
GOVERNMENT NOTICE

SOUTH AFRICAN NATIONAL DEFENCE FORCE**No. R. 481****26 May 2006****DEFENCE ACT, 2002****AMENDMENT OF THE GENERAL REGULATIONS FOR THE SOUTH AFRICAN NATIONAL DEFENCE FORCE**

I, Mosiuoa Gerard Patrick Lekota, Minister of Defence, hereby under Section 82 of the Defence Act, 2002 (Act No. 42 of 2002), with the approval of the Minister of Finance, make the regulations in the Schedule.

SCHEDULE

Chapter VIII of the General Regulations of the South African National Defence Force, promulgated under Government Notice No. R. 1114 of 10 November 2000, as amended by Government Notice No. R. 23978 of 1 November 2002, are hereby amended by the substitution for that Chapter of the following Chapter:

CHAPTER VIII

GROUP LIFE INSURANCE SCHEME FOR THE DEPARTMENT OF DEFENCE

PART I: PRELIMINARY

Definitions

1. In this Chapter any word or expression to which a meaning has been assigned in the Act shall have the meaning so assigned and unless the context otherwise indicates-

“**actuary**” means a fellow of an institute, faculty or society of actuaries approved by the Minister of Finance;

“**beneficiary**” means in respect of a member of the Scheme -

- (a) the dependant or dependants, as the case may be, of the member;
- (b) if there is no dependant, the person or persons, as the case may be, identified by the member in his or her last will and testament; or
- (c) if no person has been identified as contemplated in paragraph (b), the person or persons, as the case may be, entitled to claim in accordance with the Intestate Succession Act, 1987 (Act No. 81 of 1987)

“**Board**” means the Group Life Insurance Scheme Management Board contemplated in Regulation 6;

“**bodily injury and illness**” means permanent impairment of a member’s health status due to injury or illness;

“**business account**” means an account established for daily transactions in terms of a written agreement with the institution;

“**calendar month**” means a period extending from the first day of a month to the last day of that same month, both days being inclusive;

“**child**” means, in relation to a member of the Scheme, any-

- (a) legitimate child of a member through-
 - (i) a marriage recognised as a valid marriage in terms of the Marriage Act, 1961 (Act No.25 of 1961) or the laws of any country other than the Republic of South Africa or a customary marriage in terms of the Recognition of Customary Marriages Act, 1998 (Act No. 120 of 1998)
 - (ii) the application of section 4 of the Children’s Status Act, 1987 (Act No. 82 of 1987) or
 - (iii) a legally recognised adoption in terms of section 18 of the Child Care Act, 1983 (Act No. 74 of 1983) or a law of a foreign country and
- (b) any other biological child of a member who has a right of maintenance against that member, regardless whether that right has been exercised;

but does not include a foster child placed in the care of the member or his or her spouse.

“dependant” means-

- (a) the spouse or spouses of a member of the Scheme as the case may be; or
- (b) if there is no spouse of a member of the Scheme, the minor child or children as the case may be of that member;

“deployment” means any activity, situation or action, but excluding service, in defence of the Republic, inside or outside the borders of the Republic contemplated in section 201(2)(b) of the Constitution, where the action is authorised by the issuing of an Operations order by the Chief of the South African National Defence Force, including but not restricted to-

- (a) service in co-operation with the police service as contemplated in Section 201(2)(a) of the Constitution;
- (b) service in fulfilment of an international obligation as contemplated in Section 201 (2)(c) of the Constitution;
- (c) the travelling of members of the Reserve Force who voluntarily perform, or are called up for military service, over the shortest route from their usual place of residence to the reporting point and back;
- (d) service in the preservation of life, health or property, including emergency and rescue operations and the provision or maintenance of essential services; and
- (e) service in support of any state department for the purpose of socio-economic upliftment;

“financial year” means a period extending from 1 April of a specific year until 31 March of the following year;

“head of department” means a person designated as such in section 1 of the Public Service Act, 1994(Proclamation No. 103 of 1994)

“impairment” means an impairment or disability, as the case may be as provided for in the Insurance Policy issued by the insurer;

“insurer” means an authorised financial service provider appointed as such under regulation 8(j);

