



# **Annual General Meeting Chairman's Report**

October 2011



## **New Model for Grant Administration**

- 2011 saw the introduction of a number of significant changes to the KRT operating model to secure the future viability of the trust
- With the approval and support of the founders, the trustees refined the medical criteria and amended the award schedule
- The founders made a final voluntary payment of R58 million to cover the estimated future benefits payable and running costs, making their total contribution significantly higher than originally committed
- The funds have been invested in an appropriate investment vehicle (reserves stood at R66,7million at end-February 2011)

# Recap



1. Revised diagnostic criteria for ARD1 introduced:
  - “Ten percent lung function impairment” (as per the trust Deed) is interpreted as FEV1 and FVC both below 72% of predicted. The FEV1/FVC ratio is not be used.
  - The anticipated effect of this change is to reduce the number of ARD1s for the period to 2026 by 60%.
  - The diagnostic criteria for ARD2, ARD3 and ARD4 remain unchanged.
2. New grant schedule :
  - Qualifying claimants who have experienced “KRT only” exposure receive a set amount for each disease category, regardless of the skills level, exposure location (e.g. above/below ground; occupational/environmental) or age.



## Grant Schedule

| ARD Category                         | Grant Payable |
|--------------------------------------|---------------|
| ARD 1                                | R28 000       |
| ARD 2                                | R70 000       |
| ARD 3                                | R210 000      |
| ARD 4 (occupational & environmental) | R280 000      |

- If the claimant was exposed to other sources of asbestos, the set amount is reduced by the relative proportion of other exposures.
- The notional or actual ODMWA payment made to the qualifying payment is no longer be deducted from the KRT grant.
- Dependents receive 50% of the set amount that would have been payable to the deceased claimant.



## Total claims received (June 2006 – February 2011)

Table 1: Breakdown of Total Enquiries Received as at 28 February 2011

| Category                                   | Dual Exposure | KRT only Exposure | Total       |
|--|---------------|-------------------|-------------|
| <b>Total Enquiries</b>                     | <b>1676</b>   | <b>1324</b>       | <b>3000</b> |
| <b>Non-Compensable</b>                     | <b>754</b>    | <b>803</b>        | <b>1557</b> |
| Non-qualifying Enquiries                   | 54            | 99                | 153         |
| Non Compensable Claims                     | 700           | 704               | 1404        |
| <b>Pipeline Enquiries</b>                  | <b>46</b>     | <b>86</b>         | <b>132</b>  |
| Enquiries Pending Medical Consultation     | 19            | 36                | 55          |
| Medical Records Received by Medical Office | 2             | 3                 | 5           |
| SOMP Still Investigating                   | 25            | 47                | 72          |
| <b>Compensable Claims</b>                  | <b>876</b>    | <b>435</b>        | <b>1311</b> |
| ARD1                                       | 663           | 344               | 1007        |
| ARD2                                       | 116           | 23                | 139         |
| ARD3                                       | 22            | 14                | 36          |
| ARD4                                       | 75            | 54                | 129         |

