



**DISCOVERY INSURE
2022 UBS SA SHORT-TERM INSURANCE INDABA**

BY ANTON OSSIP



CORE PURPOSE AND SHARED-VALUE



Make people healthier
and enhance and
protect their lives

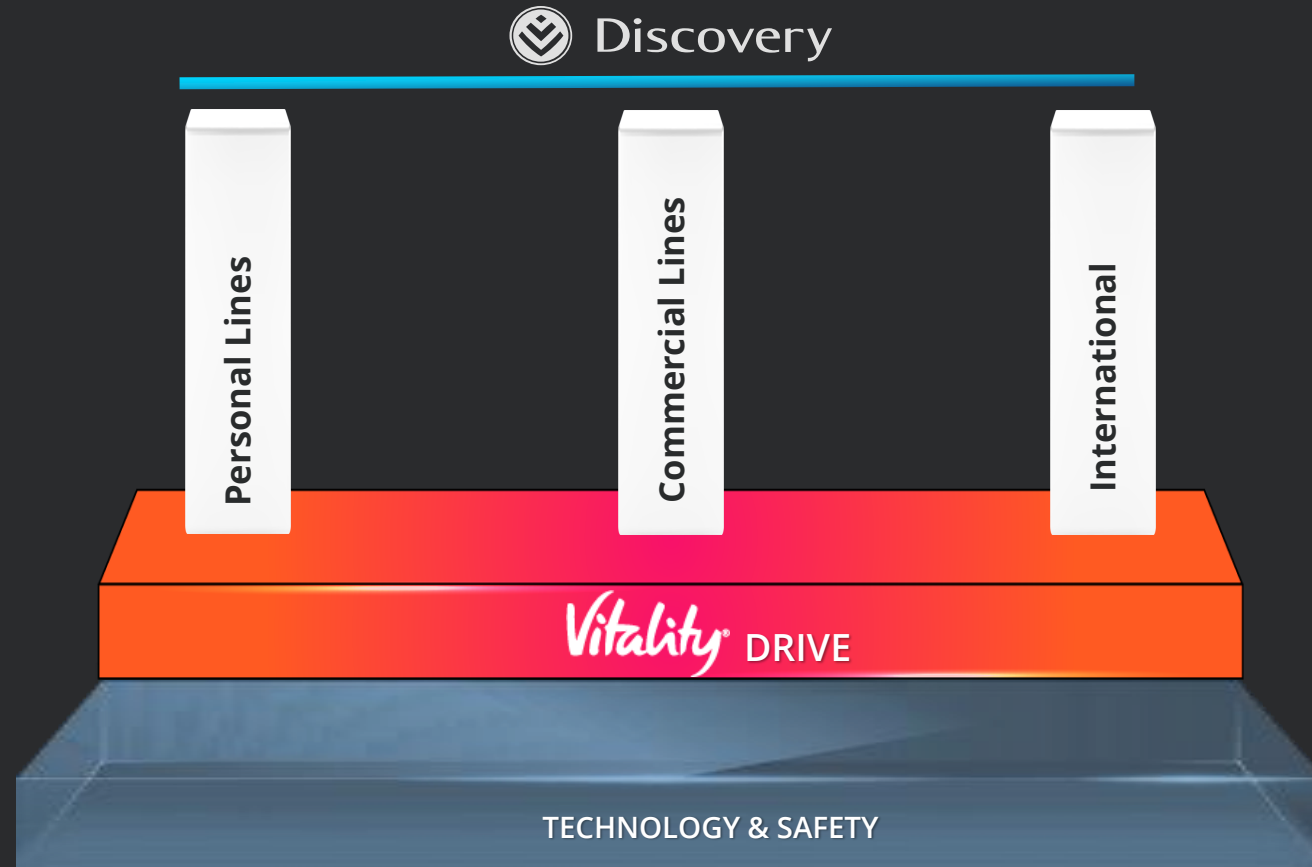


SHARED-VALUE HAS BROAD APPLICATIONS



- 1 🇿🇦 Perfect composite model, #1 in every industry, and the Bank pivoting to growth as the composite-maker within SA
- 2 🇬🇧 Best-in-breed products across businesses and operating as a fully integrated composite business with a seamless One Vitality client journey. A successful entry into motor insurance
- 3 🌍 Leading wellness and healthcare platform that provides preeminent life and health insurers globally with our Vitality shared-value and health management capabilities to assist them in making their customers healthier, while ensuring their products are more competitive with better margins

CREATING A NATION OF GOOD DRIVERS



DISCOVERY INSURE, A STRONG GROWING COMPANY



Personal Lines



295 000 cars

R 430 billion in insured assets

R2.5 billion in claims paid in 2021

Commercial Lines



8 140 policies

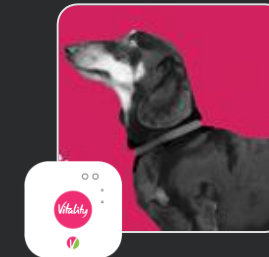
16 200 claims processed

R195 billion sum insured

International



13 000 cars



6 000 cars

DISCOVERY INSURE PLATFORM



PRODUCT Caters for every life stage and client segment

YOUNG ADULT BENEFIT	DRIVE YOUR DISCOUNT	ESSENTIAL PLAN	CLASSIC PLAN	PURPLE PLAN	VITALITY DRIVE 65+	BESPOKE OPTIONAL FEATURES		
						WRITE-OFF ACCELERATOR	RETAIL VALUE BOOSTER	TELEMATICS VEHICLE WARRANTY

TECHNOLOGY & SAFETY Unique technology and service features

Globally recognised technology to measure driving behaviour and provide safety features

AUTO APPROVED CLAIMS XPRESS REPAIRS DRIVER DNA IMPACT ALERT CROWD SEARCH WEATHER WARNINGS

PRODUCT DESIGN, PRICING & DISTRIBUTION Compelling product design, accurate pricing of risk using AI and data tools, and broker plus D2C distribution capabilities

PRODUCT DESIGN			MARKET LEADING BOOK QUALITY			DISTRIBUTION	AI QUOTE
Positive selection	Behavior change	Selective lapsation	Fewer claims	Smaller claims	Reducing lapses	Improving quality of book	Intermediated & D2C (incl Quote in 60 seconds)

DATA & ANALYTICS Detailed and wide-ranging data used to inform operations, loss ratio management and customer engagement

WIDE-RANGING DATA SOURCES			ANALYTICS & AI		
Discovery Big Data assets + Industry shared policy and claims data	>14 billion km's of high frequency driving data	Sophisticated pricing GLMs by peril for motor and non-motor	Real-time fraud modelling	Upsell models and D2C product recommender	

VITALITY DRIVE PLATFORM Digital platform to support engagement and behaviour change, weekly, monthly and status based rewards and using loss aversion to reward clients for driving well

SCIENTIFIC WAY TO MEASURE AND SCORE DRIVING BEHAVIOUR					FUEL CASHBACK	WEEKLY REWARDS	STATUS BASED REWARDS	UBER REWARDS
Smooth acceleration	Smooth braking	Smooth cornering	No speeding	No cellphone use				

