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Discovery Health Medical Scheme

# Annual General Meeting

# Merger

- 🕒 Nampak Medical Scheme (NMS) approached DHMS during 2011 to consider a merger in 2013
- 🕒 High level statistics:

<b>As at 31 December 2011:</b>	<b>DHMS</b>	<b>NMS</b>
Reserves per beneficiary (31 Dec 2011)	R3 141	R12 763
Average age	32.75	37.47
Number of beneficiaries	2 354 351	11 500

- ④ Calculations were done in the last quarter of 2011
  - Impact on DHMS of a merger with NMS was modelled taking into account
    - Demographic factors
    - Plan mapping
    - Current claims experience
  - Accumulated funds requirement of R120.5 million estimated
  - Actual NMS accumulated funds as at 31 December 2011 of R147.8 million
- ④ The actual level of accumulated funds compensates DHMS for the worse demographic profile of NMS
  - For at least 5 years
  - Depending on how long members remain on the default benefit options

- ④ As the NMS accumulated funds exceed the actuarial requirement, it is proposed that the merger be approved subject to certain conditions:
  - ④ At least R120.5 million of reserves be transferred to DHMS at the date of the merger
  - ④ Merger to take place by 1 January 2013. If later, the conditions must be re-evaluated
  - ④ Option mapping will be used to identify default options for those members who do not explicitly exercise an option
  - ④ There is no material corporate activity within the employer before the date of the proposed amalgamation