)	(3 012 165)
Asset management fees	541 732	641 348
Fair value adjustments	(2 788 014)	(1 031 076)
Movements in provisions	(1 148 099)	2 088 824
<b>Changes in working capital:</b>		
Trade and other receivables	(28 120)	(1 168 105)
Trade and other payables	1 688	(98 606)
Low claims bonus wallet	295 579	-
	<b>(1 505 786)</b>	<b>14 507 757</b>
<b>16. Investment income</b>		
Dividends received	483 842	568 830
Interest received - Investing	2 951 951	2 766 080
Interest received - Operating	377 850	246 085
	<b>3 813 643</b>	<b>3 580 995</b>

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	2021 N\$	2020 N\$
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### 17. Related parties

The Fund Administrator, Prosperity Health Namibia (Pty) Ltd is considered to have an influence on the Fund operational decisions, subject to the rules and regulations of the Fund and the Board of Trustees decisions. The Administrator as well as the Principal Officer attend and participate in all discussions at various meetings held by the Fund but the ultimate power and decision making vests solely in the Trustees. The Administrator and Principal Officer do not have voting rights at any meeting.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Fund. Key management personnel include the Trustees and the Principal Officer. The Principal Officer is compensated on a salary basis. Refer to note 21.

#### Related party balances and transactions

The following table provides the nature of transactions which have been entered into with related parties for the relevant financial year:

Transactions	Nature of transactions and terms and conditions thereof	
Contributions income	This constitutes the contribution paid by the related party as a member of the Fund, in their individual capacity. All contributions were on the same terms as applicable to other members.	
Claims incurred	This constitutes the claims paid to the related party as a member of the Fund, in their individual capacity. All claims were on the same terms as applicable to other members.	
Contributions outstanding	This constitutes the contributions receivable from the related party as member of the Fund, in their individual capacity. All contributions debtors were on the same terms as applicable to other members.	
Outstanding claims provision	This constitutes the claims payable by the related party as a member of the Fund, in their individual capacity. All claims outstanding were on the same terms as applicable to other members.	
Prosperity Health Namibia (Administration fees)	2 473 836	2 473 970
Prosperity Lifecare Insurance Limited (Emergency Evacuation Risk Transfer)	1 153 801	1 181 547
	<b>3 627 637</b>	<b>3 655 517</b>

### 18. Medical insurance risk management

#### Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the Fund 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 Fund members. As such the Fund is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Fund also has exposure to market risk through its insurance activities.

The Fund manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements as well as the monitoring of emerging issues and advice by the actuaries of the Fund.



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	2021 N\$	2020 N\$
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### 18. Medical insurance risk management (continued)

The Fund uses several methods to assess and monitor insurance risk exposure both for individual types of risk insured and overall risk. These methods include internal risk measurement models, sensitivity analysis, scenario analyses and stress testing. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims 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.

Namibia currently does not have prescribed minimum benefits (PMB).

In-hospital benefits cover all costs incurred by members whilst they are in hospital to receive pre-authorized treatment for certain medical conditions.

Chronic benefits cover the cost of certain medicines utilised by members for chronic conditions/diseases, such as high blood pressure, cholesterol and asthma.

The Fund's strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risk over a number of years and, as such it is believed that this reduces the variability of the outcome.

Contracts vary in length and the Fund has the right to change the terms and conditions of the contract at renewal.

#### Risk arrangements

The Fund transfers a portion of its Emergency Evacuation risk through a risk transfer arrangement in order to control its exposure to losses and protect capital resources.

#### Risk in terms of risk transfer arrangements

The Fund cedes insurance risk to limit exposure to underwriting losses under Emergency Evacuation that cover individual risk, group risk or defined blocks of business, on a yearly renewable term, excess or catastrophe excess basis. These risk transfer arrangements spread the risk and minimise the effect of losses. The amount of each risk retained depends on the Fund's evaluation of the specific risk, subject in certain circumstances, to maximum limits based on characteristics of coverage.

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	2021 N\$	2020 N\$
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#### 19. Financial instruments and risk management

##### Categories of financial instruments

##### Categories of financial assets

##### 2021

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	7	5 762 819	5 762 819	5 762 819
Cash and cash equivalents	8	20 156 646	20 156 646	20 156 646
		<b>25 919 465</b>	<b>25 919 465</b>	<b>25 919 465</b>

##### 2020

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	7	5 734 699	5 734 699	5 734 699
Cash and cash equivalents	8	23 345 986	23 345 986	23 345 986
		<b>29 080 685</b>	<b>29 080 685</b>	<b>29 080 685</b>