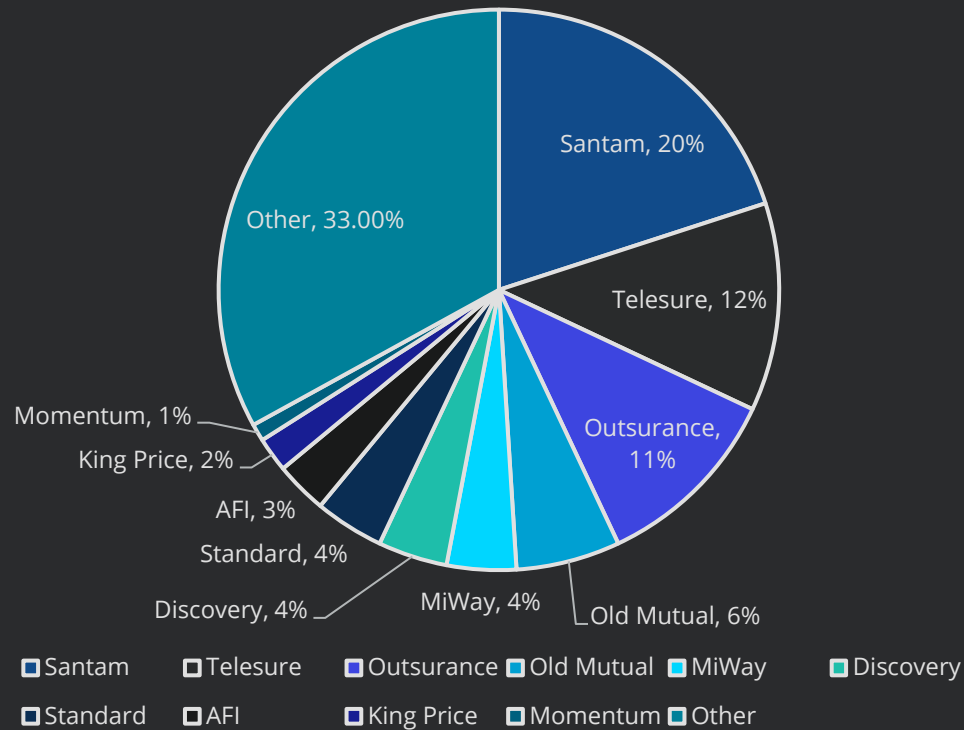


MARKET DYNAMICS

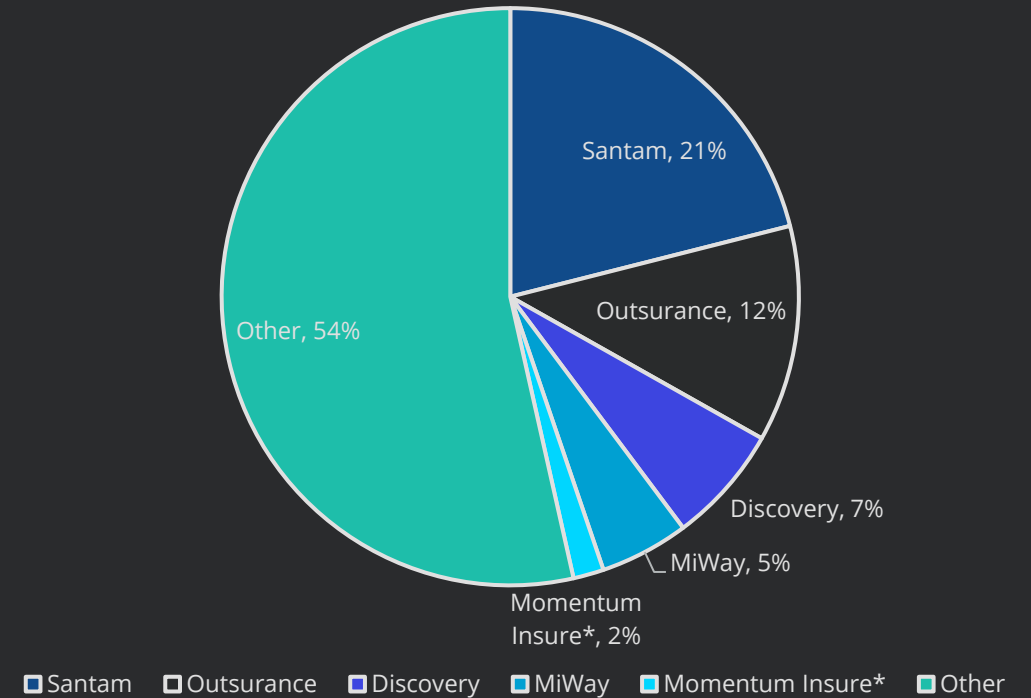
STRONG GROWTH IN PL GWP INCREASING MARKET SHARE FROM 4% IN 2017 TO 7% IN 2021



Market share 2017



Market share 2021

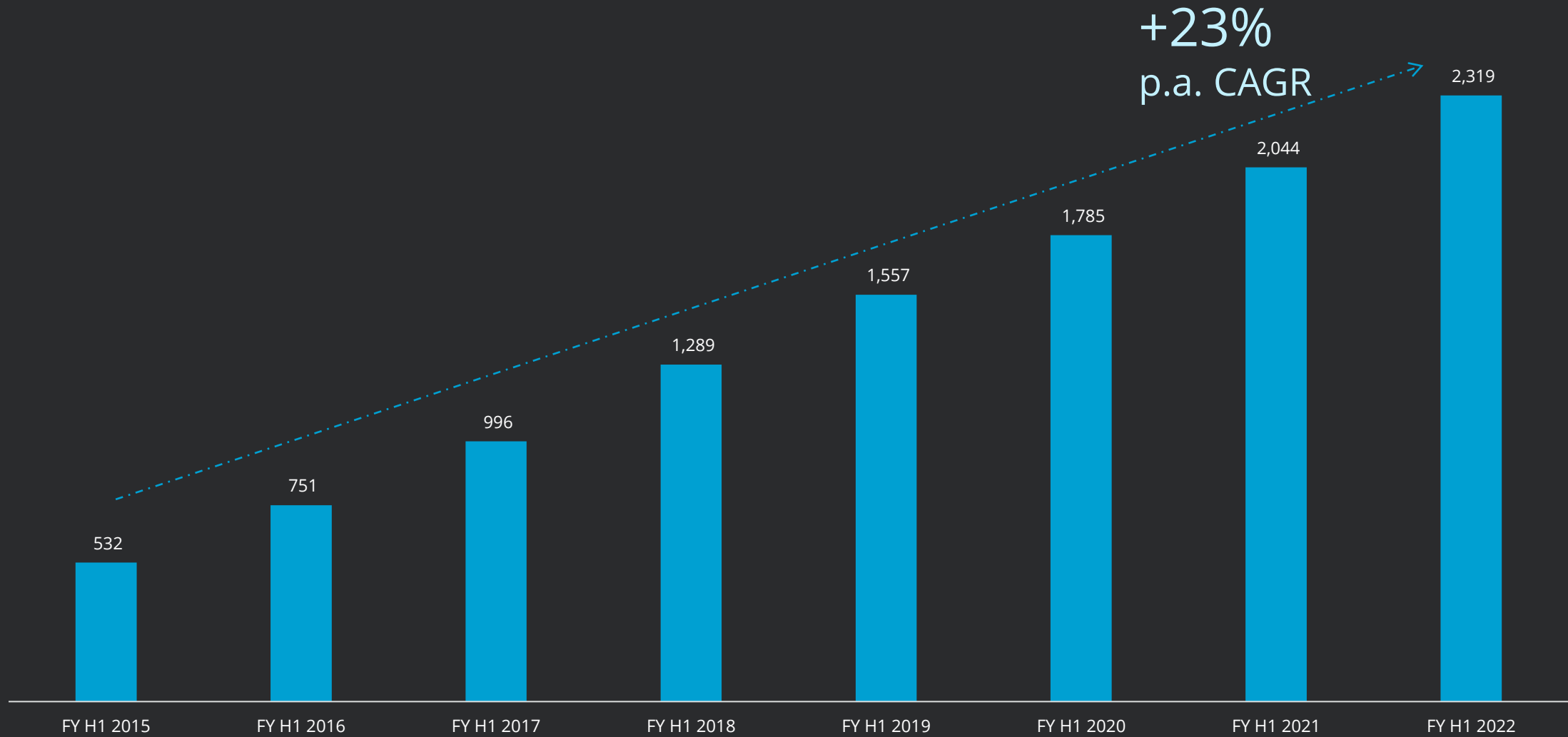


➤ The Discovery personal lines book shows remarkable growth in gross written premium compared to other insurers, thereby increasing the market share from 4% to 7% in four years.

STRONG GROWTH IN GWP



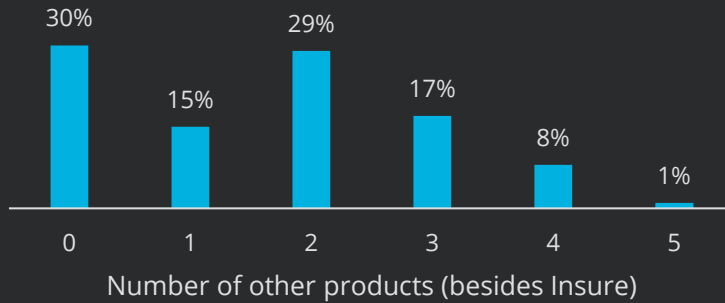
GWP GROWTH OVER TIME (R'000 000)



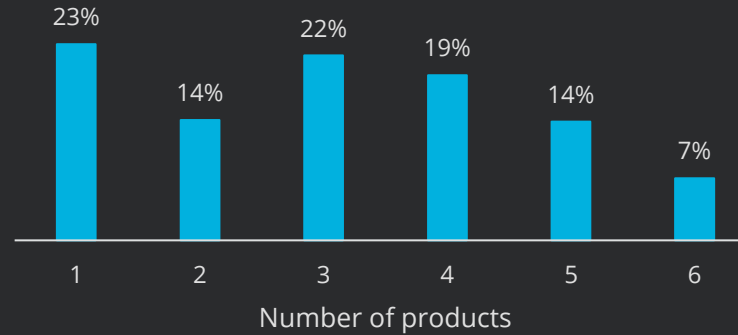
ADDING VALUE TO THE COMPOSITE



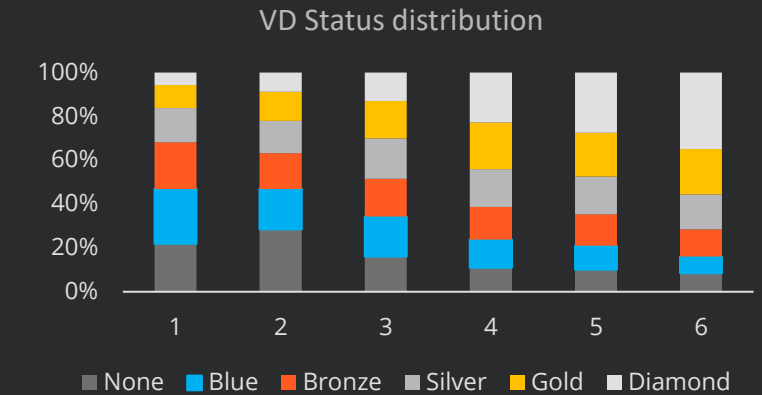
30% of Insure clients joined Insure as first product in Discovery Group



