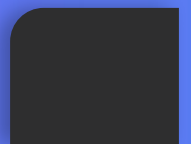


Discovery



Discovery Employee Benefits Insights 2021





We cannot control the future...but we can prepare for it!

We have been living in a constant state of flux, fear, loss, and chaos since the COVID-19 pandemic swept the world in 2020. It's been a challenging time for everyone, including Discovery Group Risk and the insurance industry at large.

The claim numbers show that Discovery Group Risk has faced a year of unprecedented claims experience. The novelty and the unpredictability of the pandemic have been driving factors behind the difficulty we've experienced with our modelling, management and the tracking of our claims experience.

Uncertainty around the pandemic prevails, and this means there are coming risks, as well as an aftermath that we will still need to navigate. These changes, risks and unknown factors have resulted in a shift in normal insurance models, which must now consider both the direct and indirect impacts of the COVID-19 pandemic.

Despite this, there is one thing we do know - the choices we make about our health are within our control. Good health has proven its effectiveness before and during this pandemic and will continue to do so when the pandemic is over.

Putting in place known, measurable steps to improve and manage one's health is key, and it is what we as Discovery Group Risk stand for and ensure through our various product offerings and initiatives.

As we navigate our way into a future that no one can predict, we continue to show how we have and will always be there for our members.

We cannot control the future, but we can prepare for it!

CONTENTS



WHAT HAVE WE SEEN?

An overview of our Group Risk claims experience for the 2021 financial year



WHAT CAN WE PREDICT?

An overview of possible shifts in insurance



WHAT IS WITHIN OUR CONTROL?

An overview of Discovery Group Risk product features encouraging healthy behaviours



What have we seen?



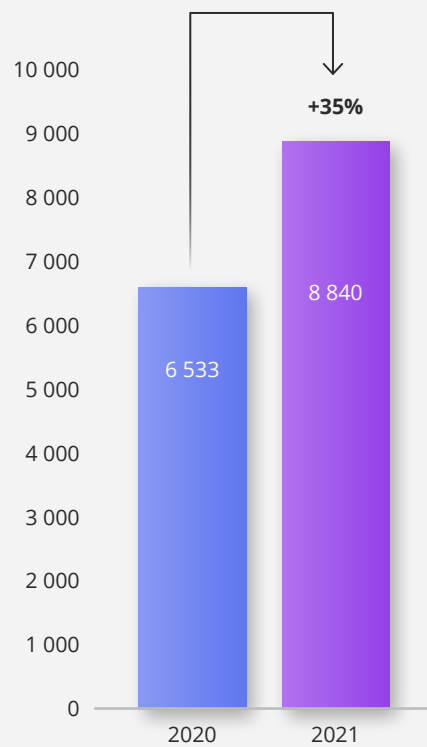
AN OVERVIEW OF OUR GROUP RISK CLAIMS EXPERIENCE FOR THE 2021 FINANCIAL YEAR

2021 GROUP RISK CLAIMS HIGHLIGHTS

The 2021 financial year saw large increases in our Group Risk claims profile as well as large variances against expectations. This experience reinforces the devastating impact the pandemic has had on mortality and morbidity. Large shifts were observed within both the total number and value of claims paid with the biggest increases being observed within our death benefits.

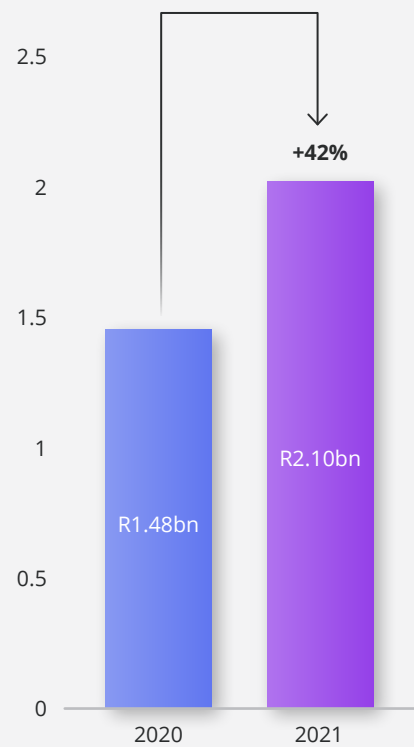
TOTAL CLAIMS PAID

The number of total claims paid this year increased by 35% from last year



VALUE OF CLAIMS PAID

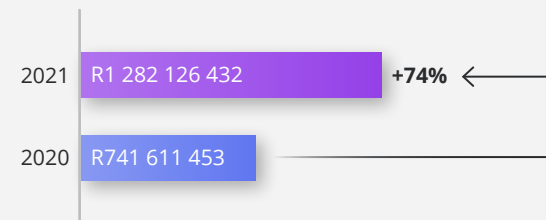
The value of claims paid over the year increased by 42% from last year



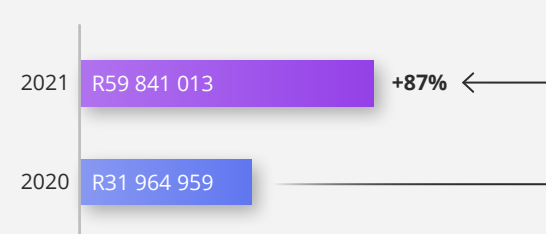
DEATH CLAIMS IMPACT

The value of Life Cover and Funeral Cover Benefit claims almost doubled over the year in comparison to last year's value

Life Cover Benefit



Funeral Cover Benefit



R873m
excess
death
claims
paid

DELIVERING ON OUR PROMISE **NO MATTER THE UNCERTAINTY**

Discovery Group Risk claims payout for the financial year that ended June 2021

We offer a collection of risk protection benefits that provide cover for the full range of possible life-changing events, including death, disability and severe illness.

Our comprehensive offering makes sure that no matter what stage of life members find themselves in, they will be covered and rewarded. In this way, we stay true to our core purpose - to make people healthier and enhance and protect their lives.



In the 2021 financial year, we paid **8 840** claims to the value of **R2.10 billion**

VALUE OF TOTAL CLAIMS PER BENEFIT



Life Cover Benefit | **R1.28 billion**



Income Continuation Benefit | **R579 million**



Severe Illness Benefit | **R97 million**



Capital Disability Benefit | **R47 million**

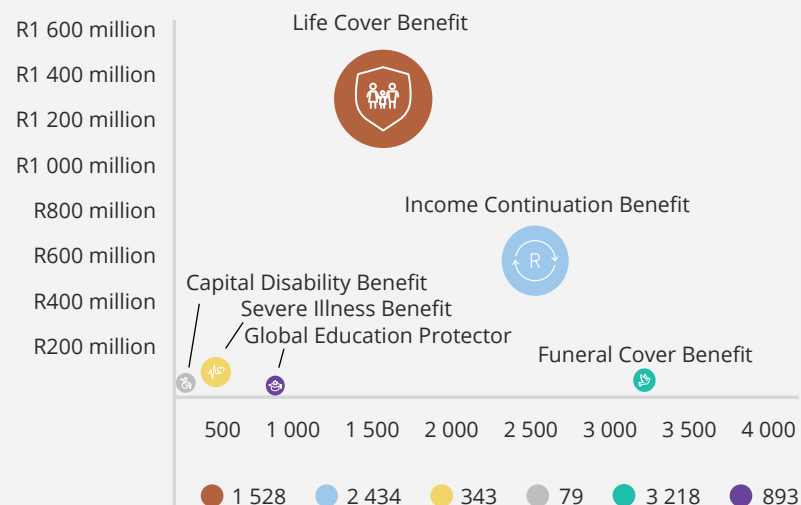


Funeral Cover Benefit | **R59.8 million**



Global Education Protector | **R37.6 million**

CLAIMS BREAKDOWN BY NUMBER AND VALUE



The Life Cover Benefit accounted for the highest value of claims over the year, whereas the highest number of claims came from the Funeral Cover Benefit



Life Cover Benefit

Our benefits provide enhanced additional value to an employee's family in the event of their death. Through our Life Cover Benefit, members can have the peace of mind that their families will be taken care of in the unfortunate event of their death.



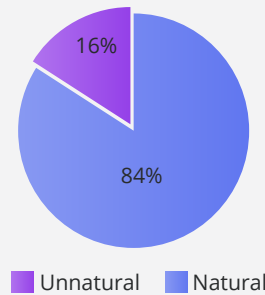
PROTECTING THE LIVELIHOODS OF OUR MEMBERS' LOVED ONES

The **largest Life Cover Benefit** claim payout was: **R19.7 million** for a cardiac arrest event

Spouse Life Cover Benefit claims totalled **R23.4 million** of which 19% were confirmed COVID-19 events

Spouse Life Cover Benefits increased by **160%** compared to last year

NATURAL AND UNNATURAL DEATH CAUSES



YOUNGEST CLAIMANTS



The **youngest female**, aged 23, died of kidney failure



The **youngest male**, aged 20, died in a motor vehicle accident

OLDEST CLAIMANTS



The **oldest female**, aged 65, died of cancer

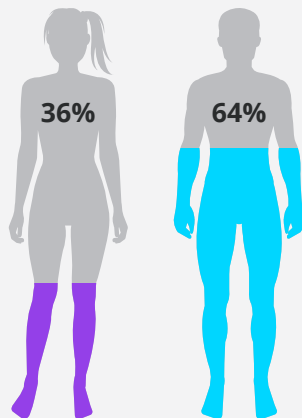


The **oldest male**, aged 65, died of COVID-19

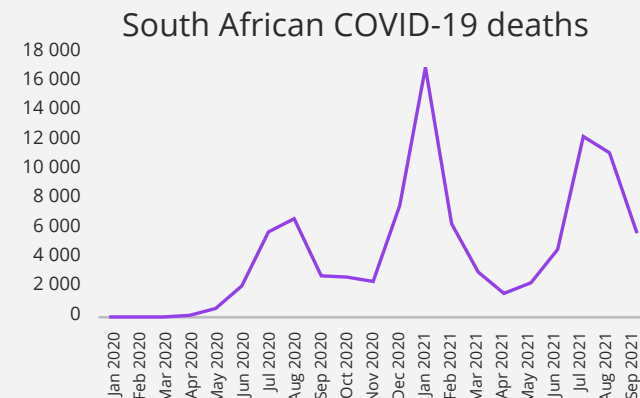
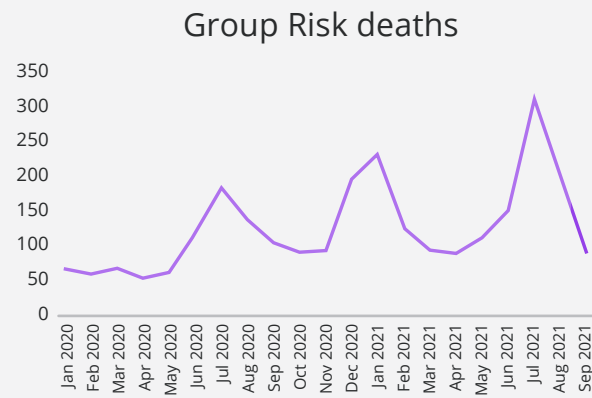


43 Life Cover Benefit claims were paid to members who had **previously claimed** for **disability**

SPLIT OF CLAIMS BY GENDER



GROUP RISK DEATH CLAIMS VS NATIONAL COVID-19 DEATH CLAIMS (JAN 2020 – SEPT 2021)



Discovery Group Risk **claims followed the same trend** as South African COVID-19 deaths

COVID-19 DEATH CLAIMS ANALYSIS (AS AT 30 SEPTEMBER 2021)


Over the course of the COVID-19 pandemic we have incurred 490 COVID-19 Life Cover Benefit claims totaling over R700m.

Excess death claims over this period totalled R1.3 billion. Death rates due to COVID-19 were higher in males and as expected increased by age. In September 2021, following the third wave of the COVID-19 pandemic, we paid the highest amount of claims in a single month since our inception over 13 years ago.

CONFIRMED COVID-19 CASES

2020 calendar year	2021 calendar year
177 cases	313 cases
Total value: Over R180 million	Total value: Over R520 million

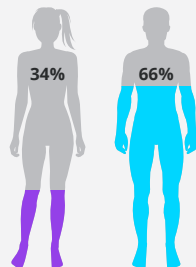
Excess death claims: **R1.30 bn**

 The highest confirmed COVID-19 death claim payout was **R15 million**

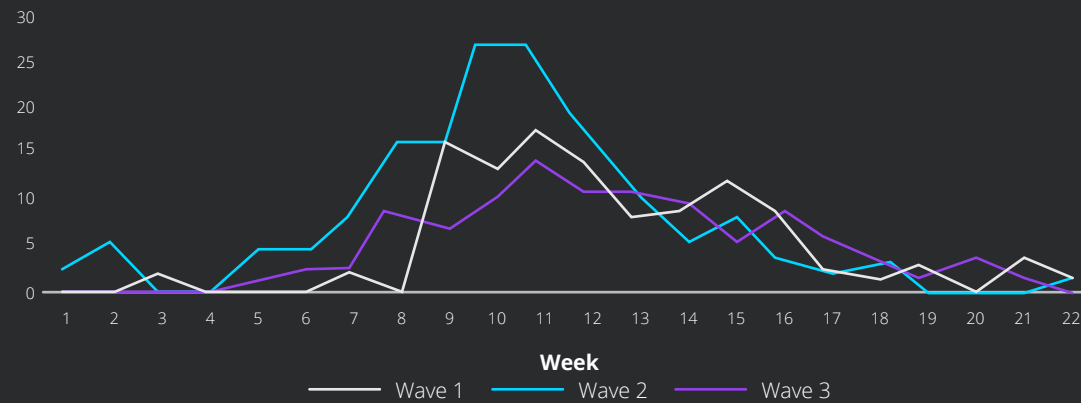
 **Youngest claimant**
26-year-old female

 **Oldest claimant**
65-year-old female

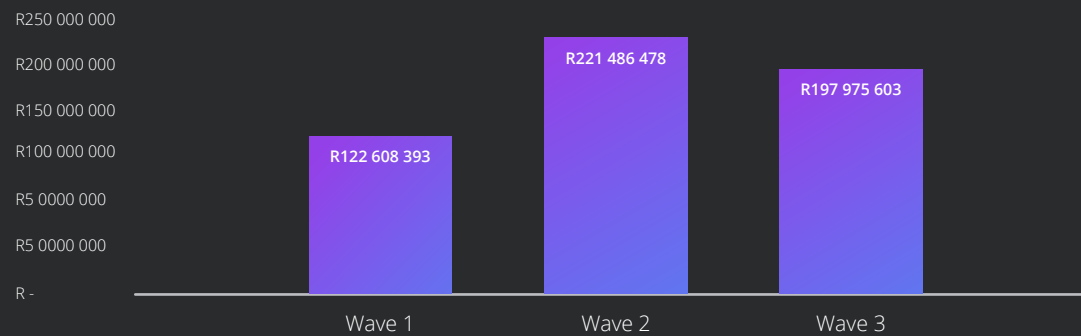
Split of claims by gender



GROUP RISK COVID-19 NUMBER OF DEATHS BY WAVE



AMOUNT PAID IN EACH WAVE



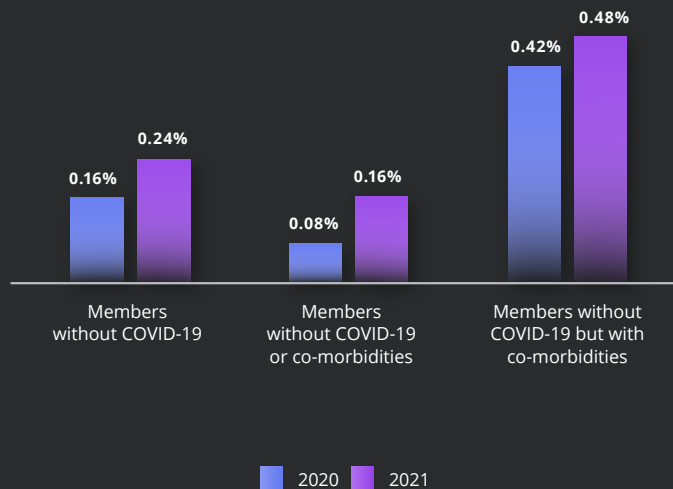
The second wave was the most severe, with the highest number and total value of death claims related to COVID-19.