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		2021 N\$	2020 N\$
<b>19. Financial instruments and risk management (continued)</b>			
<b>Categories of financial liabilities</b>			
<b>2021</b>			
	Note(s)	Amortised cost	Total Fair value
Trade and other payables	11	201 116	201 116 201 116
Low claims bonus wallet	10	295 579	295 579 295 579
		<b>496 695</b>	<b>496 695 496 695</b>
<b>2020</b>			
	Note(s)	Amortised cost	Total Fair value
Trade and other payables	11	199 429	199 429 199 429
<b>Capital risk management</b>			
Trade and other payables	11	201 116	199 442
Low claims bonus wallet	10	295 579	-
<b>Total borrowings</b>		<b>496 695</b>	<b>199 442</b>
Cash and cash equivalents	8	(20 156 646)	(23 345 986)
<b>Net borrowings</b>		<b>(19 659 951)</b>	<b>(23 146 544)</b>
Equity		92 680 377	87 326 667
Gearing ratio		(21)%	(27)%

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Annual Financial Statements for the year ended 31 December 2021

### Notes to the Annual Financial Statements

	2021 N\$	2020 N\$
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#### 19. Financial instruments and risk management (continued)

##### Financial risk management

##### Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk is presented in the table below:

		2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	7	5 762 819	-	5 762 819	5 734 699	-	5 734 699
Cash and cash equivalents	8	20 156 646	-	20 156 646	23 345 986	-	23 345 986
		<b>25 919 465</b>	<b>-</b>	<b>25 919 465</b>	<b>29 080 685</b>	<b>-</b>	<b>29 080 685</b>

##### Liquidity risk

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

##### 2021

	Carrying amount
<b>Current liabilities</b>	
Trade and other payables	11 201 116
Low claim bonus wallet	10 295 579

##### 2020

	Carrying amount
<b>Current liabilities</b>	
Trade and other payables	11 199 429

The maturity profile of contractual cash flows of derivative financial liabilities are as follows:



## Napotel Medical Aid Fund

(Registration number 0012)

Annual Financial Statements for the year ended 31 December 2021

### Notes to the Annual Financial Statements

	2021 N\$	2020 N\$
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#### 20. Events after the reporting period

No matter which is material to the financial affairs of the Fund has occurred between 31 December 2021 and date of approval of the annual financial statements.

Effect of Covid-19 on the fund:

Given the uncertainties and ongoing development, the Fund cannot accurately and reliably estimate the future quantitative impact, but believes that at this stage it will not have a significant impact on the Fund.

#### 21. Non-healthcare costs

Advertising	44 148	22 184
Auditors remuneration	244 260	237 961
Bank charges	74 714	84 156
Legal fees	-	49 891
Board meeting expenses	79 710	19 085
AGM expenses	-	8 800
Trustee sitting allowance	438 286	345 208
Trustee indemnity and liability cover	41 933	39 574
Principal Officer remuneration	496 380	478 644
Actuarial fees	502 358	331 167
Administration fees	2 473 836	2 473 970
Rule change - Namfisa	70	160
Affiliation fees - Namaf	226 386	227 126
Affiliation fees - Namfisa	164 419	157 408
Printing and stationery	6 448	27 000
Affiliation fees - BHF	17 638	17 167
Trustee training and conference	46 885	90 900
Travelling costs	9 782	156 943
Insurance - Trustee iPads	20 687	20 298
Depreciation	79 381	77 765
	<b>4 967 321</b>	<b>4 865 407</b>

#### 22. Other income

Refund of HIV/AIDS costs	1 034 690	1 202 524
MVA refunds	12 490	-
	<b>1 047 180</b>	<b>1 202 524</b>