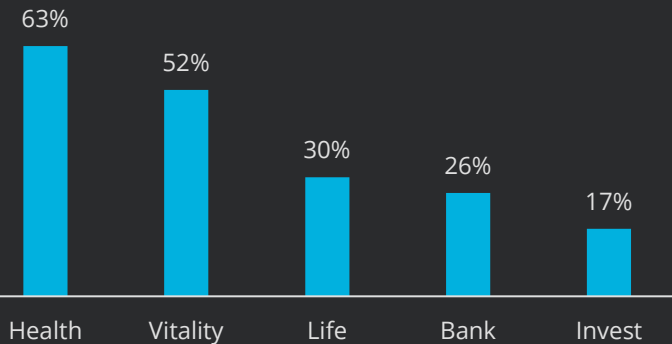
23% of Insure clients only have 1 product (ie only Insure)



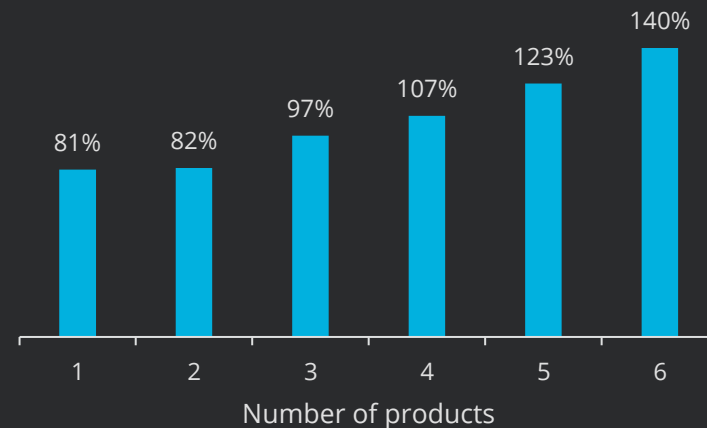
Positive correlation between number of products and VD Status



Most clients joining Insure have Health or Vitality already



DI client premium relative to avg Insure premium



- Significant proportion of “new to Discovery” membership creates opportunities for cross sell across the group
- High overlap with Health and Vitality clients due to large market share
- Increased penetration of DSY products correlated to improved driving behavior
- Multiple product clients have a greater avg premium levels



H1 2022 RESULTS

CREATING A NATION OF GOOD DRIVERS



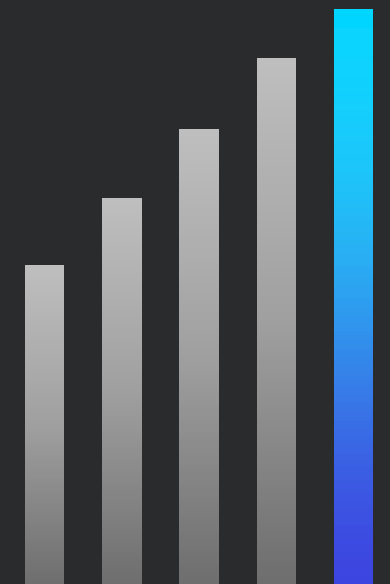
DISCOVERY INSURE



Gross written premium

+13%

to R2 318m¹

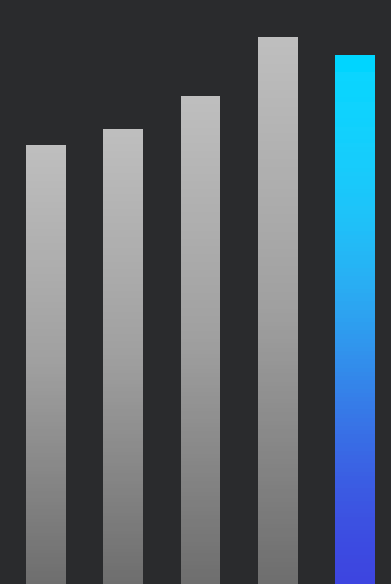


H1 2018 H1 2019 H1 2020 H1 2021 H1 2022

New business

-3%

to R597m¹

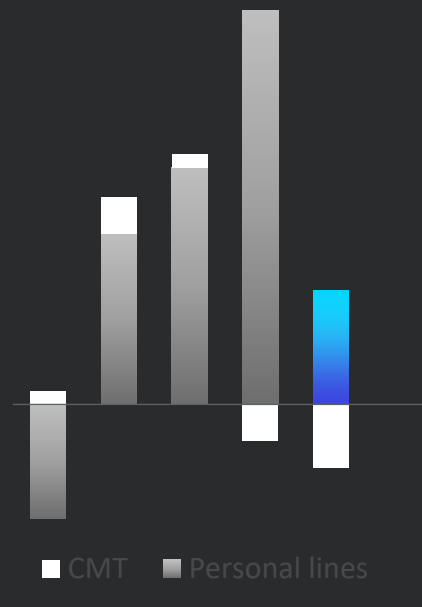


H1 2018 H1 2019 H1 2020 H1 2021 H1 2022

Normalised operating profit

-86%

to R15m²



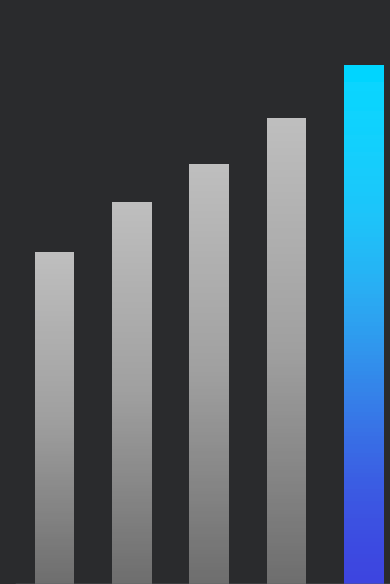
H1 2018 H1 2019 H1 2020 H1 2021 H1 2022

■ CMT ■ Personal lines

Vehicles insured

+11%

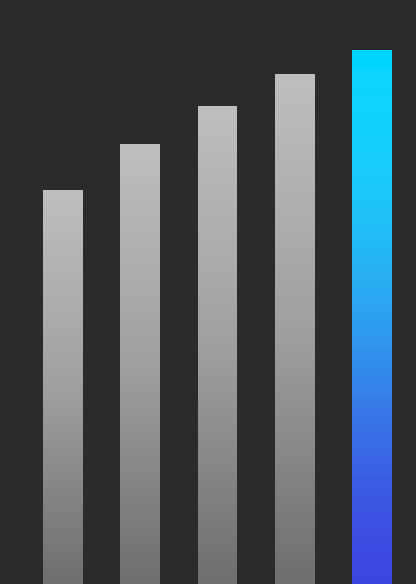
to 292 000¹



H1 2018 H1 2019 H1 2020 H1 2021 H1 2022

Market share in GWP

7%



H1 2018 H1 2019 H1 2020 H1 2021 H1 2022

Personal Lines only. Assumes 6% in GWP market growth since 2018

¹ Personal lines figures only

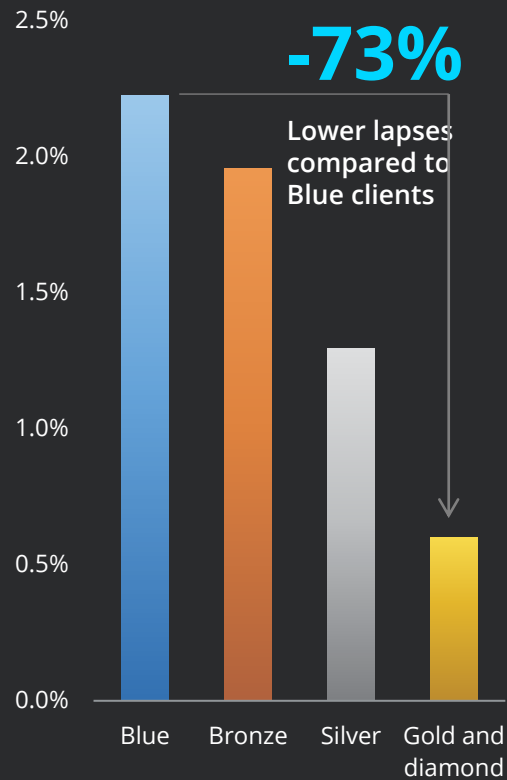
² CMT is in the building phase and the decrease in CMT profitability in 2021 and 2022 is due to the acquisition of TrueMotion and associated costs