UNDERSTANDING OUR EXCESS DEATHS

We define 'excess deaths' as deaths observed over and above what we would usually expect in a given year. COVID-19 increased our excess deaths in 2020 and 2021. However, not all excess deaths in these years could be directly attributed to COVID-19 infections.

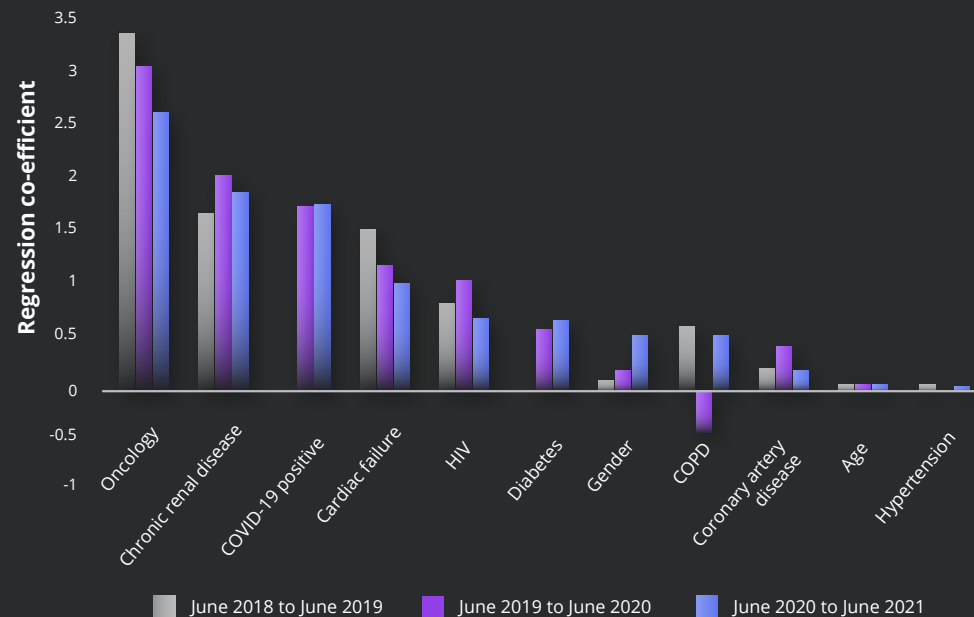
To explain these deaths, we analysed our claims data in conjunction with additional data from Discovery Health.

CRUDE DEATH RATES OF MEMBERS WITHOUT COVID-19 OR COMORBIDITIES



This chart shows that the death rate in members with no registered co-morbidities and no positive COVID-19 test doubled from 2020 to 2021

GENERALISED LINEAR MODEL PREDICTING DEATHS ACROSS YEARS



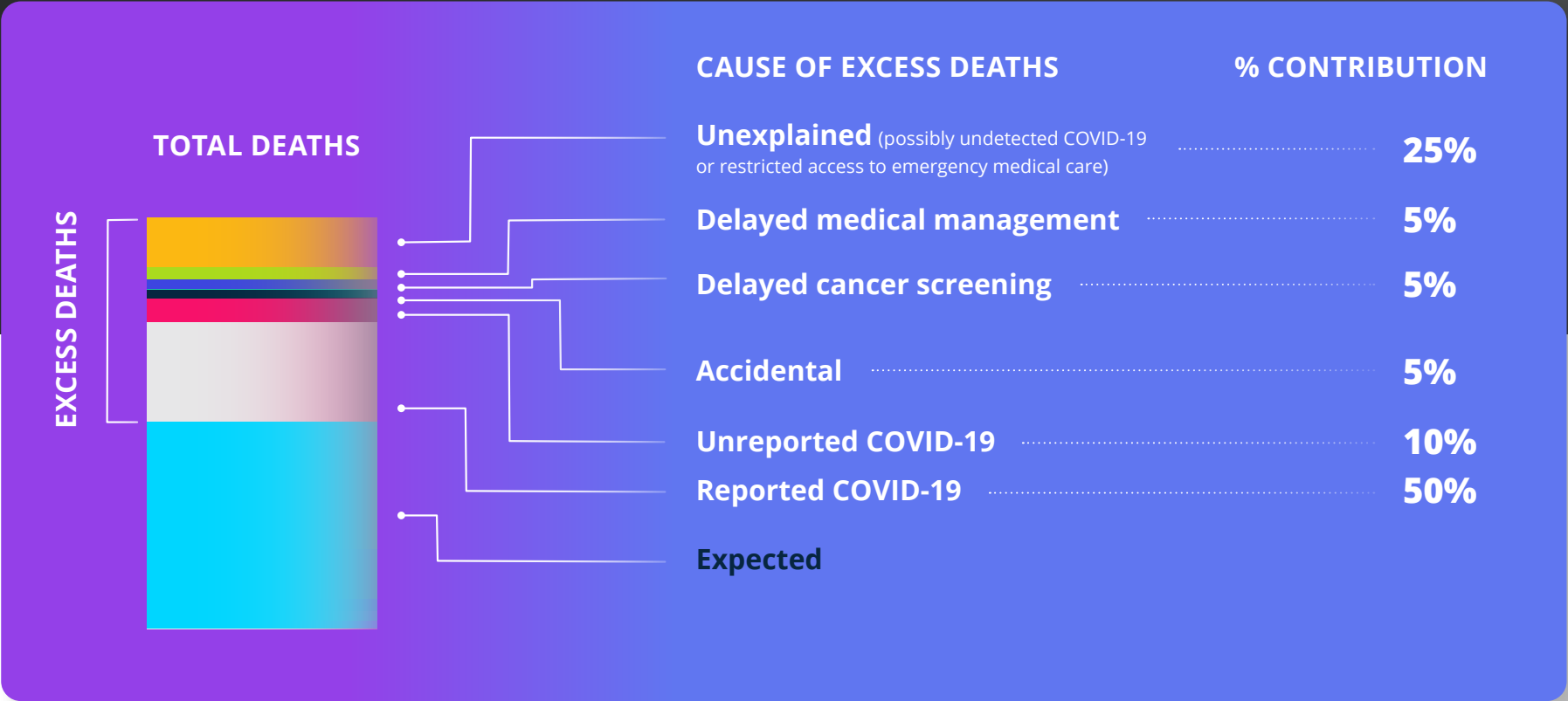
These models suggest that registration for oncology benefits has become a less reliable predictor of death, while gender has become a more significant predictor outside of contracting COVID-19

UNDERSTANDING OUR EXCESS DEATHS

With further analysis, we found the following reasons for excess deaths, some helping to explain why members with no sickness or no COVID-19 infection may have experienced higher mortality:

- 01 | Increased rates of suicide and motor vehicle accidents, particularly in male members
- 02 | Delayed cancer registrations and treatment
- 03 | Delayed detection and management of chronic conditions

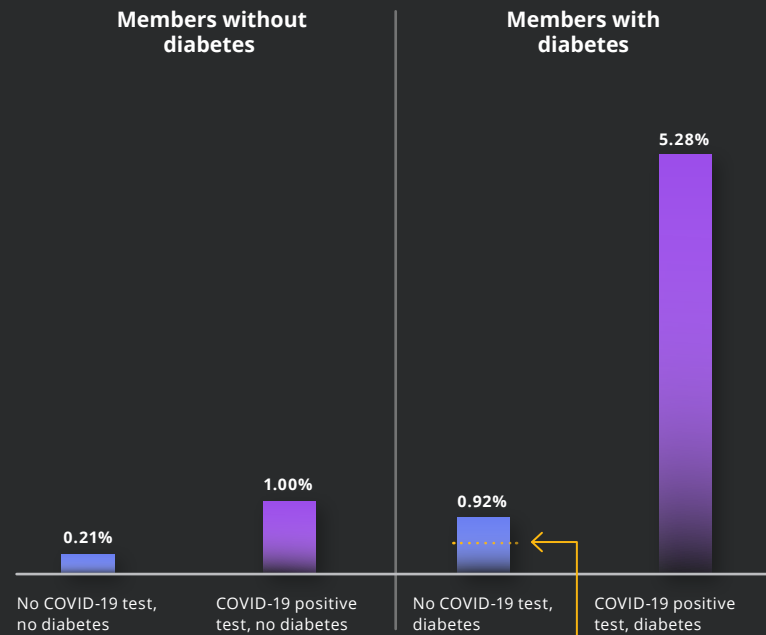
We were also able to pick up unreported COVID-19 deaths where these members tested positive for COVID-19 but the cause of death was not reported as due to COVID-19. We picked this up using our Discovery Health data.



DELAYED MANAGEMENT OF CHRONIC CONDITIONS

Crude death rates from diabetes and chronic renal disease in members who didn't test positive for COVID-19 were higher than the standard case fatality rates of those diseases, pointing to potential delayed medical management and treatment of these diseases.

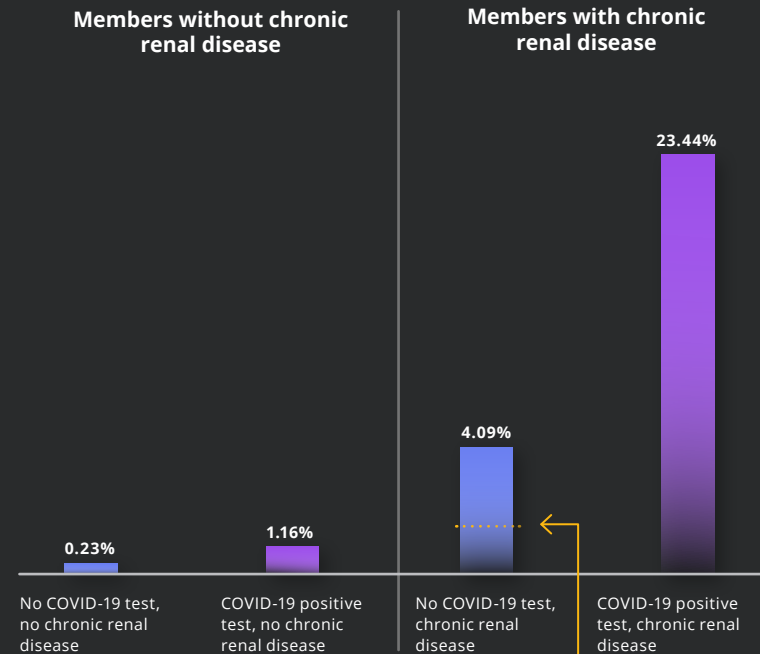
CRUDE DEATH RATE OF MEMBERS WITH DIABETES



Standard diabetes case fatality rate = **0.63%**

(Source: American Diabetes Association)

CRUDE DEATH RATE OF MEMBERS WITH CHRONIC RENAL DISEASE



Standard chronic renal disease case fatality rate = **1.34%**

(Source: National Center for Biotechnology Information)

UNDERSTANDING THE CAUSE OF LIFE COVER BENEFIT CLAIMS

(breakdown by natural cause body system)



38%

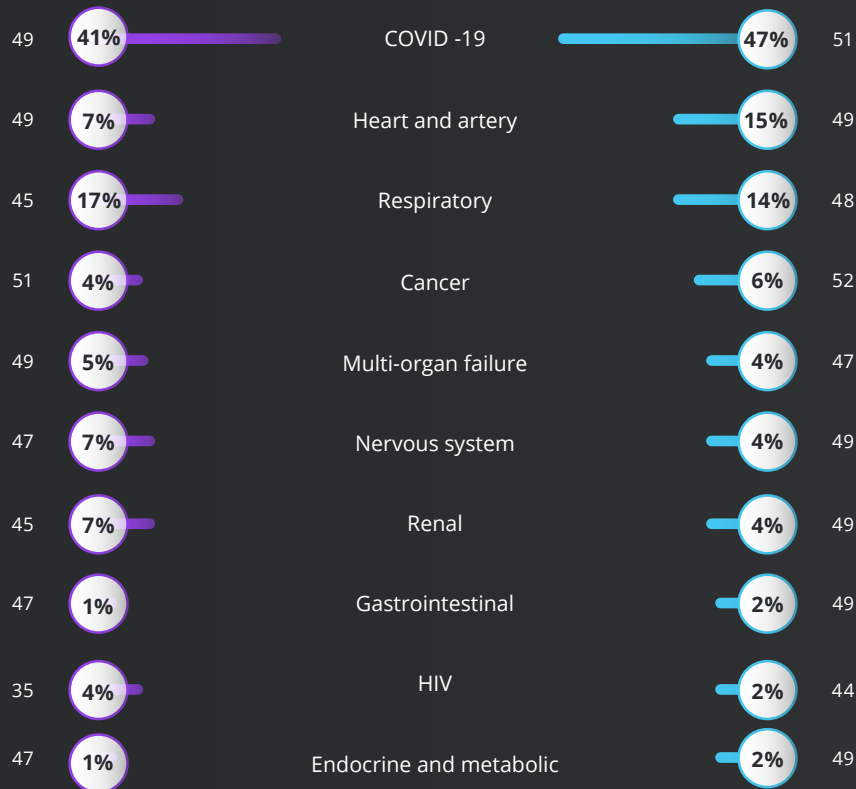
CAUSE OF NATURAL DEATH



62%

Average age

Average age



COVID-19 was the main cause of death across males and females with the second highest being respiratory diseases for females and heart and artery conditions for males. These conditions may be related to COVID-19 as they are often exacerbated by the virus.