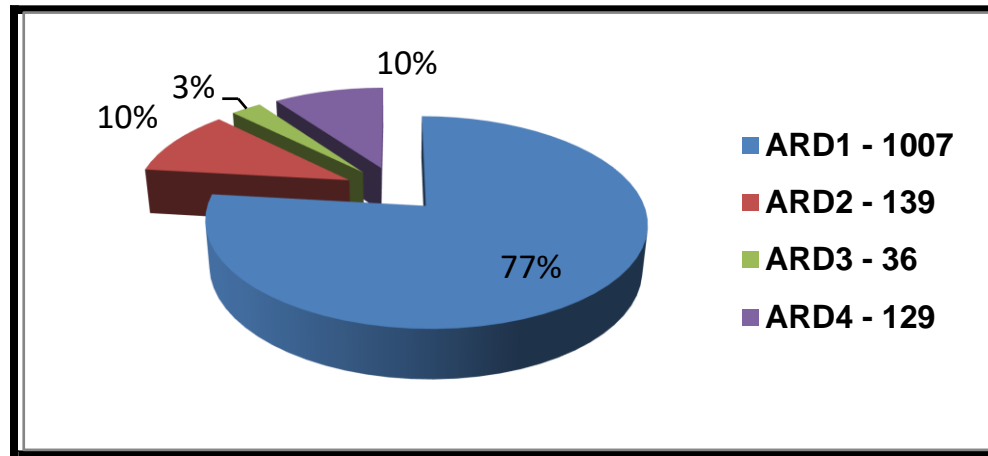


## Total Claims Paid (June 2006 – February 2011)

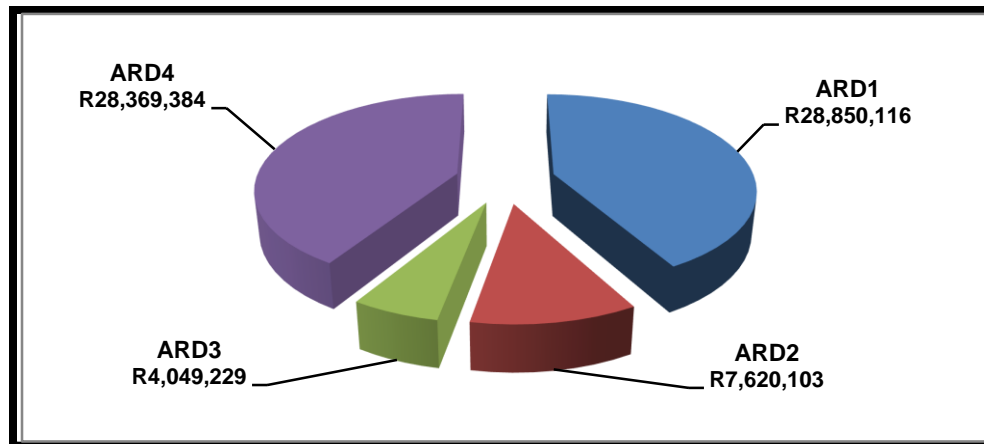
Table 3: Total Claims Pending Payment and Paid Since Inception, as at 28 February 2011

| Claims Pending Payment & Paid |                        |                   |             |                    |             |                    |
|-------------------------------|------------------------|-------------------|-------------|--------------------|-------------|--------------------|
| Category                      | Claims Pending Payment |                   | Claims Paid |                    | Total       |                    |
| ARD1                          | 69                     | R1,356,313        | 895         | R28,850,116        | 964         | R30,206,429        |
| ARD2                          | 11                     | R570,925          | 115         | R7,620,103         | 126         | R8,191,028         |
| ARD3                          | 4                      | R579,462          | 34          | R4,049,229         | 38          | R4,628,691         |
| ARD4                          | 9                      | R1,907,765        | 99          | R28,369,384        | 108         | R30,277,149        |
| <b>TOTAL</b>                  | <b>93</b>              | <b>R4,414,465</b> | <b>1143</b> | <b>R68,888,832</b> | <b>1236</b> | <b>R73,303,297</b> |

**Figure 1: Total Compensable Claims Since Inception, as at 28 February 2011**



**Figure 3: Total Amount Paid Since Inception, as at 28 February 2011**





## Environmental claims

- 75 environmental enquiries have been received, 15 in the year under review
- 48 met the exposure criteria and qualified for compensation, 8 in the year under review
- Of these, 27 were attributed to dual ART and KRT exposure and 21 to “KRT only” exposure

Figure 2: Total Environmental Enquiries as at 28 February 2011

| Category                                   | Dual      | KRT only  | Total     |
|--|-----------|-----------|-----------|
| <b>Total Enquiries</b>                     | <b>43</b> | <b>32</b> | <b>75</b> |
| <b>Non Compensable</b>                     | <b>16</b> | <b>11</b> | <b>27</b> |
| Non-Qualifying                             | 8         | 8         | 16        |
| Non Compensable                            | 8         | 3         | 11        |
| <b>Pipeline Enquiries</b>                  | <b>0</b>  | <b>0</b>  | <b>0</b>  |
| Medical Records Received by Medical Office | 0         | 0         | 0         |
| SOMP Still Investigating                   | 0         | 0         | 0         |
| <b>Compensable Claims</b>                  | <b>27</b> | <b>21</b> | <b>48</b> |
| ARD1                                       | 11        | 5         | 16        |
| ARD4                                       | 15        | 16        | 31        |