IMPROVED QUALITY OF DRIVERS BUT EXTERNAL FACTORS AFFECTED CLAIMS



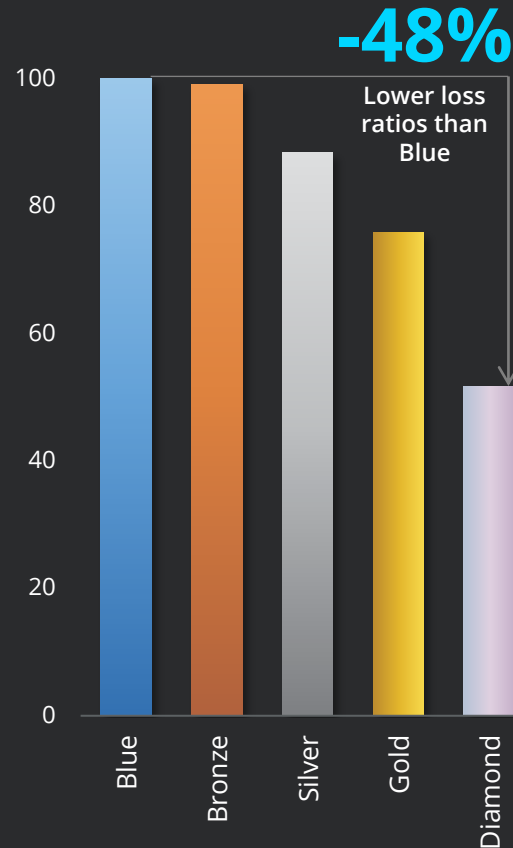
Retention of good drivers

Lapse rates by Vitality status



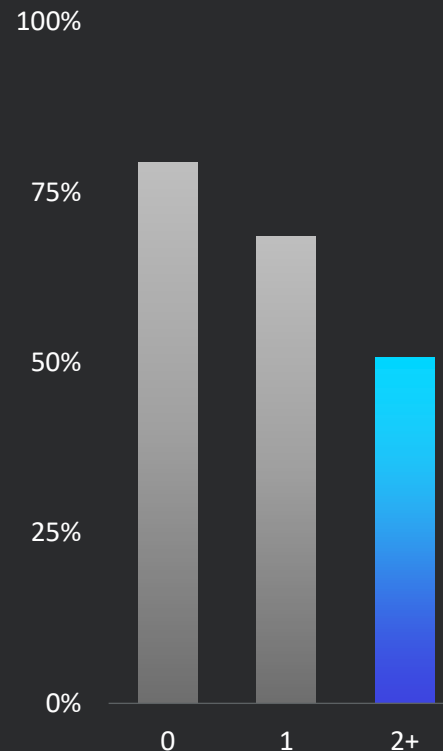
Better risks from gold and diamond drivers

Relative loss ratios by Vitality Drive status



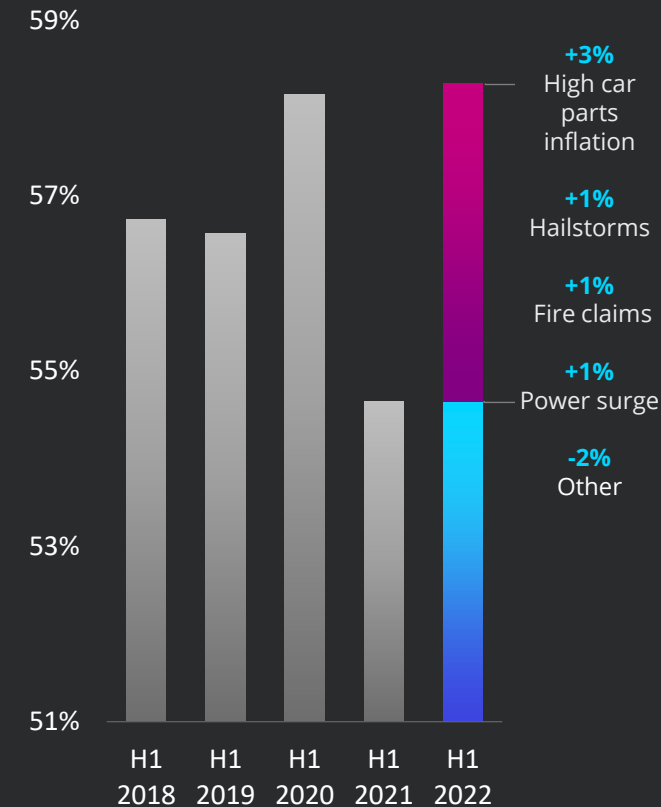
Improved loss ratios with client duration

Loss ratio by duration H1 2022



H1 2022 loss ratio higher than 2021

Loss ratios H1 2018 - H1 2022



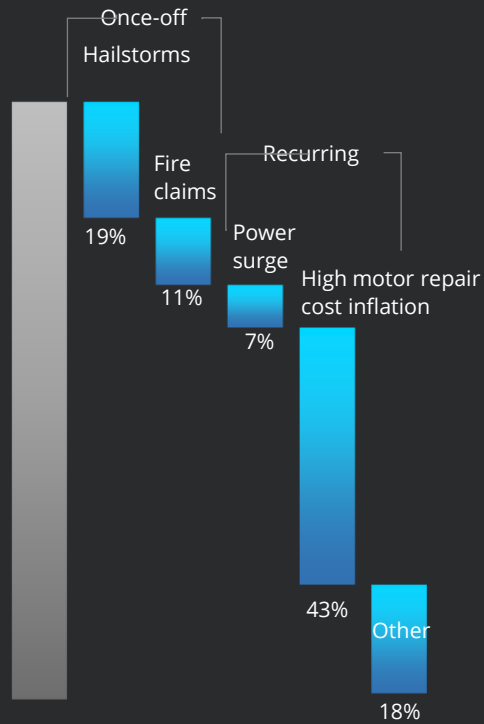
1 inflation based on initial costing
 2 <https://www.statista.com/statistics/1250636/global-container-freight-index/>

ECONOMIC AND ENVIRONMENTAL FACTORS CONTRIBUTED TO A HIGHER LOSS RATIO



High repair cost inflation, hailstorms and fire claims

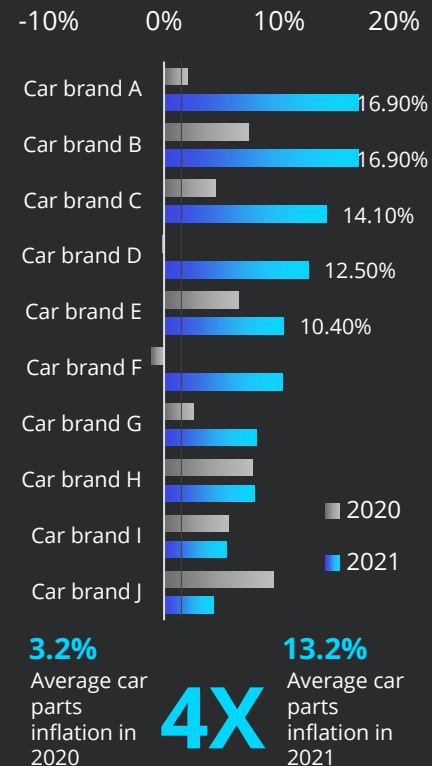
Reasons for variations in Ave claims



Total variation in actual vs expected claims

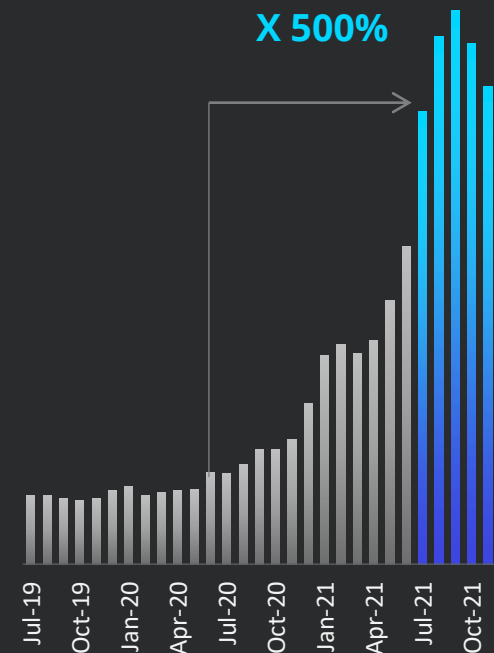
High inflation¹ in the cost of car parts

Car parts inflation by car different car makers



Resulting from rapidly increasing shipping costs

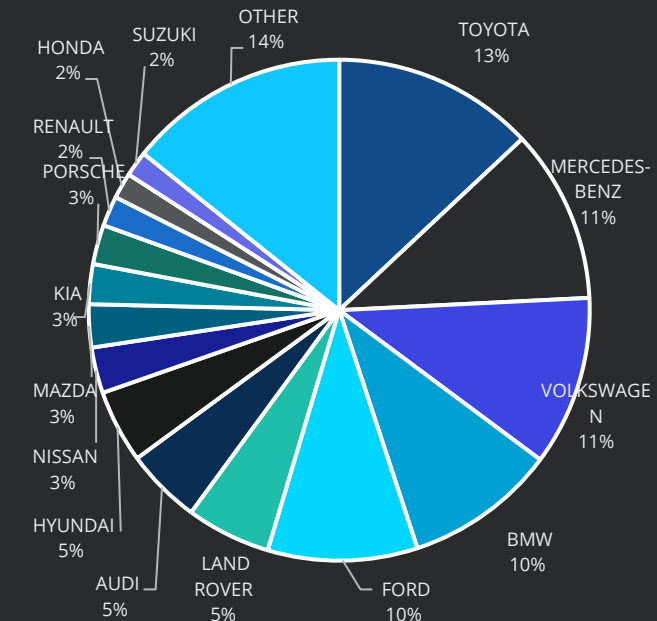
Global container freight rate index from July 2019 to January 2022²