2020 VS 2021 INSIGHTS

When looking at the change in claims causes over the year we see the following:



Natural deaths increased by **82%**



Male natural deaths went up by **92%**



Female natural deaths went up by **69%**



Deaths of members with diabetes, one of the co-morbidities associated with a higher risk of developing COVID-19 complications, increased by **450%** outside of reported COVID-19 death claims



Death claims due to HIV have decreased by **9%** from 2020 to 2021



Death claims due to cancer increased by **97%** over the year, which attests to the fact that screening and registration for cancer benefits may have decreased

UNDERSTANDING THE CAUSE OF LIFE COVER BENEFIT CLAIMS

(breakdown by unnatural causes)



20%

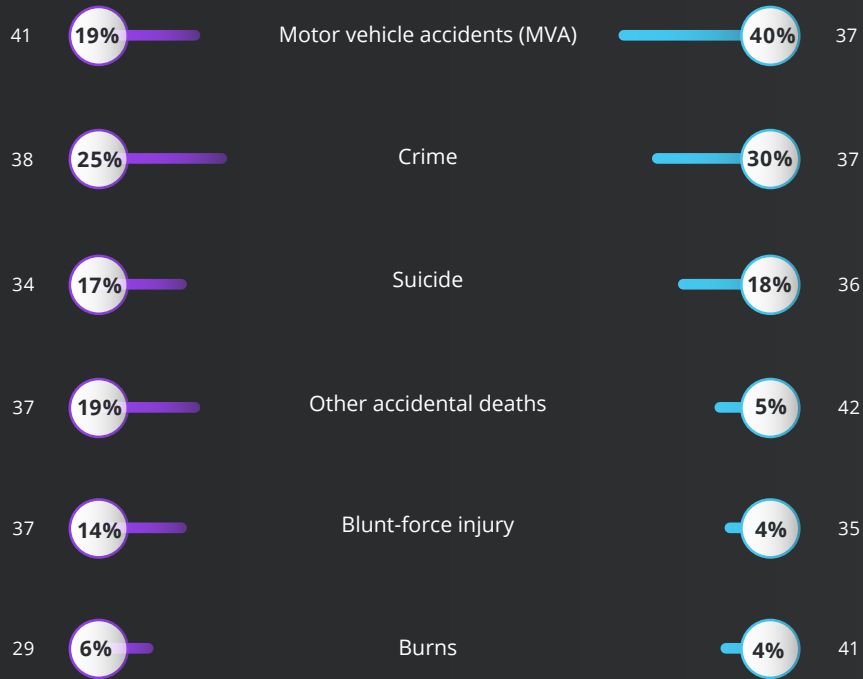
CAUSE OF UNNATURAL DEATH



80%

Average age

Average age

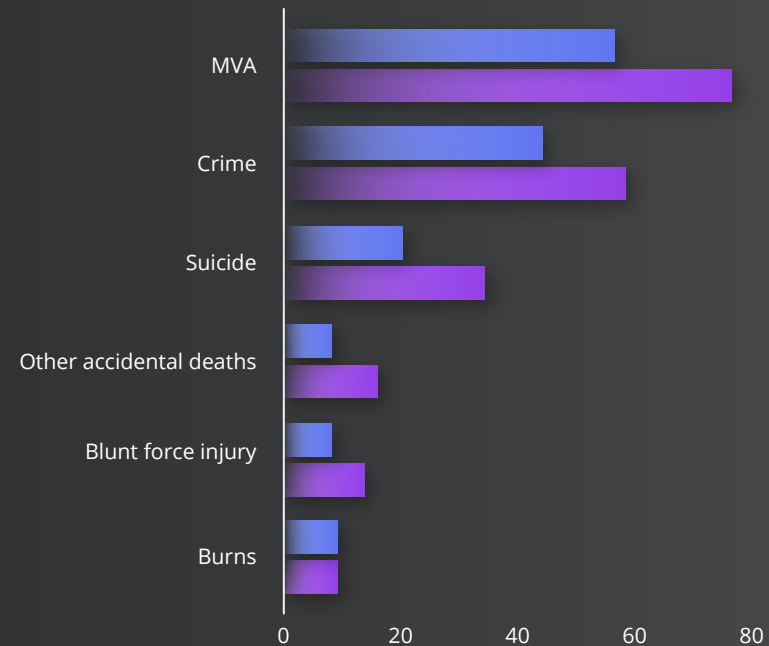


2020 VS 2021 INSIGHTS



Unnatural deaths increased by **42%** over the year

2020 vs 2021 unnatural deaths



Surprisingly, **motor vehicle accidents accounted for most of the increase** despite lockdown restrictions.



The number of suicides also increased, attesting to the strain on mental wellbeing caused by the pandemic.

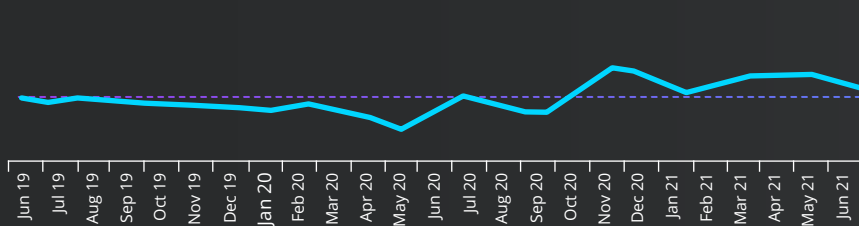
A CLOSER LOOK AT MOTOR VEHICLE ACCIDENT (MVA) CLAIMS

When unpacking the increase in motor vehicle accident claims experienced, we observed the following:

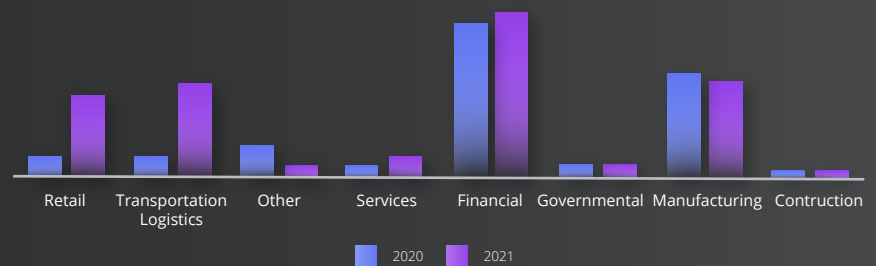
- Looking at motor vehicle accidents by month, average car accidents dropped during lockdown levels 5 and 4 (nearing zero in absolute terms), but then started to pick up to levels higher than before. This aligns with trends seen globally where there have been reports of more reckless driving on account of lower congestion, and impaired driving as alcohol consumption increases once lockdown restrictions are eased.
- The increase in motor vehicle accidents was observed in our male members.
- For 2021 the most motor vehicle accidents occurred within the 31 – 40 age band.

MVA RATES STAYED LOW OVER INITIAL LOCKDOWN PERIOD AND HAVE PICKED UP SINCE

Rolling 6 months average

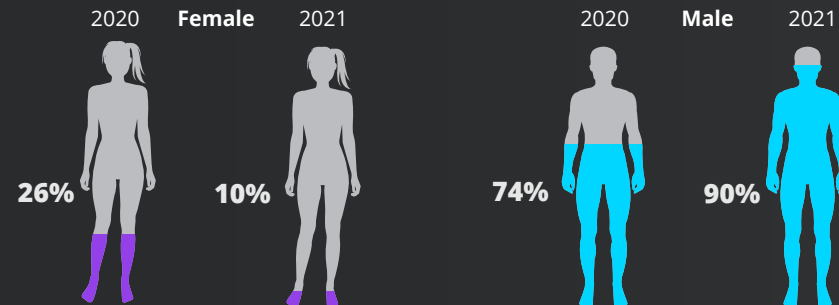


MVA CLAIMS INCREASED DRAMATICALLY IN THE RETAIL AND TRANSPORTATION AND LOGISTICS SECTORS

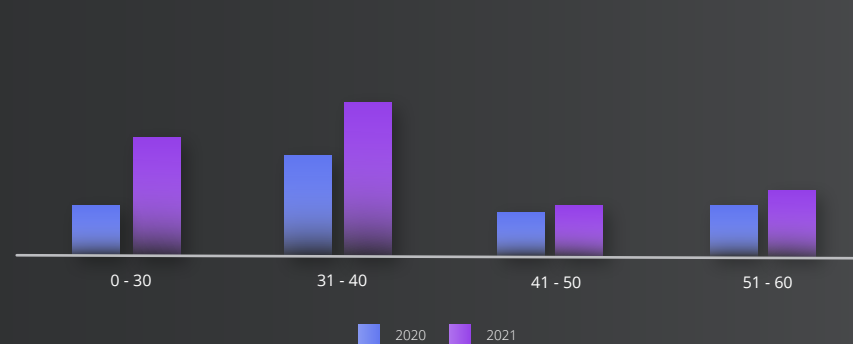


THERE WERE 4 TIMES MORE MALES WHO DIED FROM AN MVA THAN FEMALES

Male and female MVA split



THE AGE BAND WITH THE MOST MVAs WAS 31 TO 40



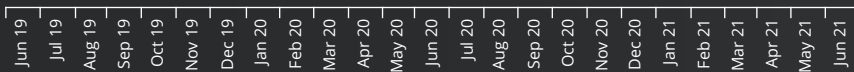
A CLOSER LOOK AT SUICIDE DEATH CLAIMS

When unpacking the increase in suicide claims experienced, we observed the following:

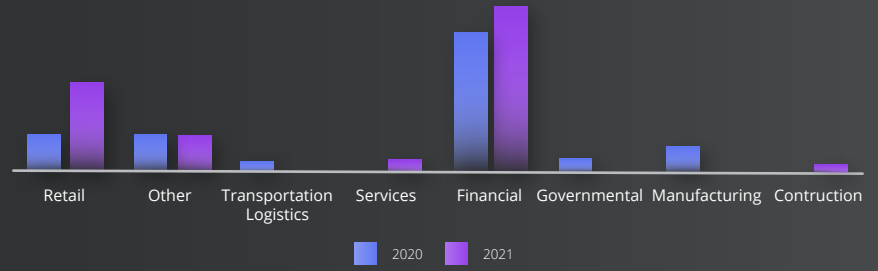
- Suicides by month showed an upward trend with peaks roughly correlated to stricter lockdown periods
- Males still account for most suicides, but females saw an increase this year
- Most suicides occurred within the financial services industry for 2020 and 2021
- The rate of suicide increased the most within the youngest age band 0 - 30 when comparing to last year

SUICIDE RATES TRENDED UPWARDS WITH THE PEAK IN DECEMBER 2020

Rolling 6 months average

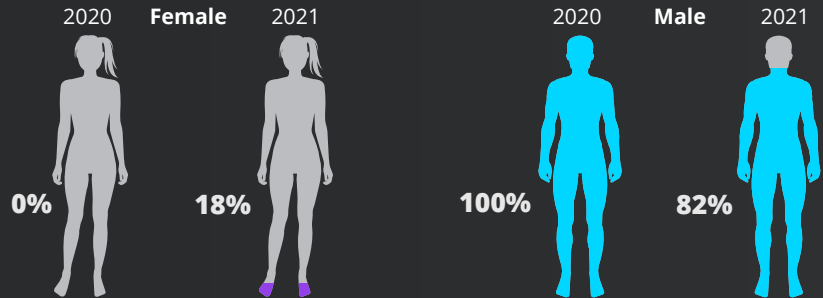


MOST INDUSTRIES EXPERIENCED A HIGHER SUICIDE RATE IN 2021

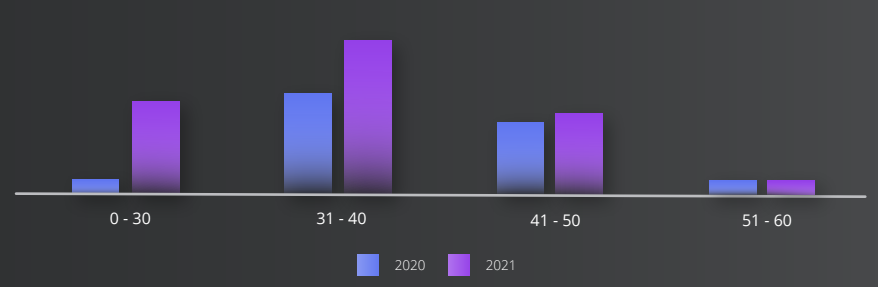


THERE WERE 6 TIMES MORE MALES WHO COMMITTED SUICIDE THAN FEMALES

Male and female suicide split



THE AGE BAND WITH THE HIGHEST SUICIDE RATE WAS THE 31 TO 40 AGE BAND WITH A HIGH RATE ALSO OBSERVED IN THOSE YOUNGER THAN 30





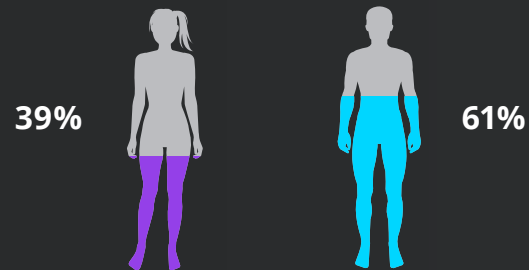
Funeral Cover Benefit

Our Funeral Cover Benefit covers the costs of a funeral for a member, their spouses and children, with no waiting period or medical information needed.