# TRUSTEE REMUNERATION

## INTRODUCTION

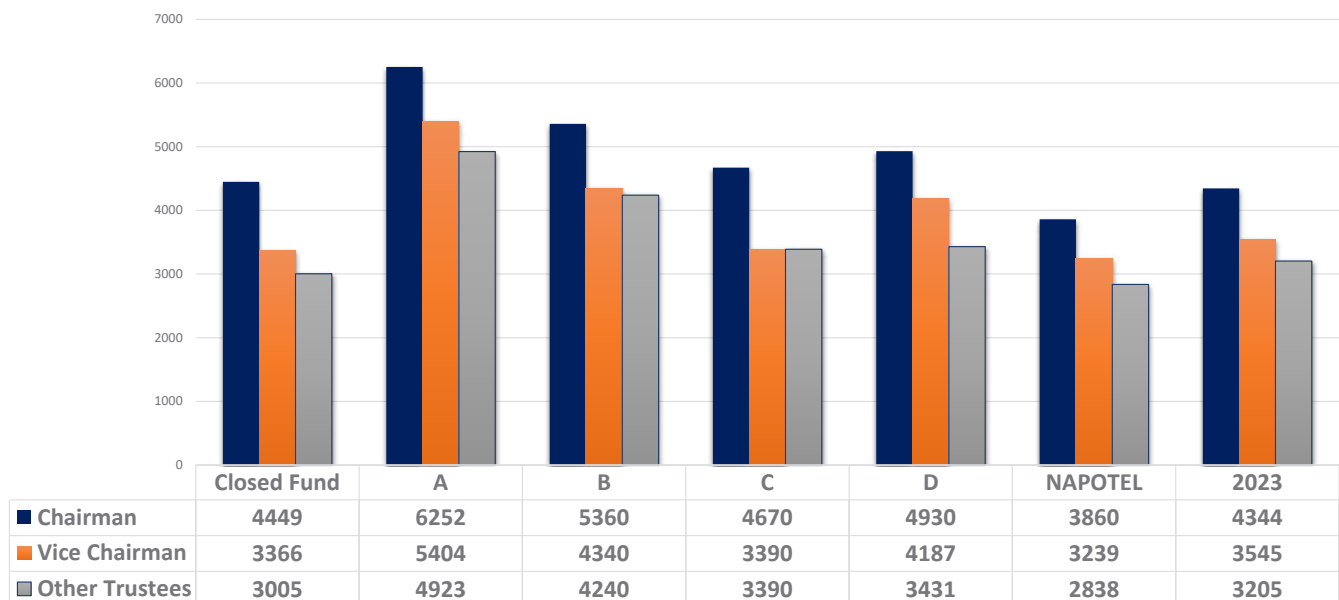
Namfisa Circular (PI/MA/1/2015) directs that Trustee Annual Remuneration review must be tabled and approved by members at the AGM. Medical Aid Funds conduct annual remuneration surveys to ensure that BOT remuneration paid is commensurate with the fiduciary obligations assumed by Trustees, as well as the expertise of Trustees. NAMFISA issued regulations authorizing the payment of seating allowances to trustees provided such remuneration is duly approved at all AGM meetings of the respective funds.

The AGM Approved Fees are submitted with the benefit & rule changes at the end of the year to Namfisa for final approval. The approved Fund rules including the BOT Fees are implemented from the beginning of the new financial year.

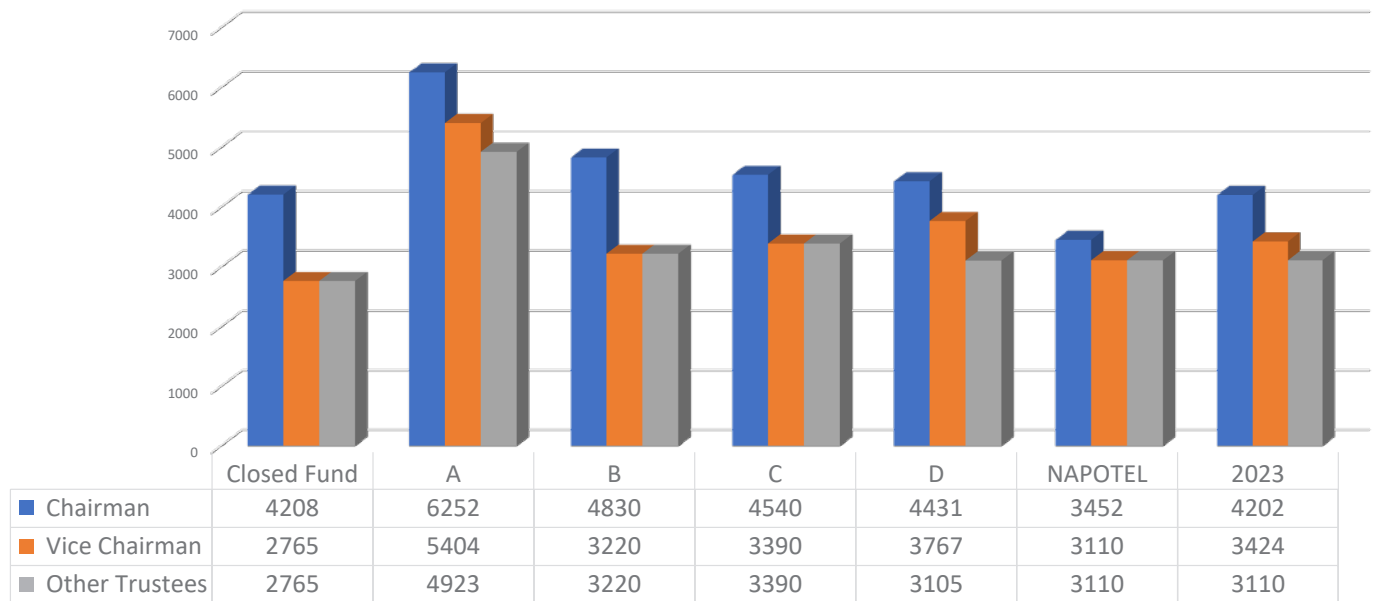
## RECOMMENDATIONS TO THE AGM

- 2020 AGM approved an industry alignment of the Napotel BOT Fees.
- The Approved Fees with the 2021 benefit and rule changes was submitted to Namfisa for approval.
- Namfisa approved the new fee structure but recommended that the implementation of the Fees be faced over a period of three years.
- Tabled for this meeting is the ratification of the 2023 Fees.