“manager” means an authorised financial service provider appointed as such under regulation 8(i)

“member of the Board” means a person appointed as such under regulation 6(1);

“member of the Scheme” means a person contemplated in regulation 16;

“NBC Occurrences” means death or disability occurring as a direct or indirect consequence of-

- (a) the use of nuclear, biological or chemical weapons, or any radioactive contamination; or
- (b) attacks on or sabotage of facilities (including but not limited to, nuclear power plants, reprocessing plants, final repository sites, and nuclear research reactors) and storage depots, which lead to the release of radioactive or nuclear, biological or chemical warfare agents;

“operational risk reserve account” means an investment account established for the purpose of payment of benefits for injury and death excluded under the Insurance Policy and other administrative expenses approved by the Board;

“portfolio manager” means the portfolio manager contemplated in regulation 8(l);

“premium” means an amount determined by the Board in accordance with a member’s status as determined by the Insurance Policy;

“principal officer” means the person appointed as such in terms of regulation 9;

“scheme anniversary” means the first day of April of each year;

“scheme year” means a period of **12** months, which commences on the scheme anniversary and ends on the day before the next scheme anniversary;

“service in defence of the Repu’blic” means service in defence of the Republic as contemplated in Section 201 (2)(b) of the Constitution, including but not limited to active participation in or in connection with war, invasion, acts of foreign enemies, hostilities, warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming proportions of or amounting to an uprising, military or usurped power;

“spouse” means

- (a) a person who **is** married to a member and which marriage is recognised as a valid marriage in terms of the Recognition of Customary Marriages Act, 1998 (Act No. 120 of 1998); or the Marriage Act, 1961 (Act No. 25 of 1961), or
- (b) a person who **is** married to a member or beneficiary, and which marriage is recognised as a valid marriage in terms of the laws of any country other than the Republic of South Africa provided that such marriage **is** legally registered in terms of the relevant laws of that country and -
 - i) a notarised copy of the Certificate of Registration, if any, is submitted; or
 - ii) written proof of the registration of the marriage given under the hand of a person duly authorised in terms of the laws of that other country, is submitted; or
- (c) a life partner, the partnership being either heterosexual or homosexual, but specifically excluding parents and other family members, in a permanent life partnership, if such a partnership is –

- (i) contained in a duly signed notarial agreement prepared and executed by a notary public with a protocol number; **or**
- (ii) registered in terms of any specific legislation regarding life-partnerships.

“**Surgeon-General**” means the Surgeon-General of the Defence Force or a medical officer delegated by him or by her;

“**the Act**” means the Defence Act, 2002 (Act No. 42 of 2002);

“**the Insurance Policy**” means the Policy of the Scheme held in the name of the Department of Defence as contemplated in regulation 8(j);

“**the Scheme**” means the Group Life Insurance Scheme established by regulation 3;

Scope of Application

2. This Chapter applies to **all** members of the Defence Force, and employees whilst deployed as referred to in Section 56 of the Act.

PART II: ESTABLISHMENT OF SCHEME

Establishment of the Scheme

3. The “Group Life Insurance Scheme for the Department of Defence” is hereby established.

Registered office of the Scheme

4. The Scheme shall maintain a registered office which address shall be published in the Insurance Policy.

Purpose of the Scheme

5. The purpose of the Scheme is to compensate its members or their dependants or beneficiaries, as the case may be, within the framework of these Regulations and the Insurance Policy in respect of bodily injuries, disablement or death occurring in the course of military service.

PART III: MANAGEMENT OF THE SCHEME

Institution of a Board

6. (1) The Scheme shall be managed by a board which shall -
- (a) be known as the Group Life Insurance Scheme Management Board;
 - (b) be appointed in writing and consist of -
 - (i) a chairperson, who shall be a serving member or employee of the Department of Defence, appointed by the Minister;

- (ii) (aa) a member appointed by the Head of Department;
- (bb) one member appointed by each of the Chiefs of Services;
- (cc) and one member appointed by each of the Chiefs of Finance, Policy and Planning, Defence Reserves and Chief of Human Resources;
- (iii) the Sergeant-Major of the Defence Force; and
- (iv) four members from the ranks of registered Military Trade Unions, provided that no Military Trade Union shall have more than *two* members at any given time.

