



2021

DISCOVERY HEALTH MEDICAL SCHEME

FREQUENTLY ASKED QUESTIONS

Frequently Asked Questions: Discovery Health Medical Scheme (“DHMS/the Scheme”) and Quantum Medical Aid Society (“QMAS”) Amalgamation

What is the purpose of the Special General Meeting (“SGM”)?

There is a proposed amalgamation between DHMS and QMAS, which if approved will be effective from 01 July 2021. The amalgamation means that QMAS will become part of DHMS (QMAS members will become DHMS members, and QMAS’ financial reserves will be incorporated into DHMS’).

The purpose of the SGM is for members of DHMS to vote in favour of or against the proposed amalgamation.

Where can I find more information about the amalgamation?

For more information on the proposed amalgamation, visit the Discovery website at <https://www.discovery.co.za/medical-aid/notices> to view the Exposition Document. This will provide you with information you require regarding the Scheme and the proposed amalgamation.

Will members of QMAS attend this SGM?

No, this SGM is for members of DHMS only. Members of QMAS will vote separately on the proposed amalgamation as required by their scheme rules.

If I cannot hear or lose connection during the SGM, can I still vote?

Yes. Voting will close at 14:00 on 17 March 2021 and you will be able to vote until then.

How will this amalgamation impact my benefits and contributions?

The amalgamation will not impact benefits and contributions. There is also no negative impact to the solvency of DHMS, as QMAS will transfer their reserves to DHMS upon amalgamation.

Contribution increases will remain as previously communicated to members.

Does the amalgamation not place unnecessary risk on members of DHMS, given the higher age of members of QMAS, as this could lead to potentially higher contribution increases in the coming years?

QMAS is a small restricted medical scheme for Bidvest and Sun International employees with 3 273 Principal Members. Currently QMAS has approximately R145.6 million in reserves, which is a solvency ratio of 92%, which in itself is very healthy. To put this into perspective, the Medical Schemes Act requires medical schemes to maintain a solvency ratio of 25%.

The average age of scheme members in South Africa increased by 0.2 years in 2019 to 33.3 from 33.1 in 2018 (the latest available industry information). The average age of QMAS beneficiaries was 37.6 in September 2020 and is therefore 4.5 years older than the industry average age as at the end of 2018. The average age of DHMS beneficiaries was 35.8 years in September 2020, thus the aging membership of QMAS does not have a significant and/or negative impact on DHMS.

Will I be able to ask a question at the SGM?

Yes. The virtual platform has a built-in functionality for attendees to ask questions. Only Principal Members in good standing will be able to post questions on this platform.

As the SGM has been called for the purpose of discussing the proposed amalgamation with QMAS and only questions relating to the proposed amalgamation may be put forward. Questions of a general nature and not related to the proposed amalgamation will not be discussed at the SGM.

I am a Principal Member of DHMS and my request to register to attend and vote at the SGM was denied.

Rule 25.2.5 of the Scheme Rules state that only Principal Members in good standing will be permitted to participate, which includes voting, at the SGM. To be in good standing means that all contributions are up to date.

Should your contributions be in arrears, you are no longer in good standing, which in turn impacts your eligibility to participate and vote at the SGM. You may still register to attend the SGM as a guest and will not be able to participate and vote at the SGM.

To confirm whether you are a Principal Member in good standing please contact the Discovery Health Call Centre on 0860 99 88 77.

Should you be a Principal Member in good standing and your request to register to attend, participate and vote at the SGM was denied, please contact Deloitte at DHMS2021@deloitte.co.za or 0800 226 878.

What is a quorum?

A quorum is the minimum number of members required to be present at the SGM for the proceedings of the SGM to be valid.

Rule 25.2.6 of the Scheme Rules require that at least 30 members are present in person at the meeting, whether physically or virtually, to constitute a quorum. If a quorum is not present after the lapse of 30 minutes from the time fixed for the commencement of the SGM, the SGM will be regarded as cancelled.

When will the voting results be available?

The results of the voting will be available within 14 days after the SGM and will be published on the website for members to access at <https://www.discovery.co.za/medical-aid/notices>.

Will my personal information be shared with Lumi?

The Lumi virtual platform offers electronic voting, real-time attendance tracking, question and answer capabilities and fully auditable reporting for conducting legally-binding and shareholder/trustee meetings. The Scheme is making use of the Lumi virtual platform for this purpose.

The only personal information that will be visible to Lumi is the personal information provided by attendees during the registration process to attend, participate and vote at the SGM, which include attendees' full names and surname, email address, DHMS membership number and identity number.

By registering your attendance on the Lumi system, you give Lumi Technologies SA Pty Ltd consent to process your personal information on behalf of Discovery Health Medical Scheme ("the Scheme") for purposes of ascertaining your membership status with the Scheme and establishing your eligibility to attend, participate and vote at the SGM.

Where can I find the Scheme Rules?

The Discovery Health Medical Scheme Rules ("DHMS") can be found at <https://www.discovery.co.za/medical-aid/scheme-rules>. You will need to log in with your user credentials to obtain the registered Scheme Rules, as approved by the Council of Medical Schemes.