ENSURING OUR MEMBERS OR THEIR LOVED ONES HAVE A **PROPER SEND OFF**

SPLIT OF CLAIMS BY GENDER



FUNERAL CLAIMS INCREASED BY 87% COMPARED TO 2020 (14% more than life cover claims)

OF THE CLAIMANTS WITHIN THE 2021 FINANCIAL YEAR



Two members have claimed for more than **three people**



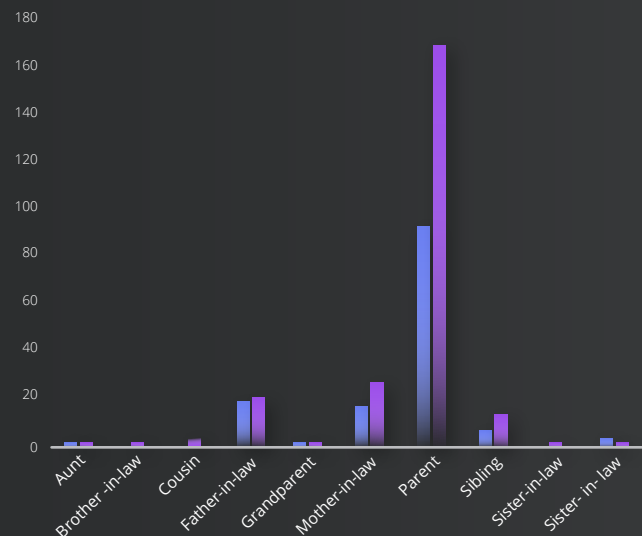
29 members have claimed for an **additional spouse**



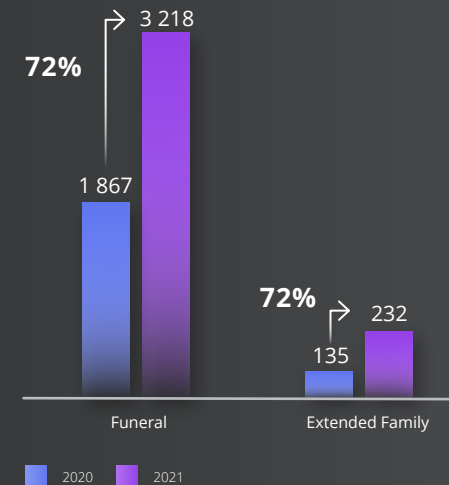
68 members claimed for more than **one child**

EXTENDED FAMILY FUNERAL SPLIT 2020 VS 2021

Breakdown of Extended Family Funeral claimants

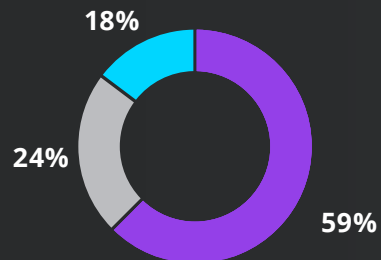


Breakdown of funeral claims between the Funeral Cover Benefit and Extended Family Funeral Cover Benefit



BREAKDOWN OF FUNERAL CLAIMS BY MEMBER TYPE

Spouse (Average age 46)
Amount R21 722



Child (Average age 3)
Amount R9 725

Member (Average age 49)
Amount R20 268

Funeral - Member Funeral - Spouse Funeral - Child

The biggest increase, as well as the majority of Extended Family Funeral claims were from members claiming for their parents. This increase may be attributed to COVID-19 as death rates due to COVID-19 are higher in older ages.



Global Education Protector

Our Global Education Protector makes sure that even when some of our members are no longer there to care for their children, the children always receive the best gift a parent can give – education.

The first-to-market Global Education Protector provides local and international cover for the education of members' children in the event of their death. We automatically include the Global Education Protector for all members whose life cover is at least two times their yearly salary.



PROTECTING THE EDUCATION OF OUR MEMBERS' CHILDREN

Over **R200 million** in education fees paid to date since the inception of the Global Education Protector (GEP) benefit



Members' children currently receiving payouts

1 241 children are currently receiving payouts across 893 families, of which **66 children** had their parents die of COVID-19 in the 2021 financial year

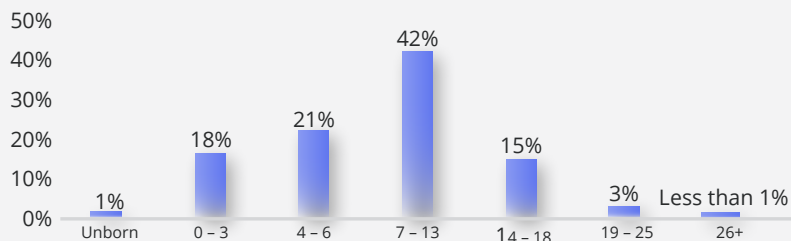
67% of claims were for members with one child



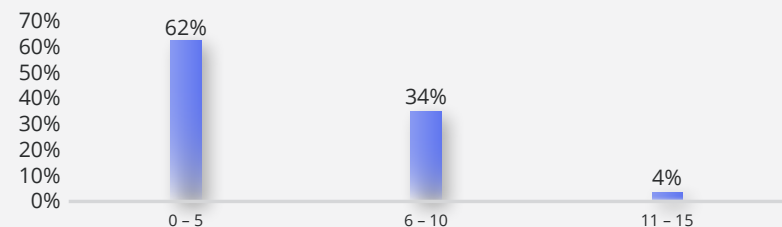
Two children are in overseas universities:

-  A 21-year-old male studying Architecture at IE University in Madrid, Spain
-  A 22-year-old male studying a BSc in Human Movement at Corban University in Oregon, USA

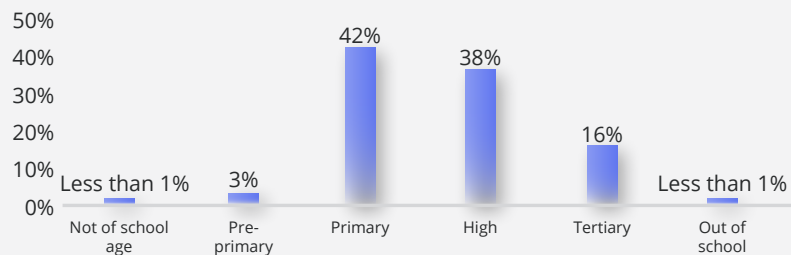
Child's age at member's death



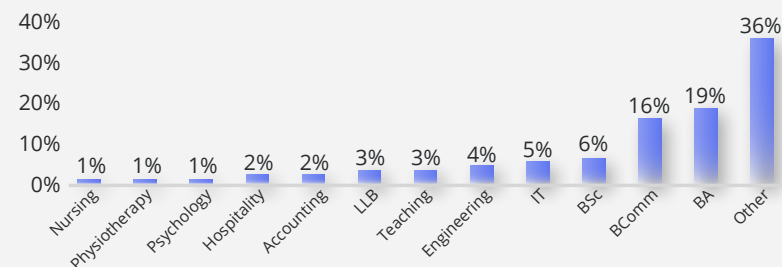
Breakdown of the length of school years covered for current recipients

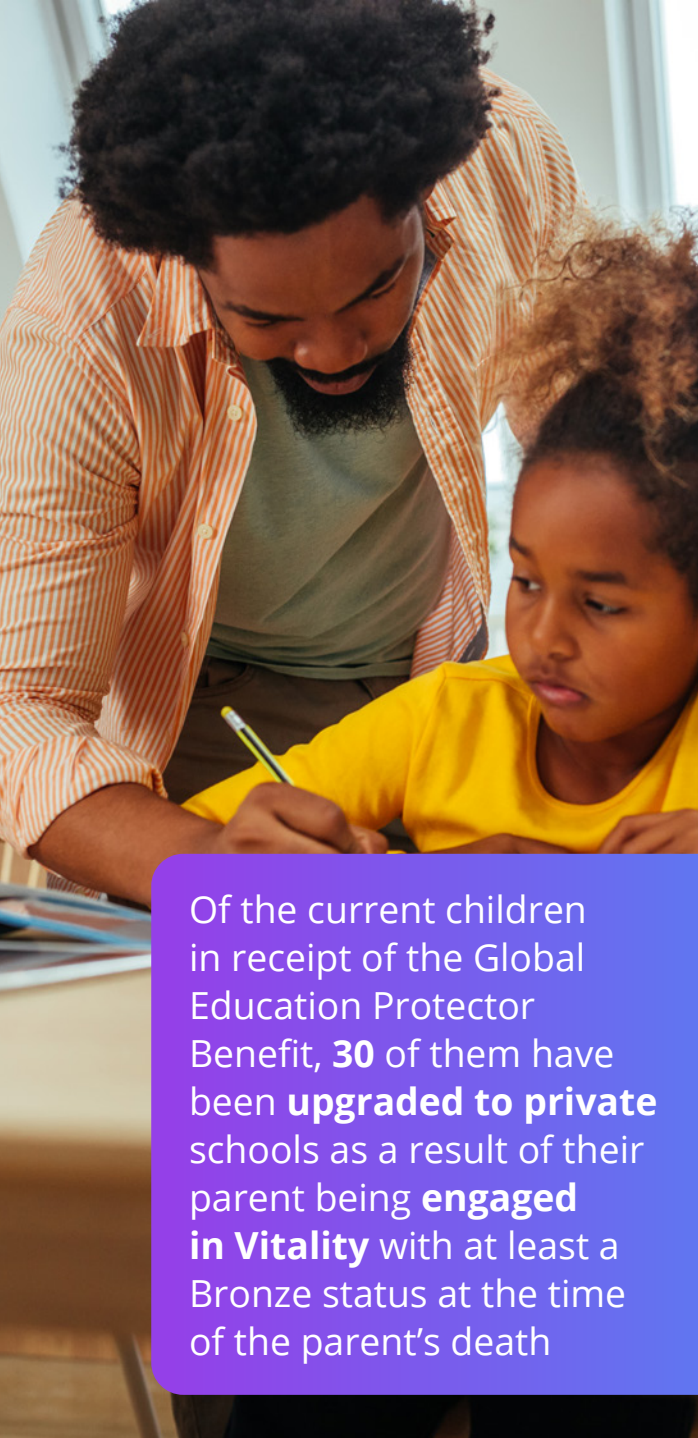


Current school level of recipients



Breakdown of degrees being studied





PRIVATE SCHOOL UPGRADE BENEFIT

Value of the free Discovery Group Risk Global Education Protector Private School Upgrade benefit

Below are two cost examples for different types of individuals obtaining the Private School Upgrade. Through Group Risk we can see that there is a saving on the upgrade as it is embedded in the premium for the Life Cover Benefit (GLA) and rewarded through Vitality engagement.

01 30-year-old non-smoking male with two children

	GROUP RISK	INDIVIDUAL LIFE
Cost of GEP with Private School Upgrade (pm)	R0 (included in GLA premium)	R630 pm
Vitality membership premium (pm)	R410 pm	n/a
Total annual cost	R4 920 pa	R7 560 pa



Saving of R2 640 pa plus the benefits of Vitality engagement

02 45-year-old smoking male with two children

	GROUP RISK	INDIVIDUAL LIFE
Cost of GEP with Private School Upgrade (pm)	R0 (included in GLA premium)	R1 330 pm
Vitality membership premium (pm)	R410 pm	n/a
Total annual cost	R4 920 pa	R15 960 pa



Saving of R11 040 pa plus the benefits of Vitality engagement

Of the current children in receipt of the Global Education Protector Benefit, **30** of them have been **upgraded to private schools** as a result of their parent being **engaged in Vitality** with at least a Bronze status at the time of the parent's death

OUR BENEFITS ENSURE THE **GREATEST NEEDS ARE COVERED**

Following his death, his family received a Life Cover Benefit payment of **R2.8 million**.

His children's education is covered under the **Global Education Protector Benefit**, and because **Mr Zungu engaged with Vitality**, they have been **upgraded to private schools**.



Mr Zungu was a director at a religious organisation. He was 39 when he died of COVID-19.



Income Continuation Benefit

The Income Continuation Benefit (ICB) provides an income to members who are unable to work due to an injury, illness or disability. The benefit funds up to 100% of all medical aid contributions and other Discovery premiums. It also covers a portion of the performance bonus payments that they earned before they became injured or ill. In addition, the Income Continuation Benefit covers mortgage payments, offers severe illness cover for spouses and children, Vitality Healthy Living cash back and an Uber benefit to assist with transport.



DISABILITIES CAN MANIFEST FROM A WIDE RANGE OF CONDITIONS

BREAKDOWN BY ICB CLAIM CAUSE AND GENDER



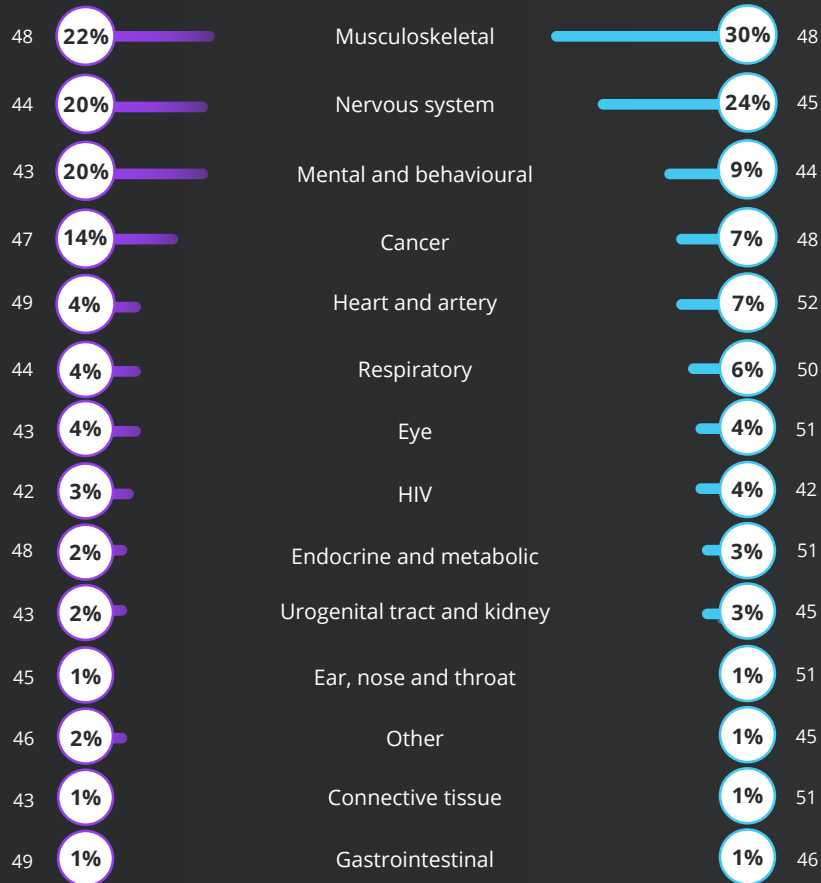
47%

Average age

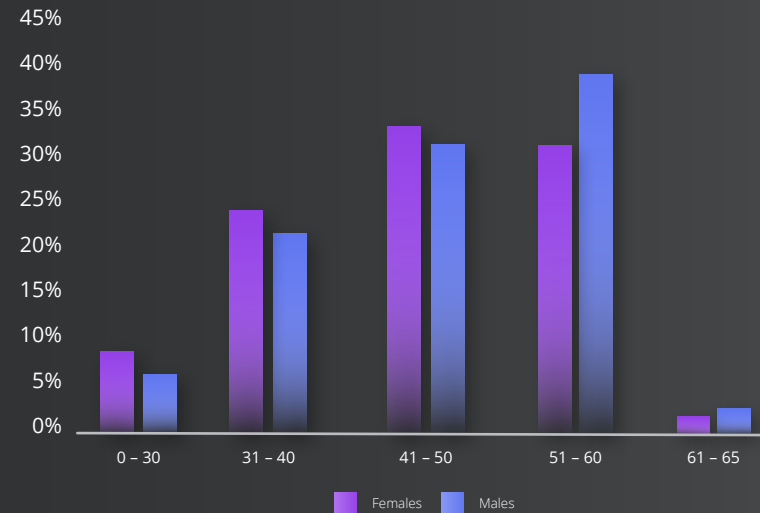


53%

Average age



BREAKDOWN BY AGE BAND AND GENDER



The youngest ICB claimant was a **20-year-old male** working in the **financial industry** with a **musculoskeletal** claim cause