(2) A member appointed in terms of Regulation 6. (1)(b)(ii) shall serve on the Board until his or her appointment is withdrawn by the holder of the relevant post contemplated in sub-regulation (1)(b)(ii);

(3) Secundi who are instructed to attend meetings of the Board, shall participate in the proceedings thereof in the absence of the member he or she represents, and have the right to cast a vote at such a meeting.

(4) In the absence of the Chairperson, the Board shall designate a chairperson from the members present at a meeting of the Board to act as chairperson at that meeting.

(5) The Board may at any time co-opt a person or persons to assist the Board in a specialist advisory capacity: Provided the following specialist staffs shall be co-opted on a permanent basis:

- (a) A registered medical practitioner nominated by the Surgeon-General;
- (b) a medico-legal officer from the Medico-Legal Services of the South African Military Health Services nominated by the Surgeon-General; and
- (c) a Human Resource service systems specialist from the Department.

(6) The Chairperson may request the Head of Department or the Chiefs of Services or Divisions or the National Secretary of a Military Trade Union to replace their member on the Board, if such a member-

- (a) becomes incapable of acting lawfully; or
- (b) becomes incapacitated; or
- (c) his or her estate is sequestrated; or
- (d) he or she is found guilty by a competent court of a criminal offence; or

- (e) he or she is discharged by a competent court from a position of trust on the grounds of misconduct.

Management Committee of the Board

7. (1) The Board may appoint a management committee, which shall consist of at least four members of the Board.

(2) The Management Committee may include co-opted members of the Board contemplated in regulation 6(5) and shall include, where possible, at least one member of the members contemplated in regulation 6(1)(b)(iv).

(3) The Management Committee may take decisions on behalf of the Board in circumstances determined by the Board when such decisions cannot be postponed until a full sitting of the Board can be convened.

(4) Subject to sub-regulation (5), any decision made or action taken by the Management Committee must be ratified by the Board at an ensuing meeting.

(5) If the Board does not ratify a decision made or an action taken by the Management Committee, the Board shall, with due consideration of the effect that the decision or action of the Committee will have, determine measures to amend the decision accordingly.

Duties and Powers of the Board

8. The Board shall, individually and collectively-

- (a) be responsible for the sound management of the Scheme and shall exercise the fiduciary duties, that may be required or prescribed by law to ensure the financial viability of the Scheme;
- (b) take all reasonable steps to ensure that the interests of all members of the Scheme are protected at all times;
- (c) act with due care, diligence and good faith;
- (d) avoid conflict of interest;
- (e) act with impartiality in respect of all members, dependants and beneficiaries;
- (9) ensure that proper registers, books and records of the operation of the Scheme are kept, including the minuting of decisions made by the Board;
- (g) ensure that proper control systems are employed by or on behalf of the Board;
- (h) take all reasonable steps to ensure that contributions are paid timeously to the Scheme by the employer, and that benefits are paid timeously to members or their dependants as the case may be: Provided that neither the manager nor the insurer be required to pay

benefits where all required acceptable documentary proof has not been provided by the employer;

- (i) obtain proposals from authorised financial service providers and appoint a suitable authorised financial service providers on contract as the manager of the Scheme who shall be responsible for the administration, financial management, and control of the Scheme including management, investment, actuarial and secretarial services;
- (j) obtain proposals from authorised financial service provider registered or deemed to be registered as long term insurers under the Long Term Insurance Act, **1998** (Act No. **52** of **1998**), and appoint a suitable authorised financial service provider as the insurer who shall be responsible for the underwriting of the Scheme;
- (k) in consultation with the manager, establish and maintain contracts for the management, administration and control of the Scheme;
- (l) in consultation with the manager appoint a portfolio manager for the Scheme, who shall be a member of a stock exchange as defined in section **1(1)** of the Stock Exchanges Control Act, **1985**(Act No. **1** of **1985**), and authorised as contemplated in section **4(1)** of that Act;
- (m) enter into an agreement with the manager regarding the services to be rendered and the remuneration payable for the rendering of such services;
- (n) in consultation with the manager procure a fidelity guarantee and professional indemnity for the Scheme;
- (o) ensure that the manager, portfolio manager and the insurer procure and maintain a fidelity guarantee and professional indemnity: Provided that the cost of such fidelity guarantee and professional indemnity shall not be borne by the Scheme or the Department of Defence;
- (p) in consultation with the manager, determine the monthly premiums payable by members of the Scheme and the benefits provided by the Scheme;
- (q) in consultation with the Secretary for Defence, and in terms of Section 2 of the Consolidation Act on Finance Acts, **1992** (Act No. **78** of **1992**), obtain a written agreement, in terms of which the Minister binds the Government of the Republic to indemnify the Scheme against losses sustained under the Scheme on the terms and conditions set out in these regulations;
- (r) authorise persons, from time to time, to sign any contract or any other document in respect of the functioning of the Scheme or any document empowering any action on behalf of the Scheme on the conditions that may be determined by the Board from time to time, and

