



MEDIA STATEMENT

ISSUED BY THE ROAD ACCIDENT FUND

FOR IMMEDIATE RELEASE

07 FEBRUARY 2017

RAF BANK ACCOUNT ATTACHMENT LIFTED

All information contained in this media statement must be attributed to the Road Accident Fund (RAF) Chief Executive Officer, Dr Eugene Watson:

The Road Accident Fund's (RAFs) bank account attachment by Sheriffs of the Court have been lifted and payments to claimants, service providers, stakeholders and caregivers have resumed. The attachment obstructed payments to the value of approximately R550 million to various stakeholders.

By the close of business today the RAF had paid over R520 million to more than 7,000 recipients in an effort to mitigate the impact on all those affected by the account attachments. The team will work on bringing all payment schedules up to speed and on ensuring that the cash management plan schedules are restored. The cash management plan put in place two years ago when the value of finalised claims exceeded available cash, endeavours to maintain regular payments to creditors.

Importantly, the risk of further payment disruptions is an inherent one which will persist.

Despite the financial challenges affecting the RAF, claim processing which is the Fund's fundamental business has improved over the years. When productivity rises, the Funds' expenditure rises and all available cash is utilised. The RAF continues on its transformative path which has seen strategies being fulfilled, a reduced backlog of open claims, fraudsters being arrested, and more claimants assisted daily, resulting in positive audit outcomes and three clean audits.

In mitigating the financial risks additional funds are continuously requested and National Treasury and the Department of Transport are kept informed of all writs and attachments. Additionally, we have put in place dedicated communication channels for all payment queries, reduced administrative expenditure to supplement cash flow and claim payments, expanded strategies to improve litigation management, and implemented service level agreements and tighter management of contracted legal resources.

Efforts to promote the continued registration of Direct Claims, currently at more than 35% of all new personal claims, will continue in line with the policies, procedures, quality assurance checks and balances, and strategic objectives set for the RAF by the Minister of Transport. The increasing prevalence of direct claims generates a saving in legal costs of more than R1 billion a year which frees up additional cash resources and is used to pay other claimants, attorneys, caregivers, funeral parlours and other corporate suppliers.

The RAF would like to thank all stakeholders who have worked with us and encourage them to continue doing so. Our dedicated employees remain committed to assisting all road crash victims, despite the challenges they face daily.

For more information on the latest developments, follow the link <http://bit.ly/2jY4Xw2>. Further details about the RAF's financial standing are available on the 2015/2016 Annual Report which is summarised on <http://bit.ly/2cVx0YI>.

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