Musculoskeletal disorders and **nervous system** disorders accounted for **54%** of all male claims and **42%** of all female claims

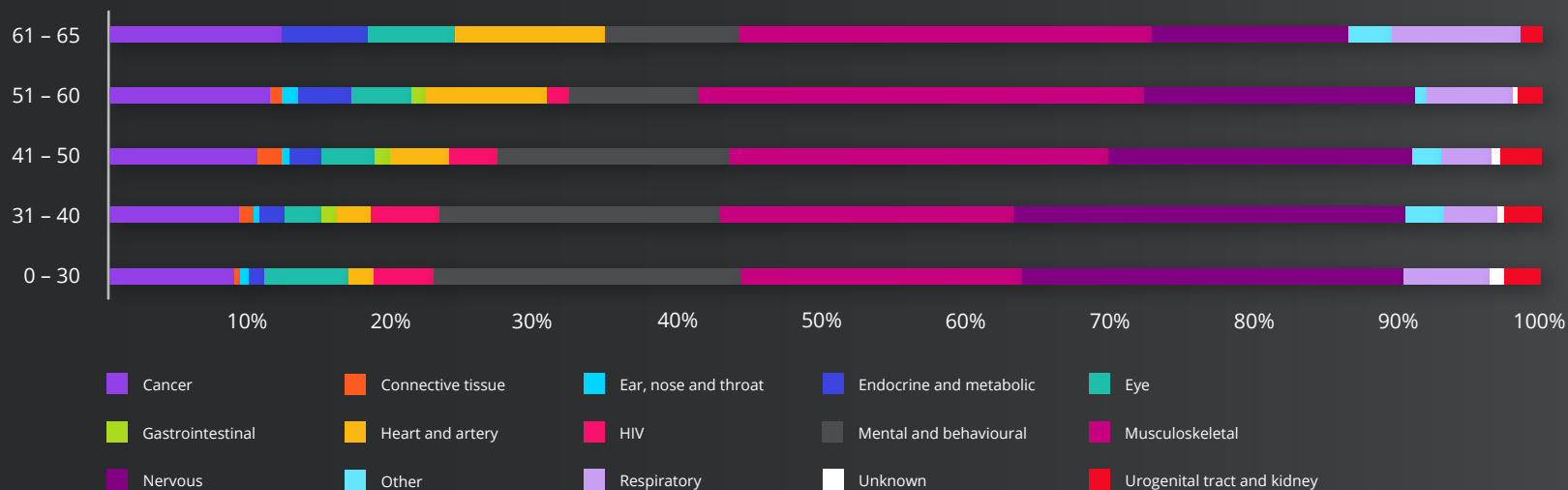


Mental and behavioural claims for females were **2X** higher than those for males

Over **R3 billion** is expected to be paid out to currently disabled members on receiving an Income Continuation Benefit (ICB)

RISKS FACED DIFFER BY AGES

CLAIM CAUSES BY AGE BAND



Mental and behavioural disorders were highest in the **0 - 30** age group



Musculoskeletal conditions accounted for a higher proportion of claims in all ages and mostly occurred within the older ages



Heart and artery conditions were highest in the **61 - 65** age group



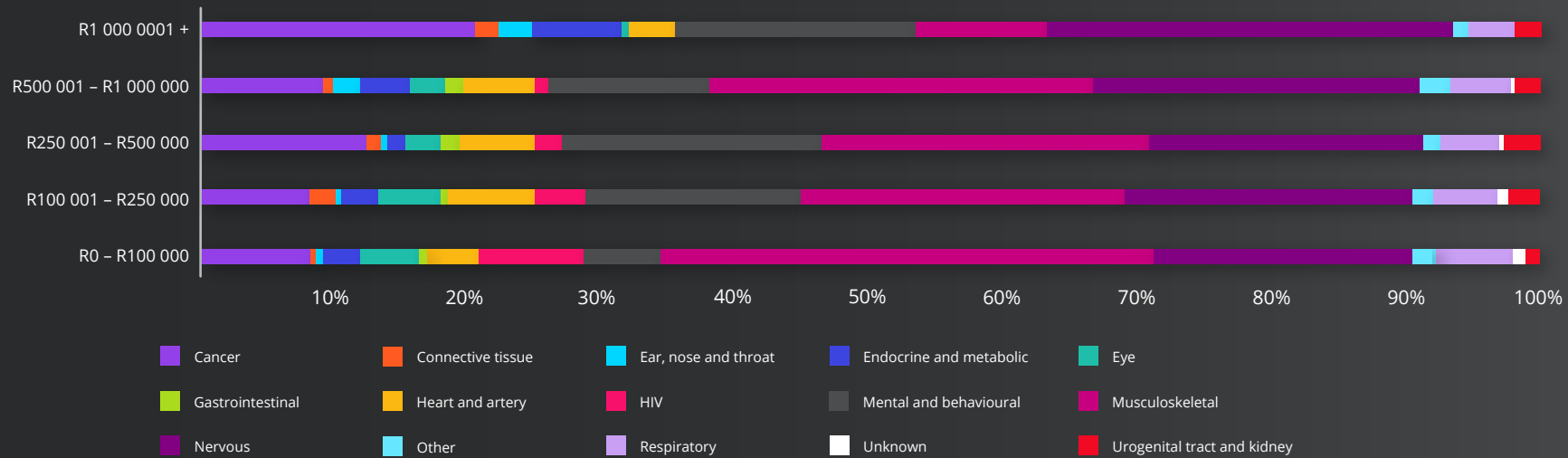
Nervous system conditions were most prevalent in the younger ages



Cancer as a cause of claim occurred within all age bands and in relatively similar proportions

RISKS FACED DIFFER BY INCOME LEVELS

CLAIM CAUSES BY SALARY BAND



Cancer claims were highest in the highest salary band (over R1m per year)



Mental and behavioural claims were highest for members earning between R250k and R500k per year



Musculoskeletal claims accounted for the most claims within the lowest salary band (under R100k per year)



Nervous system claims were highest in the highest salary band (over R1m per year)

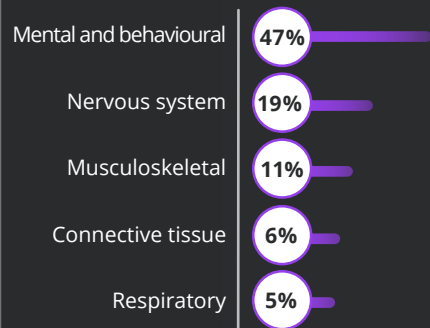
SUPPORTING OUR MEMBERS THROUGH THEIR JOURNEY BACK TO WORK

Return-to-Health and Case Management programmes

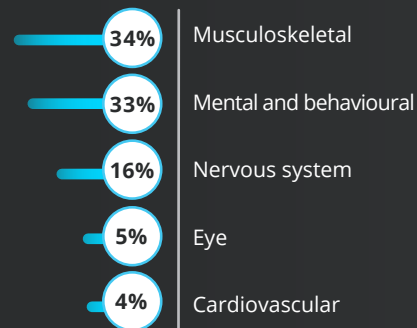
184 new claimants were admitted into our Return-to-Health and Case Management programmes

THE TOP 5 ICB CLAIMS CAUSES OF OUR MEMBERS WHO WERE ENROLLED IN THE PROGRAMMES WERE AS FOLLOWS

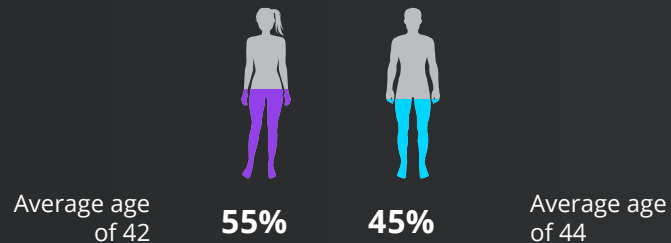
TOP 5 FEMALE CLAIMS CAUSES



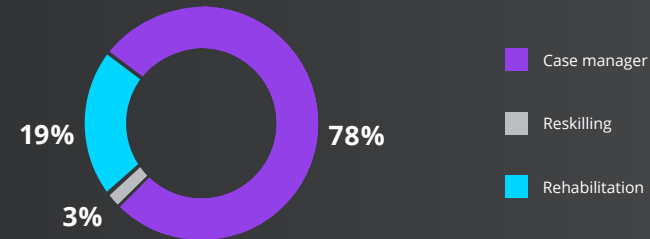
TOP 5 MALE CLAIMS CAUSES



GENDER AND AGE BREAKDOWN



COST AND TREATMENT BREAKDOWN



Total spent on Case Management and Return-to-Health treatment costs (2021)

R1 million

Average length of programme

6 months

All members who completed the programmes in 2021 were successful in their return to work

EMPLOYMENT BONUS



Highest bonus paid | **R82 000**



Severe Illness Benefit

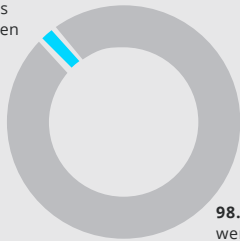
The Severe Illness Benefit helps to make sure that members and their families have access to the funds they need to make lifestyle changes due to a severe illness. This benefit follows a holistic approach and provides whole-body cover and payments at all severity levels.



FINANCIAL PROTECTION AGAINST SEVERE ILLNESS

BREAKDOWN BY CLAIM TYPE

1.30% of claims were for children



98.70% of claims were for members



The largest Severe Illness Benefit payout was **R2.2m** to a 53-year-old-female working in the financial services industry who claimed for **breast cancer**

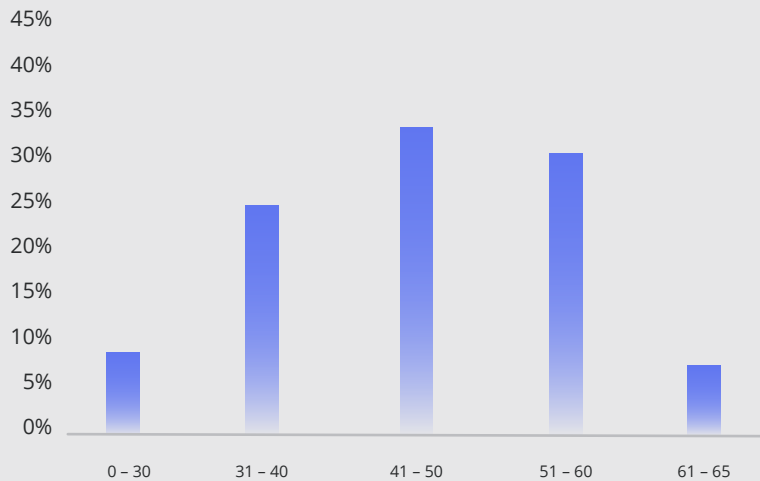


Two claimants were **upgraded from a lower severity level to a higher severity** due to the progression of their condition

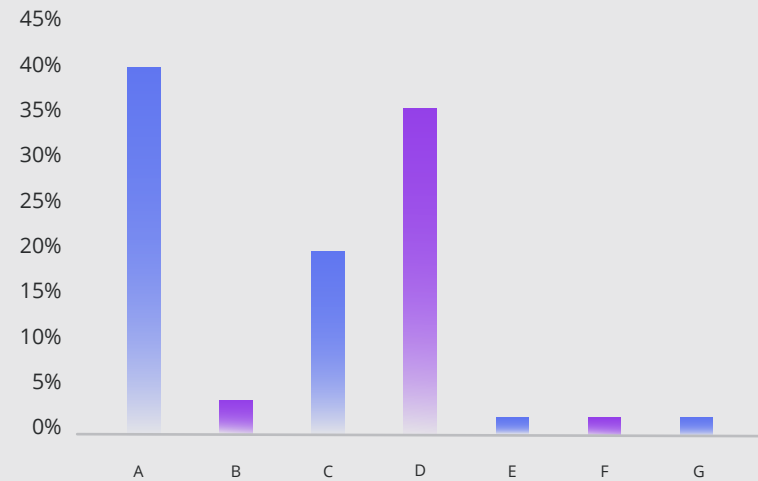


Three claimants have submitted a second claim for a different condition

BREAKDOWN BY AGE

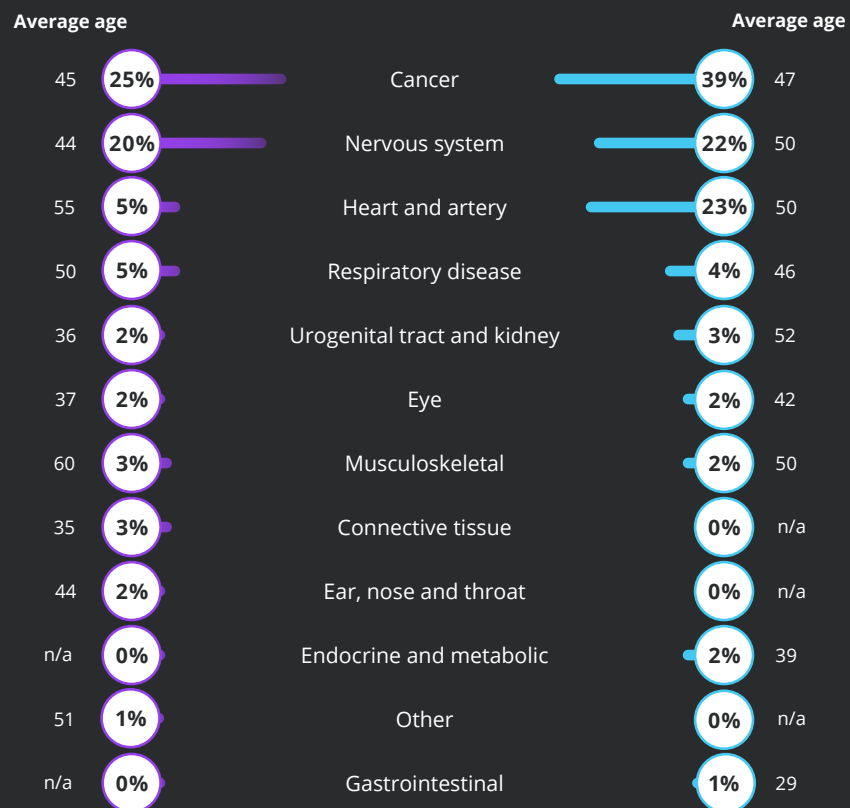
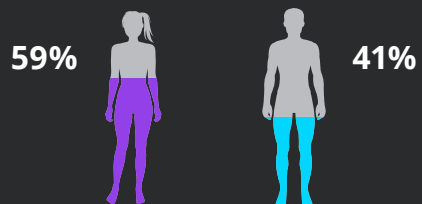


BREAKDOWN BY SEVERITY



SEVERE ILLNESS OCCURS ACROSS BODY SYSTEMS

BREAKDOWN BY CAUSE AND GENDER



Three child Severe Illness Benefits were paid

The conditions claimed for were **cancer, autism and cardiac defects**

The total amount paid was over **R181 000**
The highest single claim payout was **R103 000**

The youngest person who was claimed was a **9-month-old child with cyanotic congenital cardiac defect**

Only **79% of our claims fell under the SCIDEP definitions** used by most providers for severe illness with 11% being assessed on our unique whole-body coverage criteria.