- (s) regularly review its application of the provisions of this regulation.

Appointment of principal officer

9 (1) The Secretary of Defence shall appoint a principal officer to be responsible for liaison with the authorised financial service provider: This liaison shall facilitate:

- (a) The flow of correspondence between the Department and the authorised financial service provider.
- (b) The collation of and replies to enquiries relating to the Scheme' including responses with respect to the status of specific claims.
- (c) The maintenance of all records relating to claims submitted by or on behalf of members as well as benefits paid in each instance.
- (d) The timely submission of correctly completed claims to the authorised financial service provider.
- (e) Appropriate feedback to the Department via the principal officer.
- (f) The attendance of all meetings and work groups of the Board and the provision of detailed feedback as specified by the Board.

(2) The Board may advise the Secretary of Defence on the names and appointment of a suitable person as the principal officer.

Functions of the manager

10. The functions and duties of the manager shall include the provision of administrative, advisory, consulting, secretarial and actuarial services to the Board, the detail of which shall be stipulated in a written agreement between the Board and the authorised financial service provider, as may be amended from time to time.

Appointment of auditor

11. (1) The Department may appoint an auditor at its sole discretion, who shall have unrestricted access to all books, accounts and other documents of the Scheme.

(2) The cost of the audit contemplated in sub-regulation (1) shall be borne by the Department.

Meetings and Decisions of the Board

12. (1) The Board shall convene as often as the Chairperson deems necessary, but at least twice every financial year.

(2) A two thirds attendance of the full number of the Board members constitutes a quorum for a meeting of the Board.

(3) Subject thereto that a quorum is present at the vote a decision of the Board shall be reached by a majority vote of the members of the Board attending the meeting and, in the event of an equality of votes, the Chairperson of the meeting shall have a casting vote.

(4) The Board shall not make a decision on matters requiring referral to the Military Bargaining Council, unless there is consensus and agreement by all members of the Board, including members representing registered Military Trade Unions that this restriction may be waived.

(5) Subject thereto that a quorum is present at the vote, a two-thirds majority of votes of the members of the Board attending a meeting shall be required for setting aside a decision of the Board.

(6) A secretary designated by the Chairperson shall minute the minutes of every meeting of the Board the minutes of the previous meeting shall, after approval, and after being signed by the Chairperson, the principal officer and any other member, serve as *prima facie* proof that the business, as minuted, was indeed the business of the previous meeting.

(7) A deed, contract, power of attorney, or any other similar document shall be deemed to have been executed on behalf of the Board or the Scheme, if it has been signed by a person who is duly authorised thereto by the Board.

(8) Decisions by the Board have legal standing and shall constitute an agreement and contract between the Board and the institution.

(9) Decisions of the Board shall, for the preserve of good order and discipline, be conveyed to the Secretary for Defence and the Chief of the Defence Force by the Chairperson.

(10) The Minister has the ultimate responsibility for the Scheme, and may overturn any decision by the Board.

Legal capacity

13. (1) The Scheme is a legal person independent of its members, is the owner of its assets and is competent to procure rights and incur liabilities in its own name and to act as claimant and defendant in litigation.

(2) Notwithstanding sub-regulation (1), the Minister of Defence accepts full responsibility and accountability for the Scheme and its sound management and financial viability.