10% - 15% increase in cost of car parts due to **increase in shipping costs**

Impact with value of car makers

Car makers by value insured

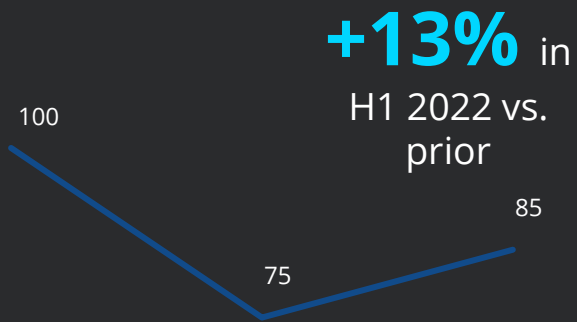


¹ Inflation based on initial costing
² <https://www.statista.com/statistics/1250636/global-container-freight-index/>

INCREASED DRIVING RESULTED IN INCREASED MOTOR CLAIM FREQUENCY



Relative increase in Motor Claim Frequency



FY H1 2020

FY H1 2021

FY H1 2022

Increase in Mileage driven



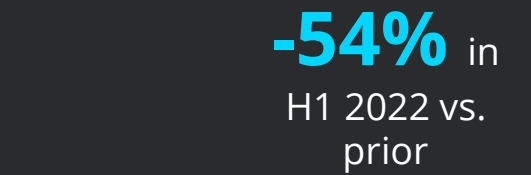
FY H1 2020

FY H1 2021

FY H1 2022

■ Average Mileage Driven

Dynamic Distance Cash-Back reduced due to more driving



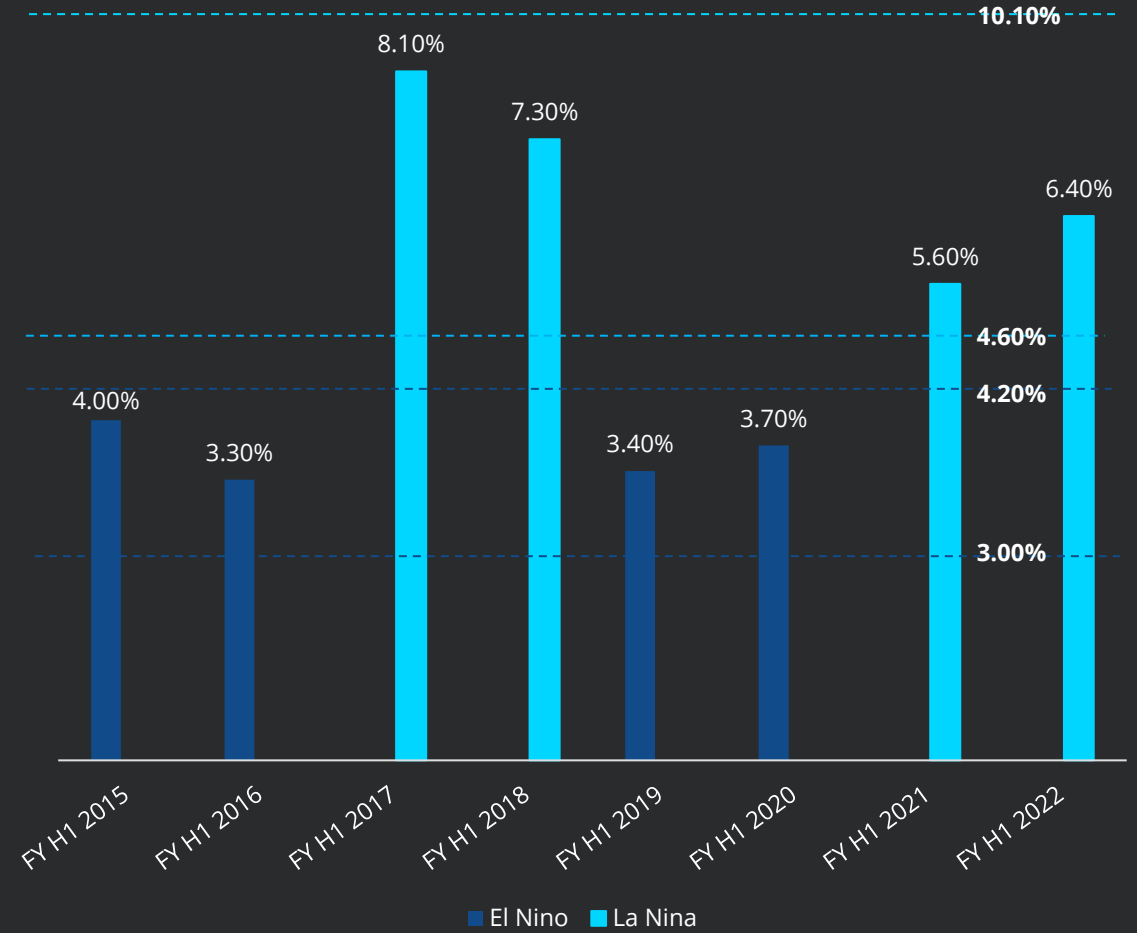
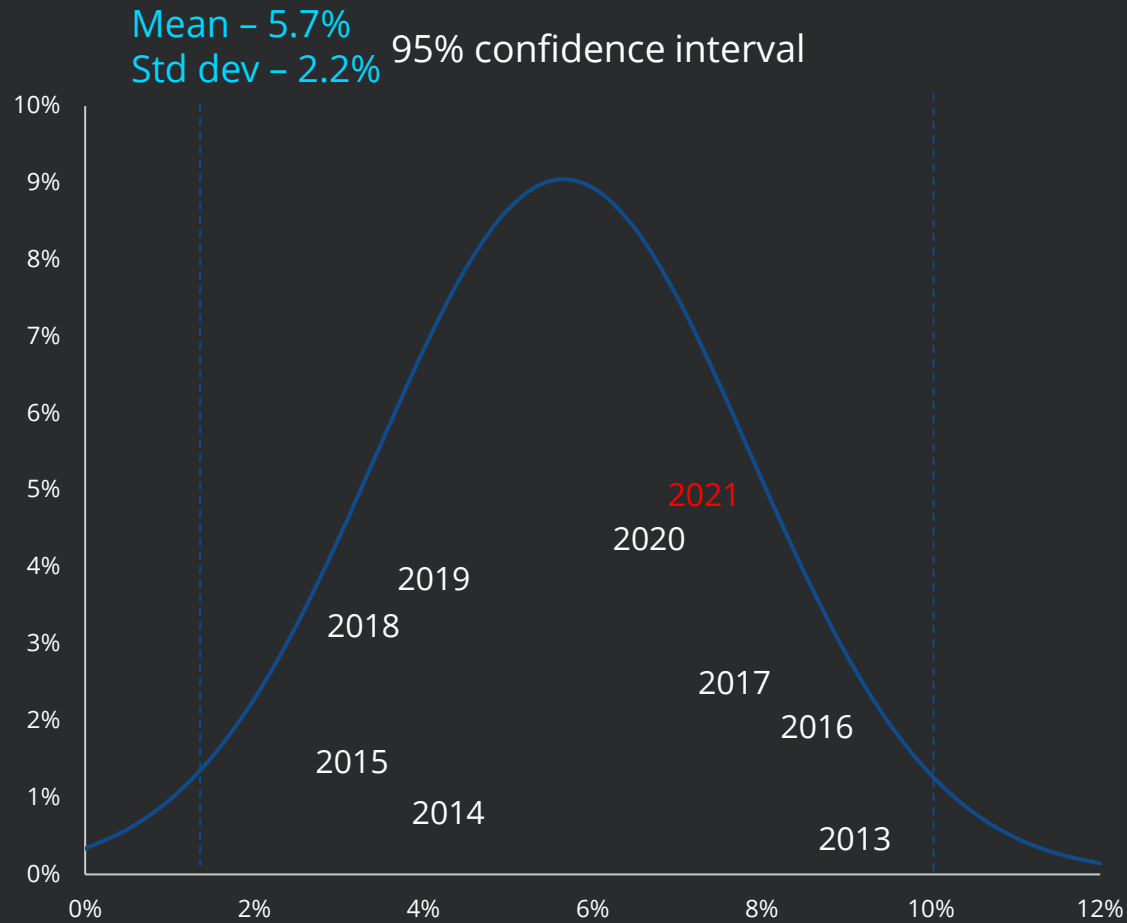
FY H1 2021