Cancer, nervous system, and heart and artery system diagnoses accounted for the most claims, showing that almost **80% of claims came from 20% of all conditions.**



Cancer was the **main cause of claims** amongst **males and females** and accounted for **more than half** of the total claims for **females**.



The **second biggest** cause of claims for **males** was for **heart and artery** conditions (**23%**).



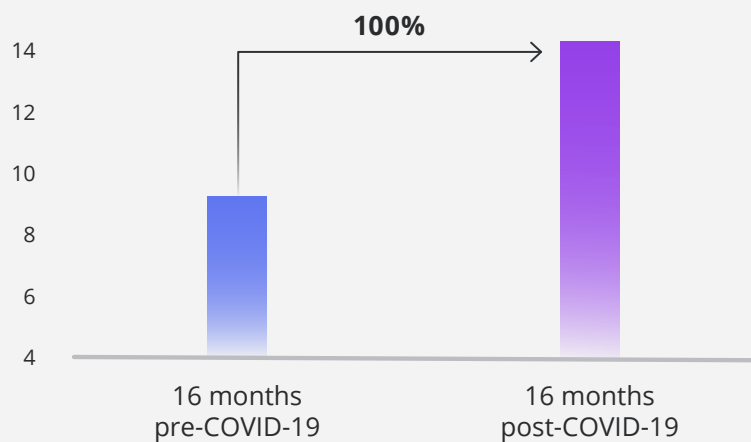
At least 20% of claims for **males and females** were due to **nervous system** conditions.

A **boy who was 5 years and 5 months old** was diagnosed with autism spectrum disorder when he was 2 years old, was paid a **Child Severe Illness Benefit** for **severity A twice** in the same financial year as his parents both had Discovery Group Risk cover.

The total amount paid to the family was **R129 000**

FINANCIAL PROTECTION **AGAINST SEVERE ILLNESS**

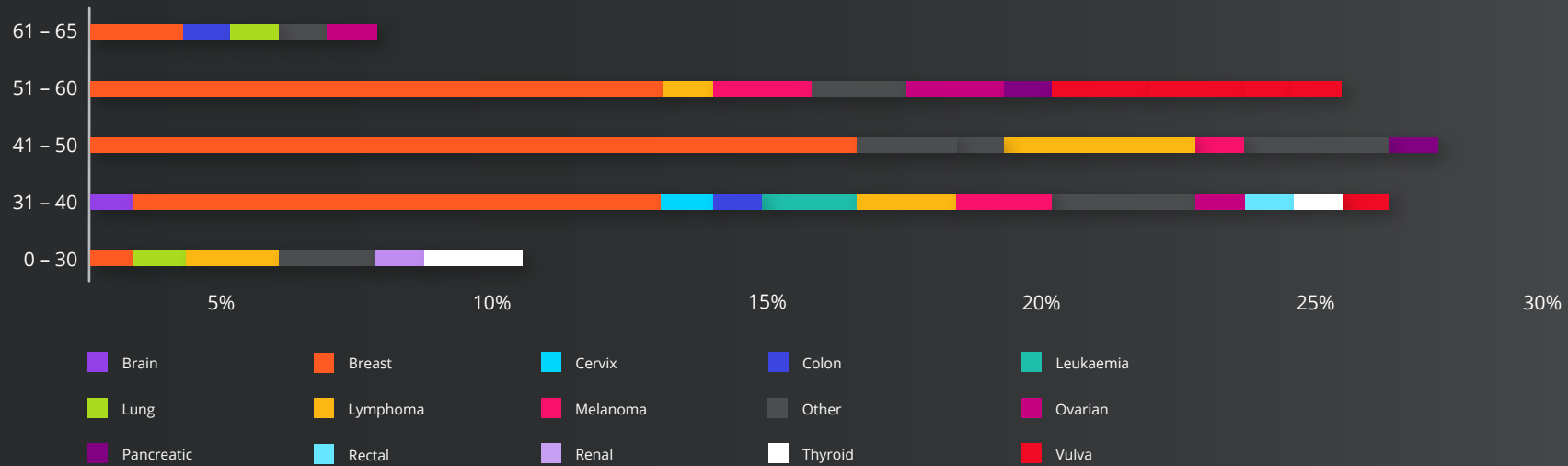
RESPIRATORY DISEASES ANALYSED OVER TIME



Respiratory diseases
increased by **100%**,
reflecting the long-term
impacts of COVID-19

FOCUSING ON **CANCER**

CANCER CLAIMS FOR FEMALES



The **41 - 50 year old** age group accounted for the most female cancers, with **breast cancer** being the biggest contributor



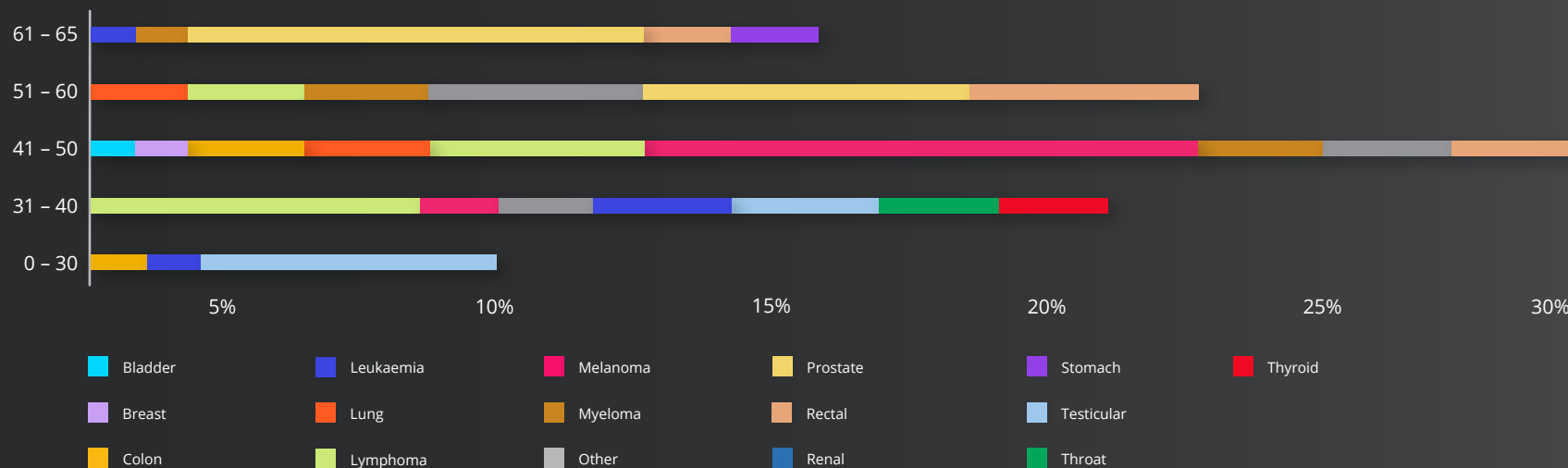
Lymphoma is also prevalent across most age groups



Breast cancer occurred across all age groups with it being most prevalent within the age band **30 - 60**

FOCUSING ON **CANCER**

CANCER CLAIMS FOR MALES



The **41 - 50 year old** age group accounted for the most male cancers, with **melanoma cancer** being the biggest contributor



Prostate cancer was most prevalent in the **61 - 65** age group



Lymphoma was the biggest cause of male cancer claims within the **31 - 40** age group

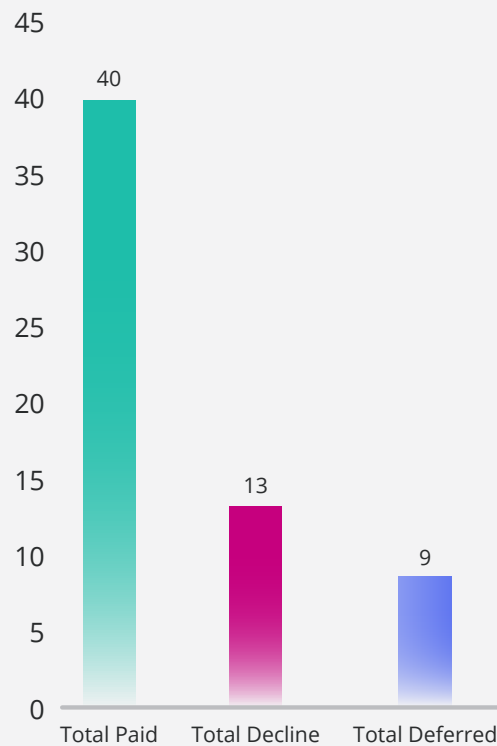


Testicular cancer was most prevalent in the **0 - 30** age group

COVID-19 DISABILITY CLAIMS

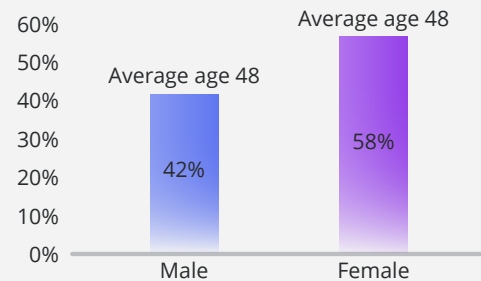
Initially, we expected those who contracted COVID-19 to recover from their symptoms. However, our disability claims experience shows that COVID-19 has an enduring impact for some who are unable to work and for some who have long-term complications due to COVID-19.

COVID-19 DISABILITY CLAIMS



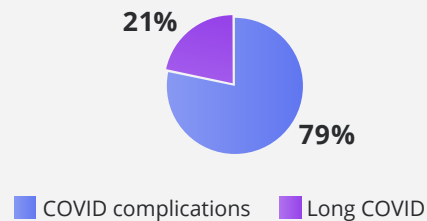
Of the total paid, 34 claims were for the Income Continuation Benefit and 6 claims were for the Severe Illness Benefit

INCOME CONTINUATION BENEFIT COVID-19 CLAIMS CURRENTLY IN PAYMENT

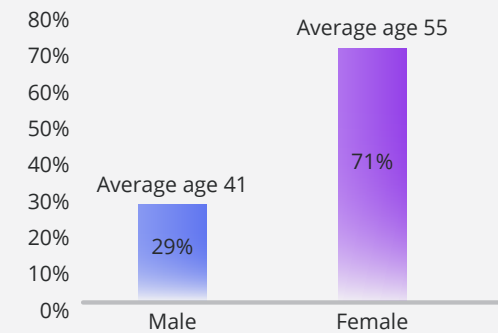


1 in 5 COVID-19-related Income Continuation Benefit claims had a Severe Illness Benefit claim payment made as well

1 IN 5 COVID-19-RELATED INCOME CONTINUATION BENEFIT CLAIMS WAS DUE TO LONG COVID

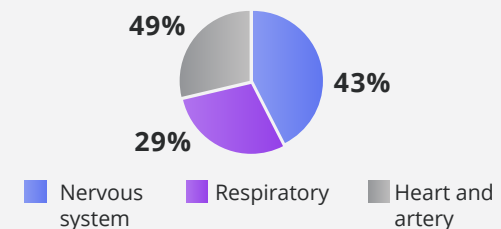


SEVERE ILLNESS BENEFIT COVID-19 CLAIMS PAID



57% of Severe Illness Benefit claims were admitted for meeting the criteria for a Severity A condition

3 IN 10 COVID-19-RELATED SEVERE ILLNESS BENEFIT CLAIMS WERE IN RESPECT OF A RESPIRATORY CONDITION



COVID-19 DISABILITY CLAIMS



A **39-year-old** female business analyst, with **no known co-morbidities** tested **positive for COVID-19** in October 2020 and experienced **progressive weakness of her upper limbs**.



In March 2021 she was able to return to work at a **50% capacity**. We continue to support her with a **partial Income Continuation Benefit payment** while she regains her upper limb strength and she is able to return to work at full capacity.



We've paid over **R350 000** towards her claim to date.

COVID-19 DISABILITY CLAIMS



A **58-year-old** male engineering product specialist, receiving an **Income Continuation Benefit** payment since **May 2020** due to **severe depression**.



We enrolled him in our **Case Management programme** and in March 2021 he was able **to return to work in a partial capacity**. In April 2021, his **best friend passed away due to COVID-19** and in May 2021 he **contracted COVID-19** and was **admitted to hospital**. The trauma of losing a loved one and witnessing people dying around him in hospital has **compounded his depression**. **This set-back has suspended his return to work in a partial capacity.**



To date we have paid over **R1 million** towards his claim.