Special meetings of Board

14. (1) Any member of the Board may request the Chairperson, in a fully motivated application in writing, to convene a special meeting of the Board to discuss the matters raised by the request, and the Chairperson shall, without delay, inform the other members of the Board of such a request.

(2) The Chairperson shall convene a special meeting of the Board within 30 days after having received such a request.

(3) If the Chairperson fails to convene a meeting contemplated in sub-regulation (1) within 30 days, the members of the Board may, after informing the Chairperson, convene a meeting themselves.

(4) If a quorum is present at such a meeting contemplated in sub-regulation (3), the decision of the majority of members of the Board present at such meeting, subject to the provisions in regulation 12(4), shall be binding.

Work processes of Board

15. The Board may implement any additional measures regarding their method of work: Provided that such measures are not in conflict with the provisions contained in these regulations.

PART IV: MEMBERSHIP

Membership of Scheme

16. Every-

- (a) member of the Regular Force;
- (b) member of the Reserve Force component rendering remunerated service in terms of the Act, including the time spent travelling over the shortest route from their usual place of residence to the reporting point and back;
- (c) employee of the Department of Defence deployed as provided for in Section 56 of the Act, from the date of reporting to a mobilisation centre to the day of demobilisation, and
- (d) member of the Auxiliary Service

qualifies for membership of the Scheme with effect from the date that he or she reported for service in the Defence Force, Department of Defence, the Auxiliary Service or during deployment.

Premiums Payable by Members

17. (1) Every member of the Scheme shall pay the premium determined by the Board as described in the Insurance Policy and accepted and approved by the Board, subject to the provisions of regulation 17(2) of this Chapter.

(2) The premium and the benefits payable in terms of the Insurance Policy may be adjusted from time to time by the Board; on condition that the Secretary for Defence and the Chief of the Defence Force be informed of all increases in premiums and benefits, prior to their implementation.

(3) Any premium referred to in sub-regulation (2) shall be deducted from such a member's salary, wage or allowance by the Department, and shall be deposited into the operating account of the Scheme.

(4) Subject to sub-regulation (5) any change in the personal circumstances of a member of the Scheme that may affect the premiums payable, shall be reported in writing to the Department of Defence by the member when reporting for duty.

(5) That failure to report a change in personal circumstances by a member shall not oblige the Scheme or the Department of Defence to pay any benefit other than in accordance with the prior declared personal circumstances of the member.

(6) The premiums payable by members of the Scheme shall be paid over from the business account to the insurer within the time frames stipulated in the Long Term Insurance Act, 1998 (Act No. 52 of 1998), the Public Finance Management Act, 1999 (Act No. 1 of 1999) and the Insurance Policy.

Termination of membership

18. Membership of the Scheme shall terminate when a member-

- (a) of the Reserve Force arrives at his or her place of residence using the shortest direct route, after having completed a period of service, deployment or training as the case may be in or with the Defence Force;
- (b) whose health or physical fitness is adversely affected by his or her own misconduct: Provided that such a person has been found guilty of such an offence as provided for in Military Discipline Supplementary Measures Act, 1999 (Act No.16 of 1999);
- (c) passes away;
- (d) resigns from the Defence Force or the Department of Defence; or
- (e) is discharged from the Defence Force or the Department of Defence.

(2) Membership of the Scheme shall terminate when an employee who has been deployed with the Defence Force as provided for in Section 56 of the Act is demobilised and has left the demobilisation area.

(3) Any premiums paid by a member of the Scheme in terms of regulation 17, are not refundable to such member, should his or her membership of the Scheme be terminated for the reasons contemplated in sub-regulation (1), or if the Scheme is terminated in terms of Part VII of these General Regulations.

(4) Membership of the Scheme is terminated upon dissolution of the Scheme in terms of the Regulations.

PART V: BENEFITS

Benefits payable by the Scheme

19. (1) The death benefits payable shall be negotiated by the Board with the insurer, shall be described in the Insurance Policy, and shall be subject to annual revision by the Board.

(2) The disability benefits payable to a member in the case of disablement shall be prescribed in the Insurance Policy shall be negotiated by the Board with the insurer and shall be subject to annual revision by the Board.