FY H1 2022

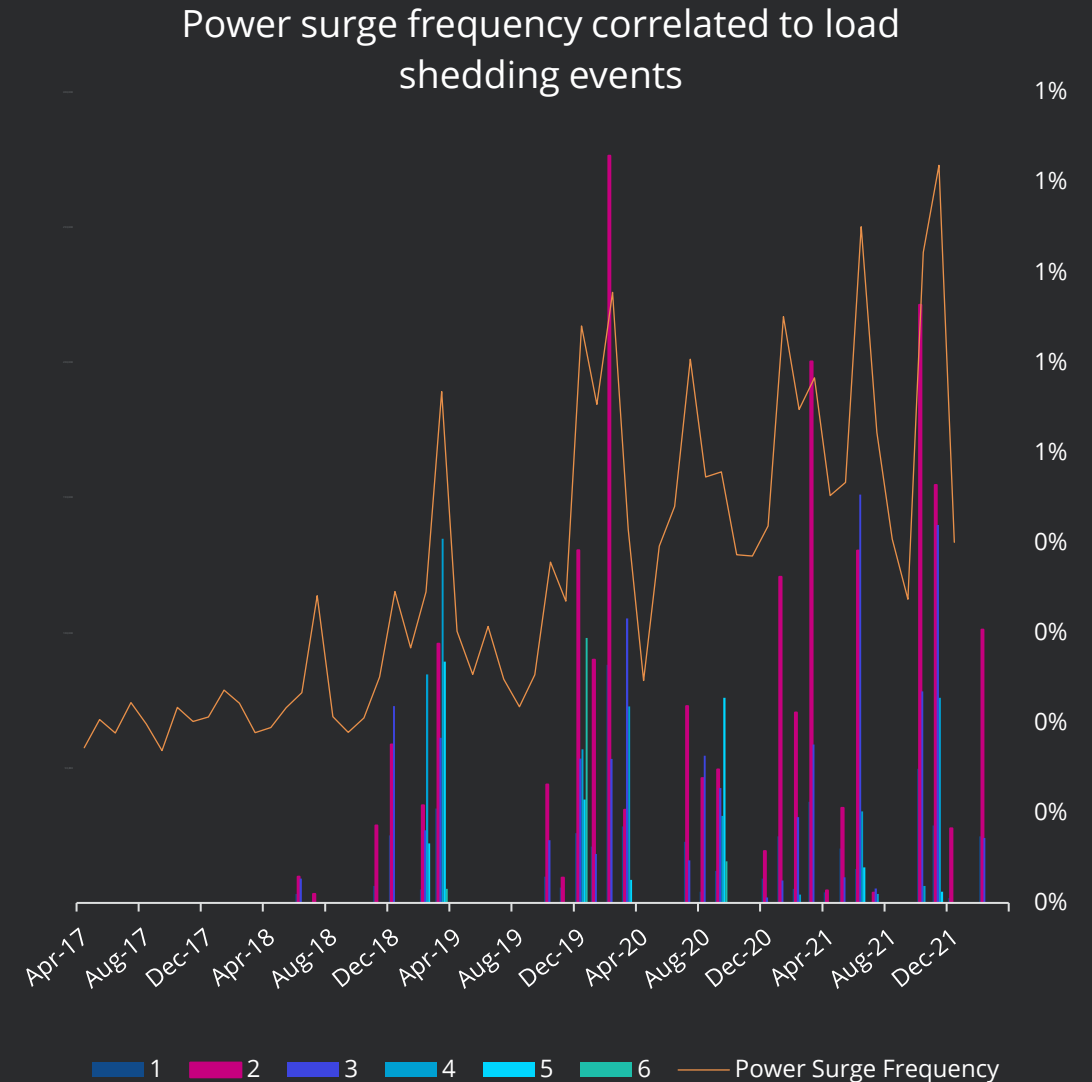
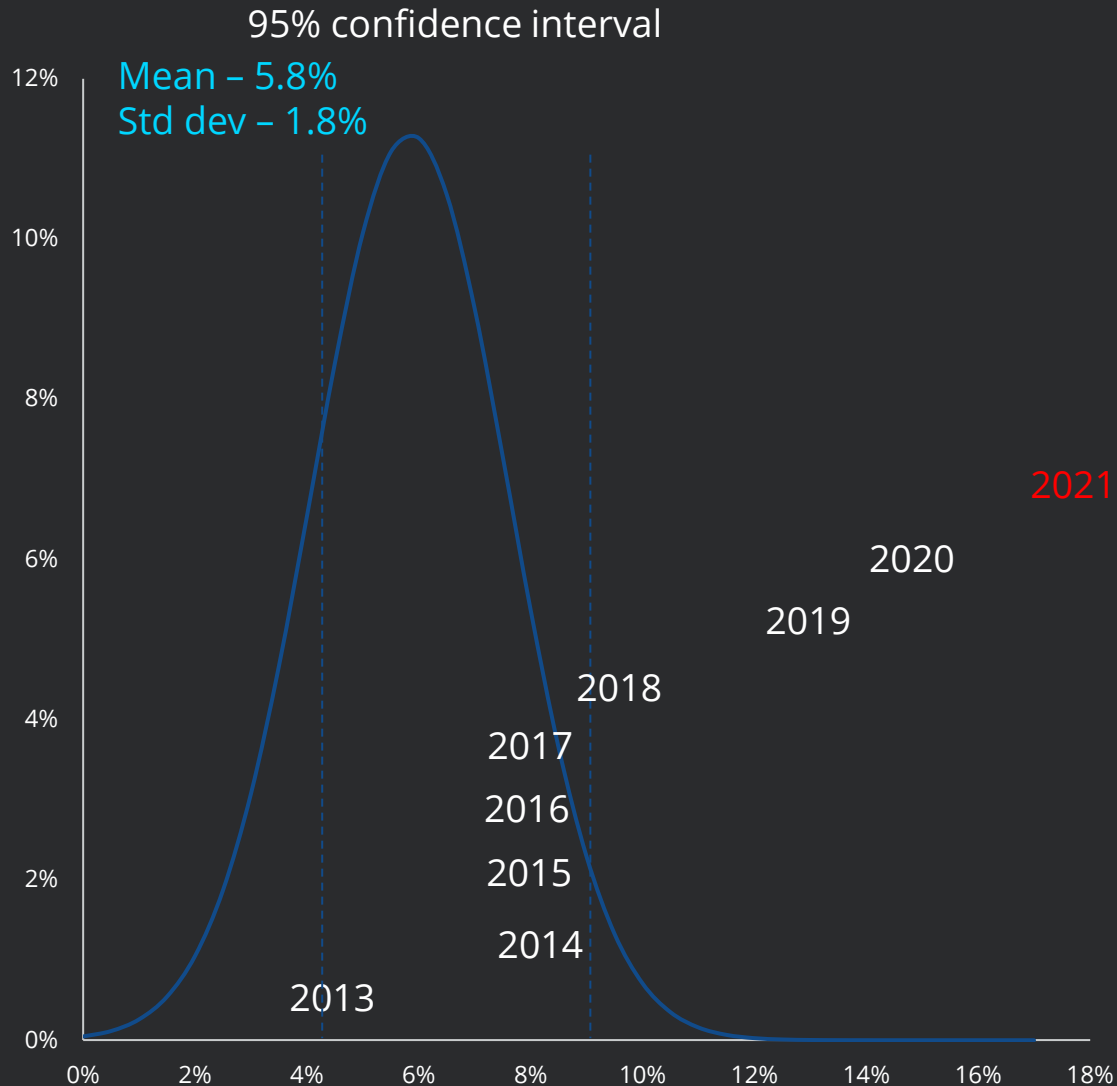
-44

-20

WEATHER LOSS RATIO IS WITHIN EXPECTATIONS



POWER SURGE CLAIM FREQUENCY IS HIGHER THAN EXPECTED

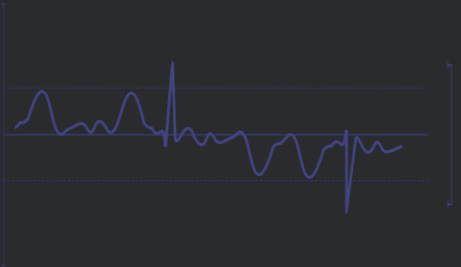


SAFETY

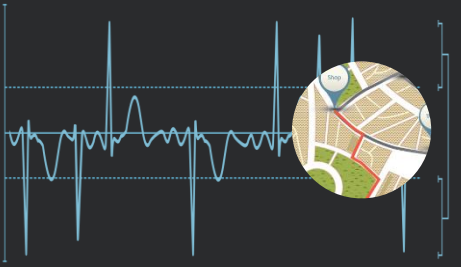


Driver DNA

Your driving behaviour

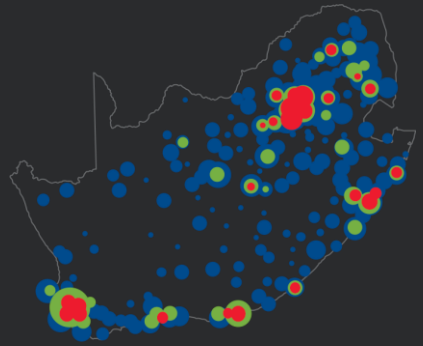


Unusual driving behaviour




Theft and safety

Crowd Search




Discovery has over **500 000 clients** all over South Africa with the Discovery app