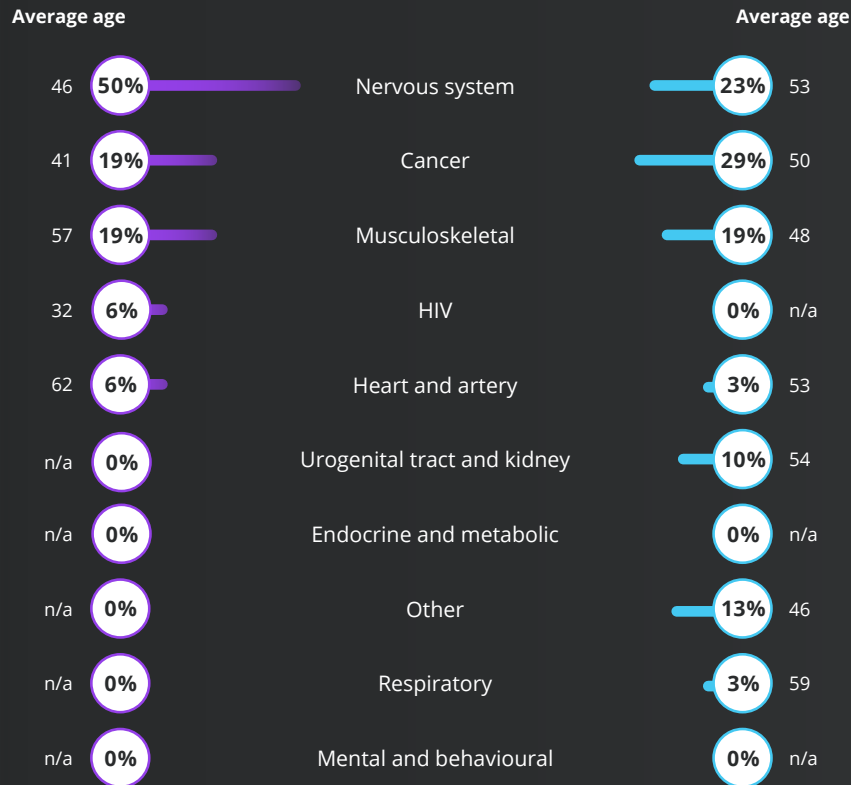
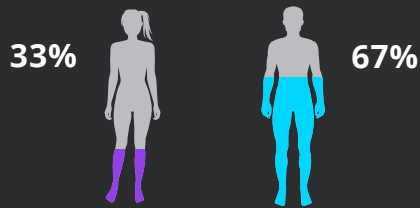
Capital Disability Benefit

The Capital Disability Benefit uses clear assessment criteria to assess benefit payments. If an employee's disability does not meet the objective medical criteria for the category of disability, we will assess the disability in terms of the Activities of Daily Living scale. This will help them cover immediate costs associated with a disability while they adjust to their new living conditions. This benefit eases the financial burden, giving them the time they need to recover and adapt to their new circumstances.

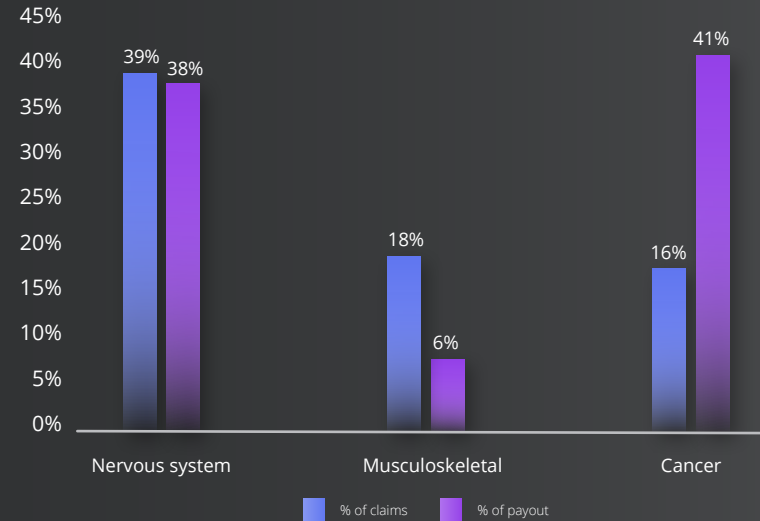


FINANCIAL PROTECTION AGAINST DISABILITY

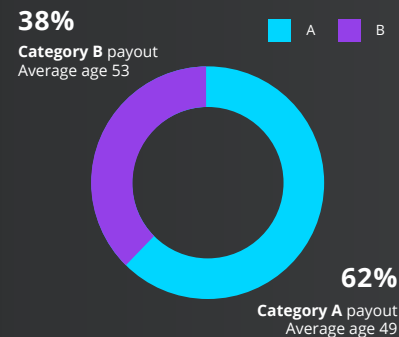
BREAKDOWN OF CLAIMS BY CAUSE



TOP THREE CAUSES BY NUMBER AND VALUE



BREAKDOWN BY CLAIM CATEGORY



The highest claim paid was **R4.3m** to a **51-year-old male** from the **financial services industry** for **cancer**



30% of those who claimed for the **Capital Disability Benefit** in the **2021 financial year** had an **Income Continuation Benefit** claim as well

OUR BENEFITS IN ACTION

In January 2017, at age 50, Mr Abrahams received a **Severe Illness Benefit** payment for **thyroid cancer**. He met the criteria for **Severity A under the cancer condition**.


Just over 4 years later, in February 2021 Mr Abrahams contracted COVID-19 and passed away.

His **Life Cover Benefit** and **Funeral Cover Benefit** were still applicable and were paid out to his nominated beneficiaries.

In addition, the **Global Education Protector** benefit is providing funding for his three sons to continue with their schooling.

DATE	BENEFIT	PAYMENT AMOUNT
January 2017	Severe Illness Benefit	R1.2 million
March 2021	Life Cover Benefit	R14 million
March 2021	Funeral Cover Benefit	R30 000
March – July 2021	Global Education Protector	R11 500

Total paid to date | **R15.3 million**

A close-up portrait of a middle-aged man with grey hair, a beard, and glasses, smiling warmly. He is wearing a light blue button-down shirt over a white t-shirt. The background is a soft, out-of-focus grey.

Total expected payout for future Global Education Protector payments for his children:
R2 million

OUR BENEFITS IN ACTION

In 2016, Ms Nkosi, a **60-year-old female** who worked in human resources, was diagnosed with **ovarian cancer**. She underwent various treatment options for 4 years. By March 2020, her cancer had **progressed**, so she was encouraged to apply for her **disability benefits**.

Ms Nkosi met the highest severity for her **Severe Illness Benefit** and for her **Capital Disability Benefit – both lump sums** were paid to her.

The following month, Ms Nkosi applied for her **Income Continuation Benefit** as she could **no longer work due to the severity** of her cancer. From **July 2020 to January 2021**, Discovery Group Risk paid her **Income Continuation Benefit, Retirement Fund Waiver Benefit and her Contribution Protector**.

In January 2021, Ms Nkosi **passed away** from cancer. Her nominated beneficiaries received her **Life Cover Benefit payout** and her **Funeral Cover Benefit payout**.

DATE	BENEFIT	PAYMENT AMOUNT
March 2020	Severe Illness Benefit	R233 616
March 2020	Capital Disability Benefit	R233 616
July 2020 – January 2021	Income Continuation Benefit	R210 444
July 2020 – January 2021	Retirement Fund Contribution	R10 558
July 2020 – January 2021	Contribution Protector	R11 665
January 2021	Life Cover Benefit	R1.2 million
January 2021	Funeral Cover Benefit	R30 000

Total paid to date | **R2 million**



OUR BENEFITS IN ACTION

In February 2019, Mr Shaw, a **58-year-old male** working as a **sales manager**, was diagnosed with **colon cancer**. By June 2020, Mr Shaw was **no longer able to work** due to the severity of his cancer. We subsequently paid his **Income Continuation Benefit** as well as the following value-add Vitality benefits:

- **Contribution Protector**
- **Mortgage Protector**
- **Performance Bonus Protector**

In January 2021 Mr Shaw passed away from cancer.

His nominated beneficiaries received a **Life Cover Benefit payout** and a **Funeral Cover Benefit payout**.

DATE	BENEFIT	PAYMENT AMOUNT
July 2020 – January 2021	Income Continuation Benefit	R384 658
July 2020 – January 2021	Mortgage Protector	R14 985
July 2020 – January 2021	Performance Bonus Protector	R5 044
January 2021	Life Cover Benefit	R3.4 million

Total paid to date | **R3.8 million**





What can we predict?



AN OVERVIEW OF POSSIBLE SHIFTS IN INSURANCE

HYPOTHESISING ON THE EXPECTED **SHIFTS IN INSURANCE**

01 | WE EXPECT FUTURE INSURANCE RISK AS A RESULT OF THE COVID-19 IMPACT

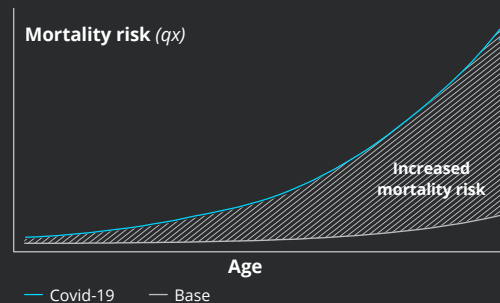
The COVID-19 virus is still prevalent and has not been totally eradicated. The novelty, unpredictability and severity of this pandemic, as well as its progression with multiple waves and variants, make it extremely difficult to accurately model how the pandemic will progress. As such, the direct impact on future claim numbers and the severity of COVID-19 infections is still unclear.

We have seen that mortality risk is significantly increased by COVID-19 infection and various factors influence the severity of COVID-19, including, but not limited to, demographic, health and lifestyle.

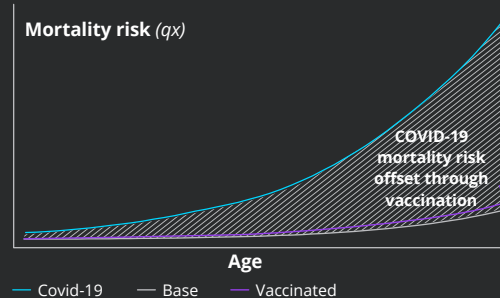
Vaccination is proven to have a significant impact in offsetting elevated COVID-19 risk. Rigorous clinical trials globally have shown that vaccines help people protect themselves and others against the direct mortality risk of COVID-19. The latest Discovery data supports these findings, highlighting substantial improvements in mortality risk for vaccinated individuals.

Increasing vaccination take-up and reaching herd immunity are therefore critical in the fight to mute COVID-19 and the impact of any possible future increased insurance risks.

COVID-19 INFECTION SUBSTANTIALLY INCREASES MORTALITY RISK



VACCINATION OFFSETS COVID-19 MORTALITY RISK



02 | WE EXPECT FUTURE INSURANCE RISK DUE TO PAST COVID-19 INFECTION

Data shows that there is a higher risk of adverse clinical sequelae following a COVID-19 infection:



International studies show a higher risk ratio for adverse health events following a COVID-19 infection.



Long-term implications of COVID-19 are emerging within those previously infected.



The Discovery Health claims data show that members hospitalised for COVID-19 have a 3.5 times higher risk of developing a cardiac condition and a 5 times higher risk of developing diabetes than a member who did not contract COVID-19.

HYPOTHESISING ON THE EXPECTED SHIFTS IN INSURANCE

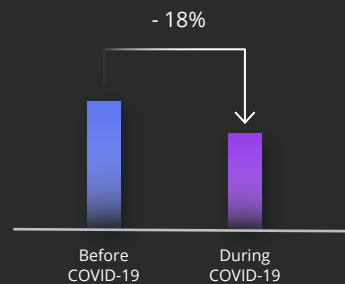
03 | WE EXPECT FUTURE INSURANCE RISK DUE TO LOW HEALTHCARE UTILISATION DURING THE PANDEMIC

There has been a decline in the detection and treatment of non-COVID-19 conditions during the pandemic.

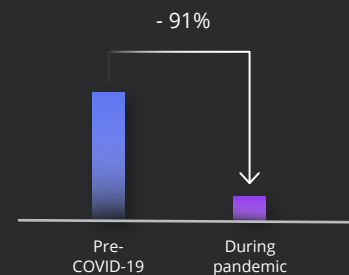
Discovery Health data show that during periods of high COVID-19 active infections (COVID-19 waves), utilisation of healthcare not related to COVID-19 decreases as a result of:

- A reduction in seeking healthcare as members choose to defer healthcare to minimise exposure to COVID-19.
- Limited availability for elective healthcare as the healthcare system focuses on managing the peaks of COVID-19.

Breast and cervical cancer screening



Average wellness screenings by Healthy Company clients per month before and after the pandemic



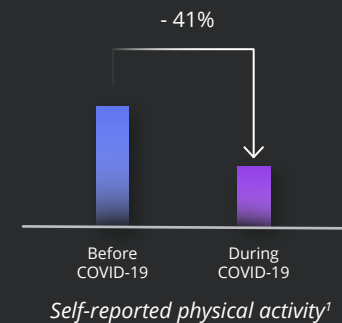
Source: COVID-19 impact on screening test volume through the National Breast and Cervical Cancer early detection programme, January–June 2020, in the United States; Journal of Preventative Medicine Volume 151: October 2021

Source: Internal Healthy Company data, 2020-21

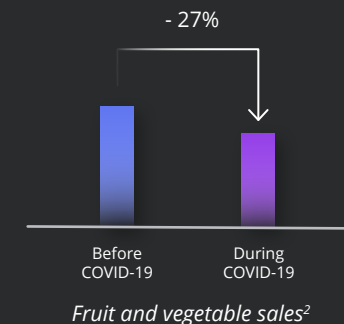
04 | WE EXPECT FUTURE INSURANCE RISK DUE TO THE PSYCHOSOCIAL IMPACTS OF THE PANDEMIC

Various lockdowns and mobility restrictions across the world have impacted the extent to which individuals have engaged in healthy lifestyle behaviours during the COVID-19 pandemic. This has elevated the underlying risk of non-communicable diseases.

Exercise



Nutrition



Source:

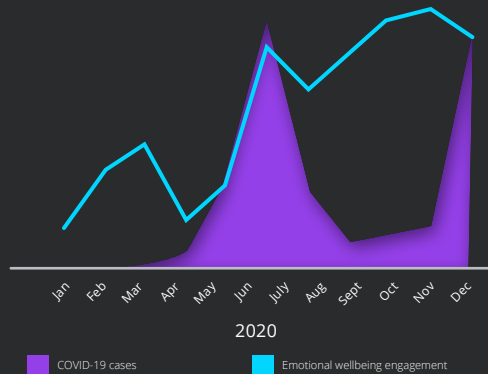
¹ A Pandemic within the Pandemic? Physical Activity Levels Substantially Decreased in Countries Affected by COVID-19; International Journal of Environmental Research and Public Health: 24 February 2021

² The Impact of Lockdown During the COVID-19 Outbreak on Dietary Habits in Various Population Groups: A Scoping Review; Frontiers in Nutrition Volume 8: 04 March 2021

INCREASING FINANCIAL AND EMOTIONAL WELLBEING CONCERNS

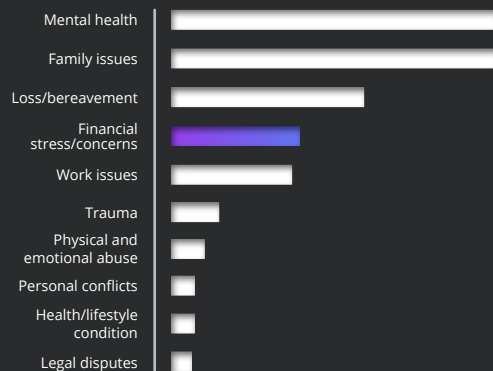
Emotional wellbeing engagement elevated as a result of COVID-19

Total employee interactions (calls, chats, assessments) linked to emotional wellbeing



Financial stress ranked in top 5 employee concerns over the past 18 months

Ranking of total employee interactions by concern



THERE ARE MULTI-FACETED CHALLENGES FACING EMPLOYEES AND EMPLOYERS IN THE WORKPLACE

CHANGING WORKING ENVIRONMENT

As a result of the COVID-19 pandemic, there has been a shift to hybrid working models globally, with many South African employees now working from home. This shift is clearly evidenced by the reduction in onsite wellness screenings by Discovery Healthy Company employers. Less screenings mean employees' health risks are less likely to be flagged and addressed, highlighting the need for innovative solutions to manage the wellbeing of employees.

