



Reference: 2023 Annual Statutory Returns (ASR)
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Circular 43 of 2023: Annual Statutory Return Specifications for 2023

The purpose of this circular is to engage the industry by requesting comments on the specifications of the Annual Statutory Return (ASR) for the 2023 financial year.

With the introduction of International Financial Reporting Standard (IFRS) 17: Insurance Contracts, many parts of the ASR require substantial changes. In drafting the specifications, a balance between IFRS 17 changes, regulatory information needs, and IT resource constraints pertaining to the development of changes were sought.

The changes that will be made to the return will be prioritised per technology resource capacity constraints. The final specifications will be published in January 2024.

In commenting on the proposed specifications, it should be noted that although the return is aligned with IFRS disclosures, it does not need to adhere to IFRS as it is a regulatory tool.

Also note that the specifications are published before the South African Institute of Chartered Accountants' Medical Schemes Accounting Guide (SAICA Guide) had been finalised, and therefore your specific comment(s) on the appropriateness of some of the classifications in the annual return in line with IFRS 17 would be appreciated in order to allow for the development of the changes to commence.

Furthermore, some of the disclosures might change to be aligned with the final published SAICA Guide.

The parts that we would like to highlight to the industry are as follows:

Part 4.3: Trade and other receivables

This part has now been split between Trade and other receivables – Loan and receivables (Part 4.3(a)) and Insurance Contract Assets (Part 4.3 (b)).

Kindly comment specifically on the correct inclusion of loans to members, prepaid expenses on risk transfer arrangements and managed care arrangements in the various sub-parts.

Your comments on the disclosure of the provision for impaired losses when considering the regulatory need for information on debtor ageing would be appreciated.

Part 4.8 Trade payables

This part has now been split between Trade payables (Part 4.8(a)) and Insurance Contract Liabilities (Part 4.8(b)).

Kindly comment specifically on the correct inclusion of payments received in advance under risk transfer arrangements in the various sub-parts.

Part 4.16.1 Administration expenditure

Administration expenditure has been amended to allow for expenses that are directly attributable to insurance contracts. Based on feedback received from the industry per Circular 29, we have allowed schemes to be able to split most expense lines between that of directly attributable expenditure or not directly attributable expenditure.

Your specific comment on the allocation of trustee remuneration between the columns would be appreciated.

Part 4.18: Provision for impaired losses at year end

Whether this part should be removed from the return or not is dependent on the responses received in relation to part 4.3(b).

Part 4.23: Net income/expense per benefit option and Part 6.1 Statement of Comprehensive Income

These parts have been aligned to the new format of the IFRS 17 Statement of Comprehensive Income. Part 4.23, however, provides more detail as required in the past. Specific changes in line descriptions were highlighted in the document, and your comments on these would be appreciated.

Your comments specifically relating to the omission for providing for 'Other (specify)' in relation to reinsurance contracts held in part 6.1 would be appreciated.

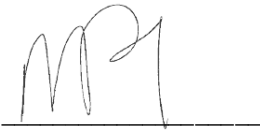
Part 5: Statement of Financial Position

Assets within this part remain mostly unchanged. Insurance Contract Assets will now fall under liabilities. Revaluation reserves remain under Members funds. With Medical Schemes being regarded as mutual entities, Accumulated Funds and other reserves will now form part of Insurance liabilities for members under non-current liabilities. Under current liabilities,

provision has been made for insurance contract liabilities which include the outstanding claims provision and the Personal Medical Savings account liability. The Liability for remaining coverage will be the net of the Insurance contract assets and the Insurance contract liabilities (other).

The Specifications can be accessed [here](#). Kindly provide comments regarding the ASR Specifications for 2023 by **Wednesday, 15 November 2023**. All comments to be provided to Ms Elizabeth Figueiredo at e.figueiredo@medicalschemes.co.za.

We look forward to your valuable participation.



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