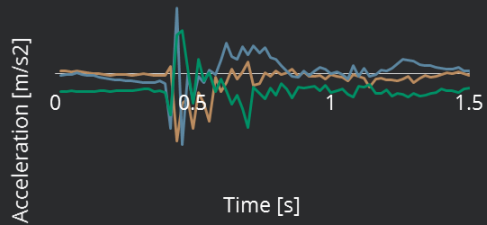


Stolen vehicle recovery

Impact Alert



3.7g
1.6g

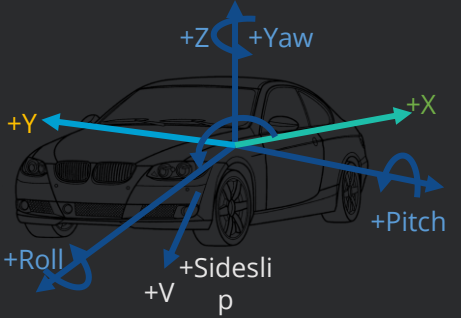


Acceleration [m/s²]
Time [s]


— Longitudinal — Lateral — Vertical

Medical emergencies and accident reconstruction

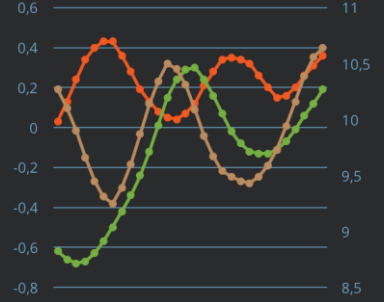
Pothole detection



+Z +Yaw
+Y +X
+Roll +Pitch
+Sideslip
+V p



Potholes



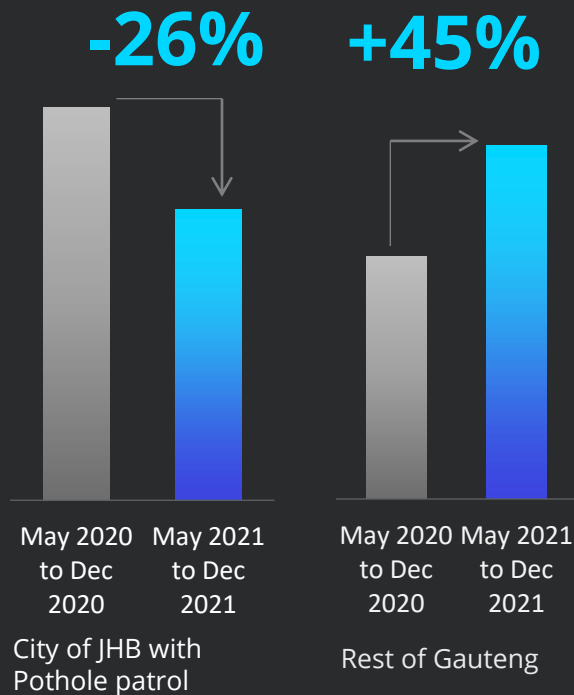
Making roads safer

PARTNERING WITH COMMUNITIES TO ENHANCE AND PROTECT THEIR LIVES



Less pothole incidents with pothole patrol

Pothole incidents from May to Dec 2020 and May to Dec 2021



Safer roads through pothole patrol

Monthly impact of pothole claims to South Africa

R482 million

POTHOLE PATROL

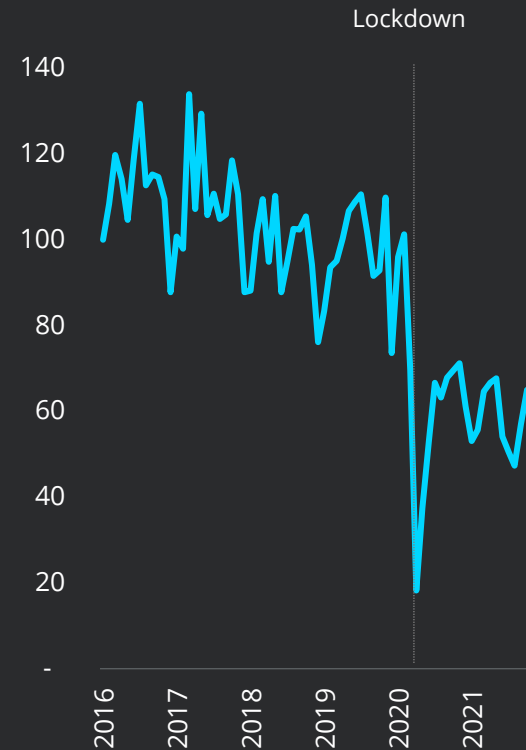


> 79 000 potholes fixed

> R 18m¹ Saved monthly for drivers in the City of Johannesburg through pothole patrol

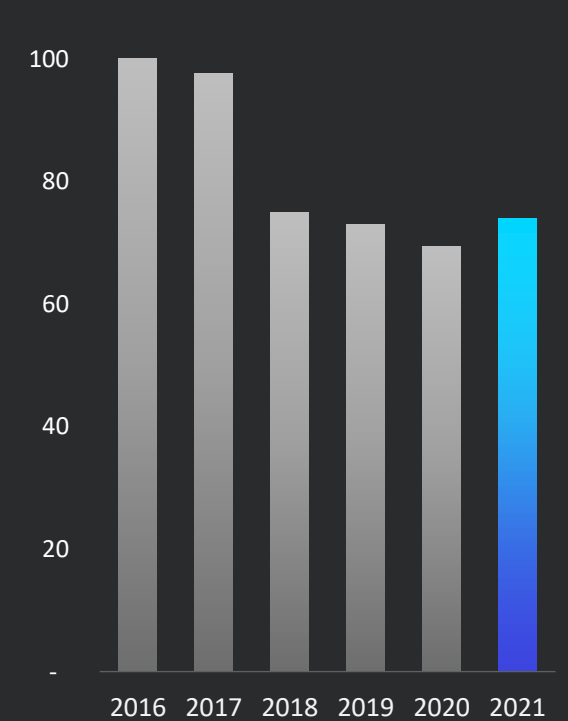
12% decrease in motor theft frequency²

Relative Motor theft frequency (2016 – 2021) v 2016



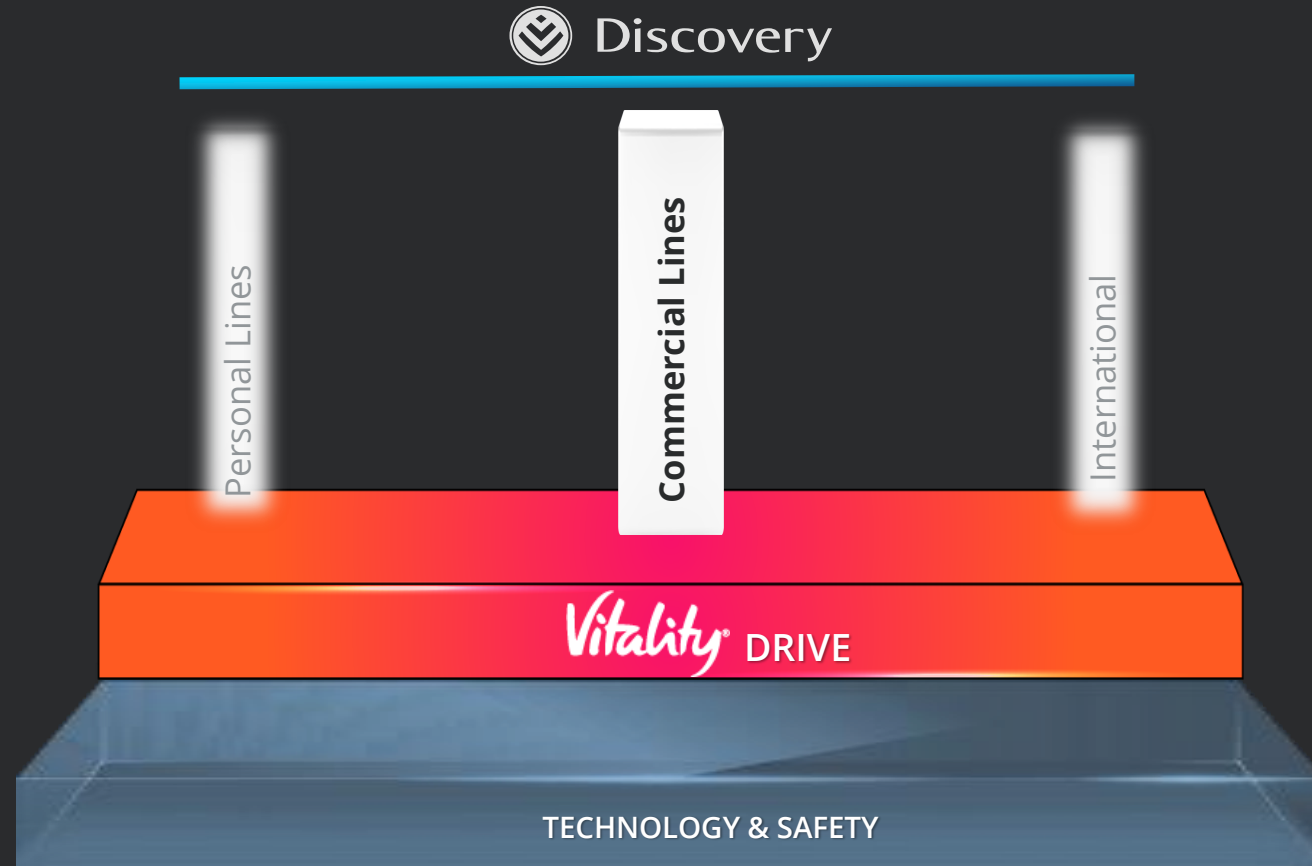
Stable trends in hijacking in recent years