INCREASING NEED TO MANAGE HEALTH AND WELLNESS OF EMPLOYEES

The effects of the COVID-19 pandemic on economic activity, employment and our way of working have been far-reaching. These changes have had significant effects on employees' financial, physical and emotional wellbeing. There has been a 63% increase in the number of employees reporting that they are anxious or stressed through the Healthy Company mood capture tool since the onset of the pandemic, highlighting the need for effective, pro-active interventions to support them through the pandemic.

HYPOTHESISING ON THE **EXPECTED SHIFTS IN INSURANCE**

PROBABLE OUTCOMES DUE TO THE IMPACT OF THE FUNDAMENTAL SHIFT IN THE INSURANCE BASE AS A RESULT OF THE EXPECTED INCREASED RISK

COVID-19 has had a significant impact on health risk: a direct impact on mortality risk for individuals that contract COVID-19 and an indirect impact on reducing engagement in healthy living globally.

The future expected increased insurance risks resulting from this COVID-19 pandemic could manifest in increased death and disability Group Risk claims. It is therefore imperative that we prepare for this as best we can to ensure future sustainability and to maintain our commitment to future stable prices going forward.

There is still so much uncertainty and so many factors at play in respect of how the future unfolds. Therefore, we cannot predict the true impact of COVID-19 with great certainty; we can only prepare for it using the resources that we can control and that have proven their effectiveness. This is core to our purpose, that is **to encourage a shift in behaviour to make people healthier.**

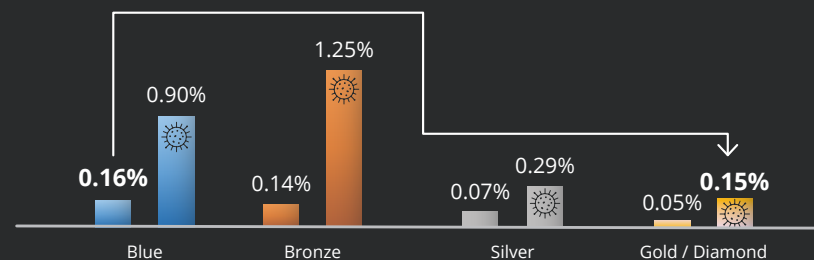
PROBABLE OUTCOMES OF THE EXPECTED IMPACT OF DRIVING A SHIFT IN BEHAVIOUR TOWARDS LIVING HEALTHIER

When looking at the expected crude mortality rates of our Vitality-engaged membership, we see that increased wellness and healthier members (those on Gold or Diamond Vitality status compared to those on Blue status) show marked reductions in mortality risk, even if they were infected with COVID-19.

This highlights the importance and significance that health and wellness has on reducing the devastating impacts observed from, and those expected to still emerge from, COVID-19.

Had all of our members been engaging in healthy behaviours prior to the pandemic, the analysis shows that claims experience in respect of COVID-19 would not have been that substantial.

CRUDE DEATH RATE OF DISCOVERY GROUP RISK MEMBERS WHO ARE ON DISCOVERY HEALTH WITH AND WITHOUT A COVID-19 POSITIVE TEST



Crude death rate of members who tested positive for COVID-19



What is in our control?

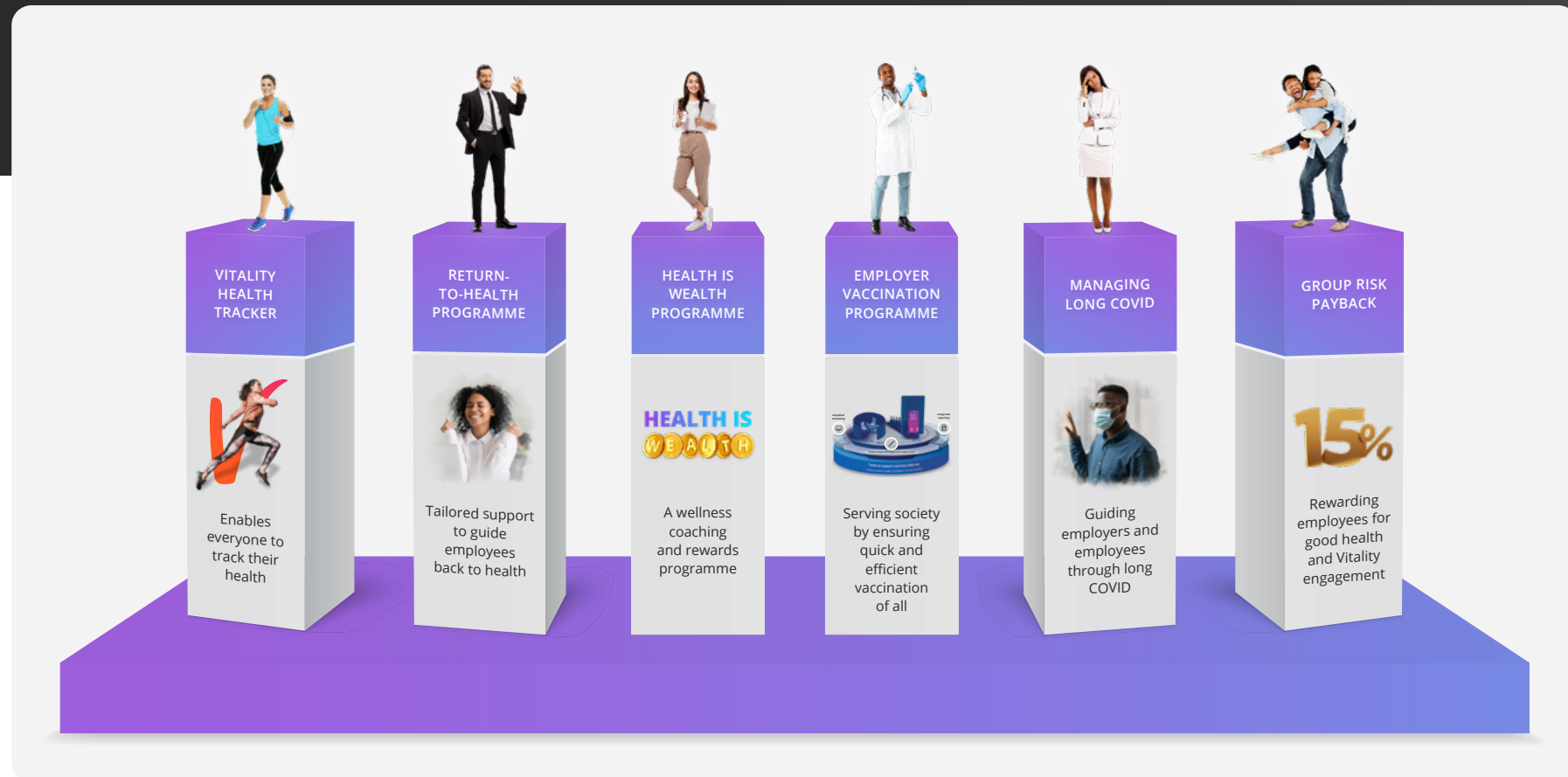


AN OVERVIEW OF GROUP RISK PRODUCT FEATURES ENCOURAGING HEALTHY BEHAVIOURS

DISCOVERY GROUP RISK

Shaping employee behaviour, creating a healthier and wealthier workforce.

True to our core purpose of making people healthy and enhancing and protecting their lives, Discovery Group Risk's unique product features and offerings aim to encourage our members to live a healthier lifestyle that improves their overall health and wellbeing.



VITALITY HEALTH TRACKER FOR ALL GROUP RISK MEMBERS

To stay true to our purpose and encourage our members to lead a healthy lifestyle



THE VITALITY HEALTH TRACKER

enables all Discovery Group Risk members to monitor their health and fitness levels for **FREE** without needing to be a paid-for Vitality member.



Achieve weekly exercise goal tailored to fitness level



Complete relevant health checks

Members can activate the Vitality Health Tracker on the Discovery app at no cost.

RETURN-TO-HEALTH PROGRAMME

Gets our members back to health and back to work



Discovery Group Risk's **Return-to-Health programme** is a vocational rehabilitation programme aimed at getting employees back to work after they have suffered an injury, illness or disability.



At no cost to schemes with the **Income Continuation Benefit**

01

STARTING BONUS

10%

Paid to **all** claimants who start the incentive programme

02

EMPLOYMENT BONUS

300%

Paid to claimants who are deemed rehabilitated and able to return to gainful employment

HEALTH IS WEALTH PROGRAMME

A wellness coaching and rewards programme that encourages our members to lead healthy lifestyles before a risk event occurs.



The Discovery Group Risk **Health is Wealth programme is a FREE wellness programme** that helps select members understand and manage their health and lifestyle with the support of a personal wellness coach. Members also get rewards when they start and successfully complete the programme.

The programme is simple and easy to follow, and we guide members every step of the way!



THE PROGRAMME INCLUDES:



A personal wellness coach for 6-12 months



An upfront reward to the value of R1 000



A final reward of up to 100% of monthly insured salary

MANAGING LONG COVID

Guiding employers and employees through long COVID



WHAT IS LONG COVID

The Centers for Disease Prevention and Control (CDC) describes post-COVID conditions as a wide range of new, returning or ongoing health problems people can experience four or more weeks after SARS-CoV-2 infection



SYMPTOMS OF LONG COVID

Physical

Fatigue, shortness of breath, muscle pain, ongoing cough, chest pain

Mental

Difficulty concentrating or remembering ('brain fog'), headache, slow decision-making

Emotional

Lack of motivation to do activities, anxiety, depression, low self-esteem



WORKPLACE IMPLICATIONS OF LONG COVID

- Employee is no longer at work due to uncontrolled symptoms
- Employee is at work but taking frequent sick leave or frequent work breaks
- Employee is at work displaying social withdrawal, discomfort or tension
- Employee is at work but their productivity is consistently declining



Our philosophy around work

- We believe in a proactive approach to identifying illness and injury
- We believe work is good for you
- We are passionate about a holistic approach to disability



Our message to you

As an insurer, we want to encourage employers and employees to lean on us for support and guidance so we can provide the resources to navigate the far-reaching effects of COVID-19.



LOOK OUT FOR OUR 2022 DISABILITY WEBINAR FOCUSING ON DISABILITY MANAGEMENT IN THE WORKPLACE

DISCOVERY'S COVID-19 EMPLOYER VACCINATION PROGRAMME

Meeting our core purpose and serving society by ensuring quick and efficient vaccination of all

Our objective at Discovery is clear: We simply must get as many people in South Africa vaccinated as quickly as the vaccine supply allows. Achieving herd immunity in South Africa will likely require at least all individuals who are interested to get vaccinated and employers are uniquely positioned to support this adoption. Making vaccination as convenient as possible is a key enabler to support COVID-19 vaccine adoption. This can be achieved through access to information to navigate the process, simplifying the process itself and increasing the proximity and ease of access to vaccination sites. It is clear that employers have a critical role to play in supporting COVID-19 vaccination in the workplace, and that protecting employees and ensuring a safe return to work are of critical importance.

Leveraging our extensive experience in setting up our own vaccination sites, we designed the **Discovery COVID-19 Employer Vaccination Programme**. With this programme, we have developed a set of support services to assist you and your clients in formulating and executing an effective solution to ensure an efficient employee vaccination strategy.

The Discovery COVID-19 Employer Vaccination Programme is available to all Discovery Group Risk employers.

Employer-based access to a safe and efficient Discovery vaccination experience

Access to Discovery's vaccination sites



Temporary Discovery site set up at the employer



Minimum: 1 500 employees

Simple and seamless journey for employers

Onboarding and supported registration



Simple vaccination scheduling



Integrated reporting and support tools



DISCOVERY VACCINATION EXPERIENCE



GROUP RISK PAYBACK

Rewarding healthy members with premium paybacks

Up to **15%**

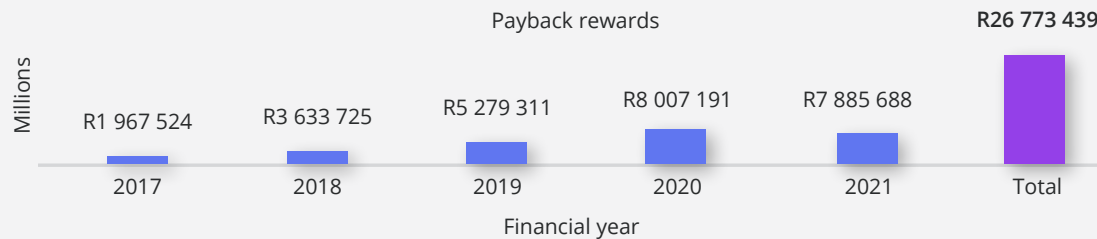
Group Risk Payback every year for good health and Vitality engagement



Bringing together the best of group and individual pricing dynamics

The Discovery Group Risk Payback allows members who display risk characteristics better than their employer group to benefit from lower effective premiums. This is measured through the member's engagement on the Vitality programme, as well as through the member's health claims.

Paybacks paid to date



As part of the 2021-2022 Group Risk Renewal process, **Group Risk Payback is being introduced to qualifying clients for free** to encourage the right health behaviour and return premiums to those responsible for bending the mortality and morbidity curves.

Group Risk Payback is being introduced to **674** schemes with **145 335** members



ADDITIONAL REQUIREMENT TO QUALIFY FOR GROUP RISK PAYBACK BENEFITS IN 2022

In addition to the existing qualifying criteria to receive a payback, **members need to be fully vaccinated for COVID-19 by 1 February 2022** to qualify for Payback payments that will be made in the first quarter of 2023.

Please note: This requirement will not affect paybacks on premiums paid in 2021 (paybacks due in the first quarter of 2022)



Discovery Group Risk

**SHAPING EMPLOYEE BEHAVIOUR,
CREATING A HEALTHIER AND
WEALTHIER WORKFORCE**

5A2M

PREPARE FOR
THE NEXT LEVEL.