(3) The Board may, without negating the generality of the Insurance Policy, set aside any restrictions on the payment of claims as prescribed in the Insurance Policy: Provided that such claims be paid from the operational risk reserve account and does not create an unmanageable precedent.

(4) Claims paid from the operational risk reserve account shall not exceed the lower of book or market value of the operational risk reserve account: Provided that the Scheme shall continue the payment of such claims should the Department of Defence place funds at the disposal of the Scheme to meet such claims.

(5) All claims for the payment of a benefit in terms of the Scheme-

- (a) shall be submitted to the Scheme within six months from the date of death or from the date of the incident which may have caused or has resulted in a disability, or six months from the date of confirmation of a medical board convened by the Surgeon-General in terms of these regulations whichever occurs last: Provided that where a member has been hospitalised for a period in excess of six months the period is extended to two months from the date of discharge from hospital;
- (b) that result from bodily injuries, disabilities or deaths that occurred prior to the effective date of these regulations shall be assessed in terms of the Regulations that prevailed immediately prior to such commencement;
- (c) shall be submitted on the forms and according to the instructions laid down by the Board from time to time;
- (d) resulting from service in defence of the Republic, shall be administered and recorded separately from all other claims;
- (e) resulting from deployment or training shall be administered and recorded separately from all other claims;
- (f) shall be recorded in a proper register which may be on an approved electronic medium;
- (g) shall be assessed by the Surgeon-General, where the claim is submitted by a member of the Defence Force, or an authorised patient as provided for in Chapter XV of the General Regulations,

in terms of the Insurance Policy;

(h) shall be submitted to the insurer for approval and payment.

(6) When a claim is considered for the payment of a benefit, the premium paid by the claimant at the date of injury or death shall determine the amount payable, provided that premiums are paid up to date.

(7) The benefits shall be payable as prescribed in the Insurance Policy.

(8) The Board may require satisfactory proof of age in respect of any minor beneficiary before a benefit is paid to or in respect of that beneficiary or member.

20 (1) Notwithstanding anything to the contrary, any benefit payable by the Scheme on the death of a member shall not generally form part of the assets in the estate of a member, but shall be dealt with in the following manner:

(a) The benefit in accordance with the premium paid by the member shall be paid to the spouse or spouses of a member in equal parts' or,

(b) if there is no spouse, the benefit shall be payable to the minor child or children as the case may be of the member in equal parts, to be paid over to the Guardian Fund, until attainment of such minor child or children, as the case may be, of the age of 21, or where an *inter vivos* trust already exists, or a mortis causa trust is to be formed by virtue of a provision in the will of the deceased into such trust, or,

(c) if there are no minor children, the benefits shall then be payable to a person or persons as the case may be identified by the member of the Scheme in his or her last will and testament as the beneficiary or, if no such person or persons has been identified, to a person or persons as the case may be, entitled to claim in accordance with the Intestate Succession Act, 1987 (Act No. 81 of 1987) provided that such a claim shall be submitted in writing to the Scheme within twelve months of the date of death.

(2) Should no claim be submitted to the Scheme within twelve months of the date of death, such a benefit shall revert to the Scheme.

(3) Benefits paid in terms of sub-regulation (1) beneficiaries shall not be encumbered and may not be ceded.

Currency of payment

21. (1) Premiums and benefits shall be payable only in the currency of the Republic of South Africa.

(2) Benefits paid to holders of accounts outside the Republic of South-Africa will be liable for all costs associated in the payment of such benefits to an account outside of the Republic of South Africa: Provided that the cost of transfer shall be deducted from the value of the benefit.

PART VI: ADMINISTRATION

Duty to keep records

22. (1) The Scheme shall keep such records as it deems necessary, and as directed by the Board to ensure that the Scheme is administered in a proper and accountable manner.

(2) The institution shall submit the following to the Board within six months after the financial year end:

- (a) all financial statements reflecting the assets, liabilities, income and expenditure of the Scheme for the year concerned; and
- (b) a report on the performance of functions for the period concerned, as well as the aims and planning in respect of the future activities of the Scheme.