## Total Claims Paid (year on year)

| Year          | Claims Paid | Amount               | Claims Pending | Amount              | Total claims | Total Amt            |
|---------------|-------------|----------------------|----------------|---------------------|--------------|----------------------|
| 2007          | 168         | 6,264,861.50         | 20*            | 513,265.00          | 188          | <b>6,778,126.50</b>  |
| 2008          | 264         | 13,514,842.00        | 1              | 7,666.00            | 265          | <b>13,522,508.00</b> |
| 2009          | 285         | 19,964,350.00        | 4              | 161,945.00          | 289          | <b>20,126,304.00</b> |
| 2010          | 272         | 21,075,624.00        | 15             | 692,963.50          | 287          | <b>21,768,587.50</b> |
| 2011          | 154         | 8,069,154.50         | 53             | 3,038,617.00        | 207          | <b>11,107,771.50</b> |
| <b>Totals</b> | <b>1143</b> | <b>68,888,832.00</b> | <b>93</b>      | <b>4,414,465.50</b> | <b>1236</b>  | <b>73,303,297.50</b> |

\* Backlog enjoying special attention – mainly due to incomplete documentation



## Average benefits paid in 2010/11

Average benefit actually paid (including backlog and ~50% dual exposure cases) to:

- All 154 beneficiaries = R52 397
- 121 x ARD1 = R25 355
- 8 x ARD2 = R48 543
- 9 x ARD3 = R142 275
- 2 X ARD1 to ARD3 = R67 544
- 14 x ARD4 = R228 374

## Grant schedule

| ARD Category                         | Grant Payable |
|--------------------------------------|---------------|
| ARD 1                                | R28 000       |
| ARD 2                                | R70 000       |
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**Comparison:  
Projected vs. Actual ARD Diagnoses for FYE ended February 2011**

| Year               | 10 | Act<br>(inc<br>~50%<br>dual) | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
|--------------------|----|------------------------------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| ARD1               | 8  | 1                            | 8  | 8  | 8  | 8  | 2  | 2  | 2  | 2  | 2  | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
| ARD2               | 2  | 2                            | 2  | 2  | 2  | 2  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
| ARD3               | 5  | 2                            | 5  | 3  | 3  | 3  | 2  | 2  | 2  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
| ARD4<br>Occ        | 5  | 6                            | 5  | 6  | 6  | 7  | 7  | 7  | 7  | 8  | 8  | 7  | 6  | 5  | 4  | 3  | 2  | 1  |
| ARD4<br>Envir<br>o | 5  |                              | 5  | 5  | 5  | 5  | 5  | 5  | 5  | 5  | 5  | 4  | 4  | 4  | 4  | 4  | 4  | 4  |

Only 7 medical letters issued for the first half of the year, compared to 65 for the first half of last year



## **Operational Expenses**

The financials indicate a notable 30% reduction in costs from R3 508 593 to R2 451 159 in the previous financial year

This was due mainly to a reduction in third party disbursements related to claims handling and medicals, also a reduction in service level fees from the ART

Operating costs were approximately 22% of the R11.1 million paid or being paid to successful claimants, compared to approximately 14% in the previous year - and points to the need to achieve even greater cost efficiencies

This “cost/benefit” ratio includes 155 claimants (52% of the 297 claimants registered in the year) whose claims were processed but did not qualify for compensation



## **And finally**

Thanks to KRT trustees and staff of the ART.

Also to the Asbestos Interest Group (AIG), a community-based organisation that canvasses for claimants in the Kgalagadi area.

Thanks to the founders for generously increasing their original commitment by approximately 30%