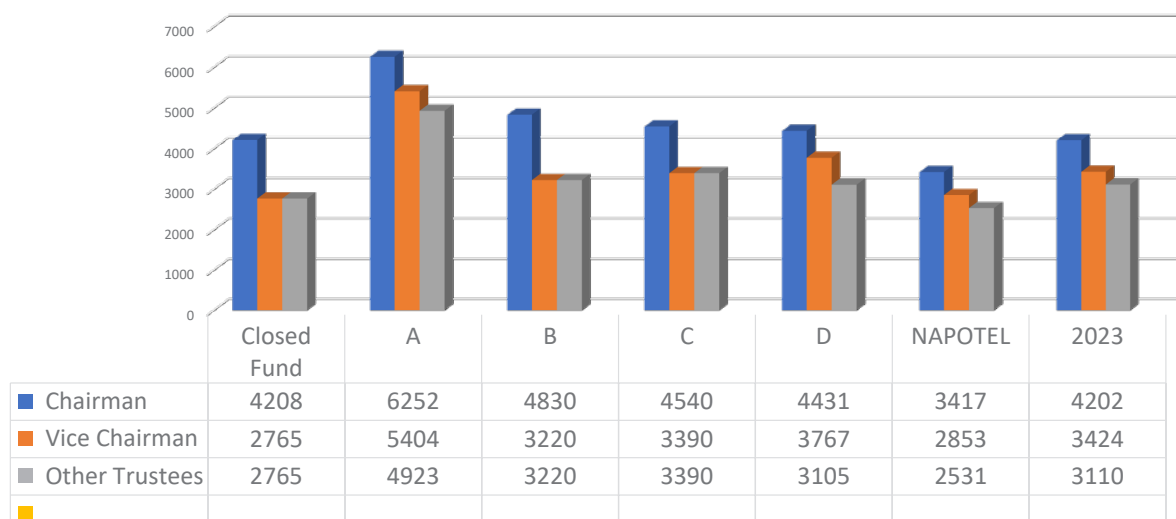
### 1. Full Board Fees



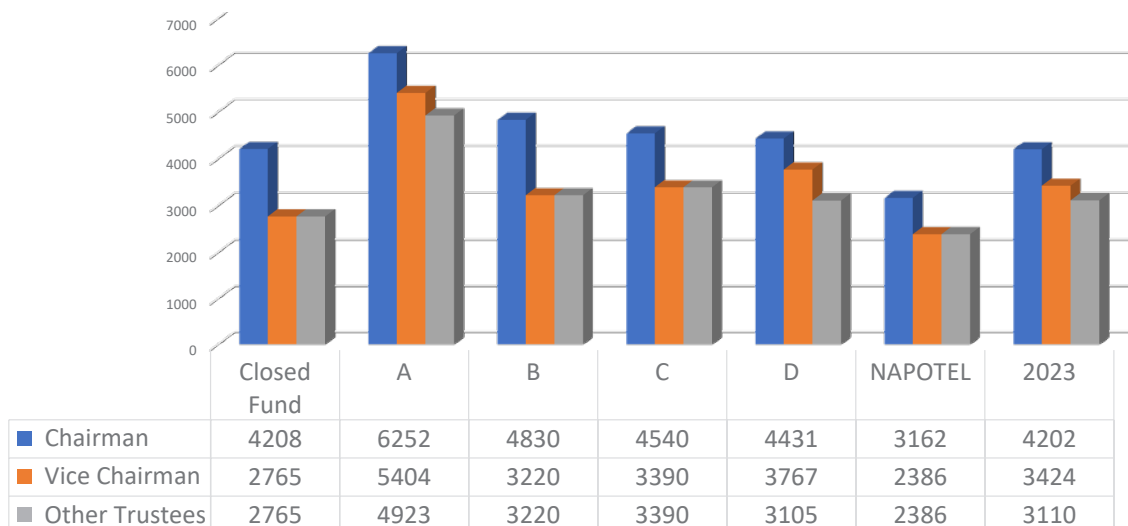
## 2. Finance Committee



## 3. AD- Hoc Meeting



## 4. EX- Gratia Meetings/Work-Streams



## NOTES

[illegible]



## HOW TO ACCESS THE NAPOTEL 2022 AGM PACK

The Napotel 2022 AGM PACK, inclusive of the Funds' annual financial statements for the period ended 31 December 2021 is available on the Funds' Website at [www.napotelmedical.com.na](http://www.napotelmedical.com.na)



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