Copy of insurance policy

23. (1) A copy of the Insurance Policy shall, if so requested in writing by a member of the Scheme, or an employee of the Department of Defence, be made available to such a member or employee at a fee as determined by the Board from time to time.

(2) The administrative processes of the Scheme shall be specified in the Insurance Policy: Provided that the Insurance Policy shall be made available to all officers and officials who require the Insurance Policy in the execution of their duties.

Financing of the Scheme

24. (1) Notwithstanding the provisions relating to the payment of premiums by members of the Scheme, the State may provide a contribution or contributions to the Scheme for the exclusive funding of the operational risk reserve account.

(2) Should financial circumstances so dictate, funds from the operational risk reserve account may be utilised for the maintenance of the financial viability of the Scheme: Provided that the Board shall ratify such utilisation.

(3) The operational risk reserve account may be funded by the State through the Department, as determined from time to time, and is set up with the exclusive aim of-

- (a) Payment of benefits to members and their dependants for claims arising from a qualifying incident that occurred on or before **31 January 1999**: Provided that any such claim shall be registered in writing with the Scheme on or before **31 March 2006**;
- (b) providing the means of the Scheme for the payment of approved costs incurred in the administration and management of the **Scheme**;

- (c) providing a risk reserve for the payment of claims arising on or after 1 February 1999 in terms of the exclusion clauses in the Insurance Policy relating to service in defence of the Republic;
- (d) providing a risk reserve for the payment of claims arising on or after 01 May 2004 for employees deployed as provided for in Section 56 of the Act;
- (e) providing a risk reserve for the payment to the insurer of an amount, determined by an actuary, due to the Scheme experiencing a higher than annual average claims experience arising directly from deployment and training during any Scheme year.

(4) In terms of Section 2 of the Finance Acts Consolidation Act, 1992 (Act No. 78 of 1992) the Department of Defence shall maintain the financial viability of the operational risk reserve account by refunding, on an annual basis to such account, of the gross value of benefits paid by the Scheme for claims arising from service in defence of the Republic, claims arising from deployment or training not paid by the insurer.

Actuarial valuation

25. The operational risk reserve account shall be subject to actuarial valuation on a basis determined by the Board. Provided that the cost of such valuation be for the account of the Scheme.

Accounting procedures

26. (1) The Scheme shall keep and execute its financial responsibilities in accordance with generally recognised accounting principles.

(2) The Scheme shall open and maintain a banking account at a registered commercial bank within the boundaries of the RSA.

(3) The Scheme is responsible for the payment of all costs arising from the management of the Scheme including investment, actuarial, auditing and mediating costs.

Resolution of Disputes

27. (1) Any dispute that may arise in respect of a claim in terms of these Regulations and the interpretation thereof, shall be resolved by the Board: Provided that if any party to the dispute is dissatisfied with the outcome, the Board may, with the approval of such party, refer the dispute for arbitration.

(2) The arbitrator for the arbitration contemplated in sub-regulation (1) shall be appointed by mutual agreement between the parties concerned.

(3) The arbitrator's decision shall be binding on the parties concerned.

Amendment of the Insurance Policy

2%. The Insurance Policy may be amended by the insurer at any time in consultation with the manager as contemplated in regulation 8(i), as provided for in the Insurance Policy: Provided that the Board is immediately informed in writing of such amendment and the reasons for the amendment.

PART VII: TERMINATION OF SCHEME

Termination of Scheme

29. The Minister may for valid reasons or upon the recommendation of the Board, terminate the continuation of the Scheme.

30. Upon the termination of the Scheme, the Board shall, in consultation with the institution and the Chief Financial Officer ensure that-

- (a) all outstanding premiums and any other moneys payable to the Scheme are collected;
- (b) all outstanding claims and any other moneys payable by the Scheme are settled: Provided that any credit balance shall be paid into the operational risk reserve account of the Scheme;
- (c) final closing financial statements are prepared and submitted to the Chief Financial Officer; and
- (d) a final closing audit of the Scheme is performed as instructed by the Chief Financial Officer.

Investment of surplus funds on termination

31. Upon the termination of the Scheme, the Minister has the sole authority to invest or utilise any surplus funds that may be in the operational risk reserve account of the Scheme.