Hijacking trends 2016 - 2021



¹ Estimated based on Discovery Insure data and number of vehicles in South Africa
² 5 year annualized decrease

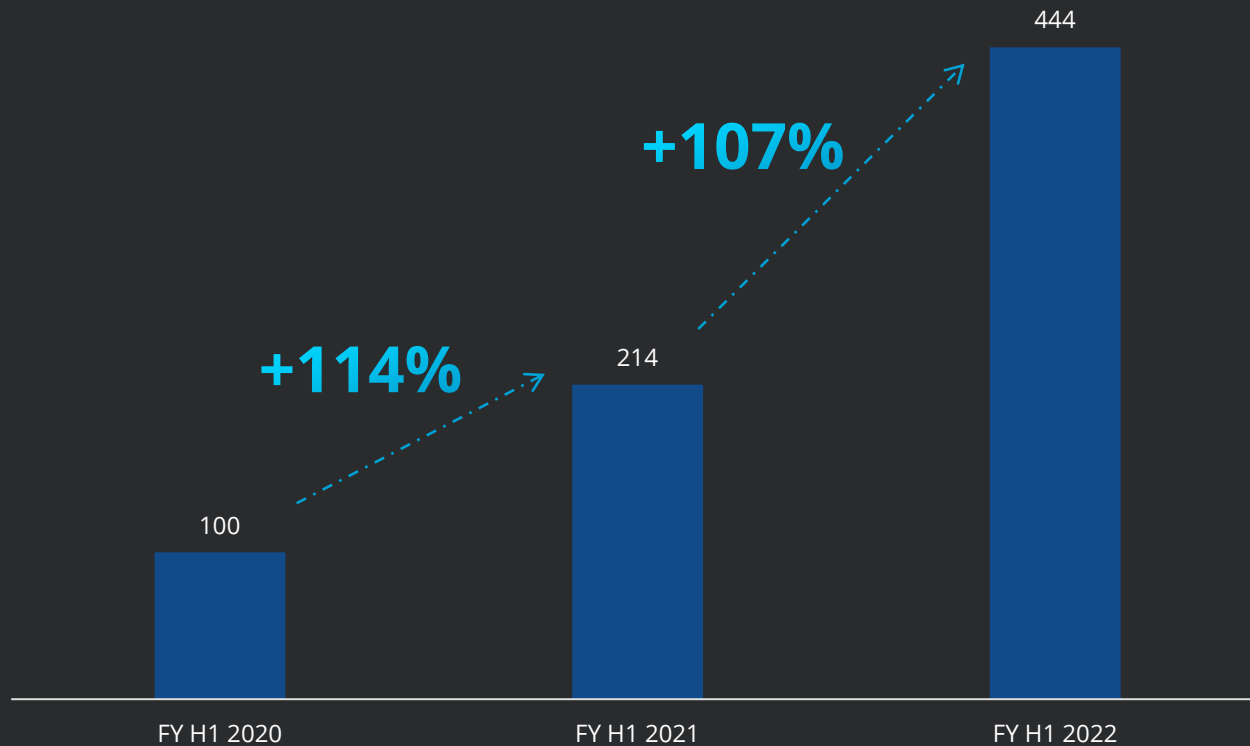
CREATING A NATION OF GOOD DRIVERS



DISCOVERY BUSINESS INSURANCE HAS GROWN AND PROVIDED VALUE TO CLIENTS



Relative Growth in GWP



55%

growth in sums insured vs. prior



69%

growth in number of policies vs. prior



29%

growth in broker support vs. prior



20%

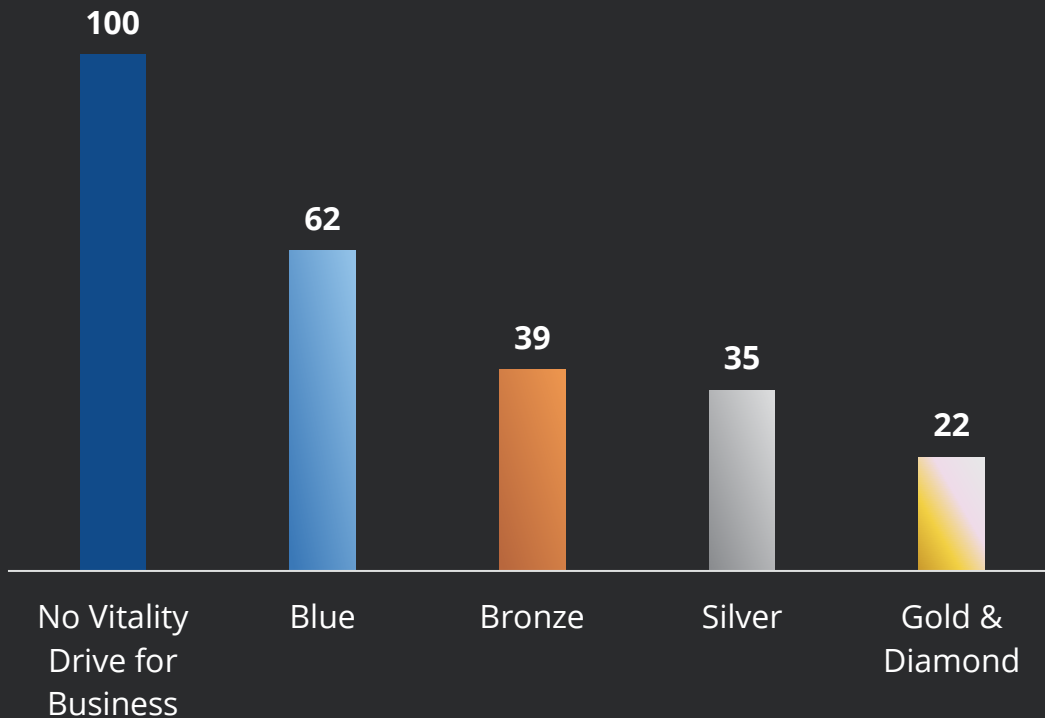
growth in conversion rate vs. prior

THE MODEL IS WORKING IN THE COMMERCIAL INSURANCE SPACE

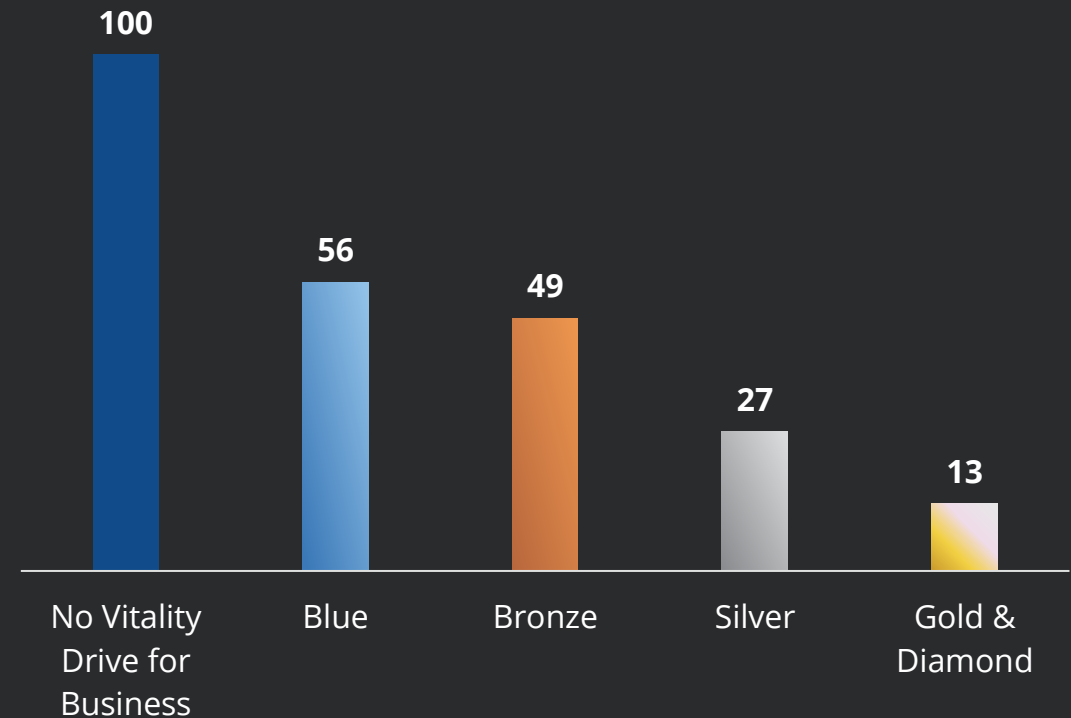


Encouraging results and improvements in risk on Vitality Drive for Business

Claim severity by Vitality Drive for Business status



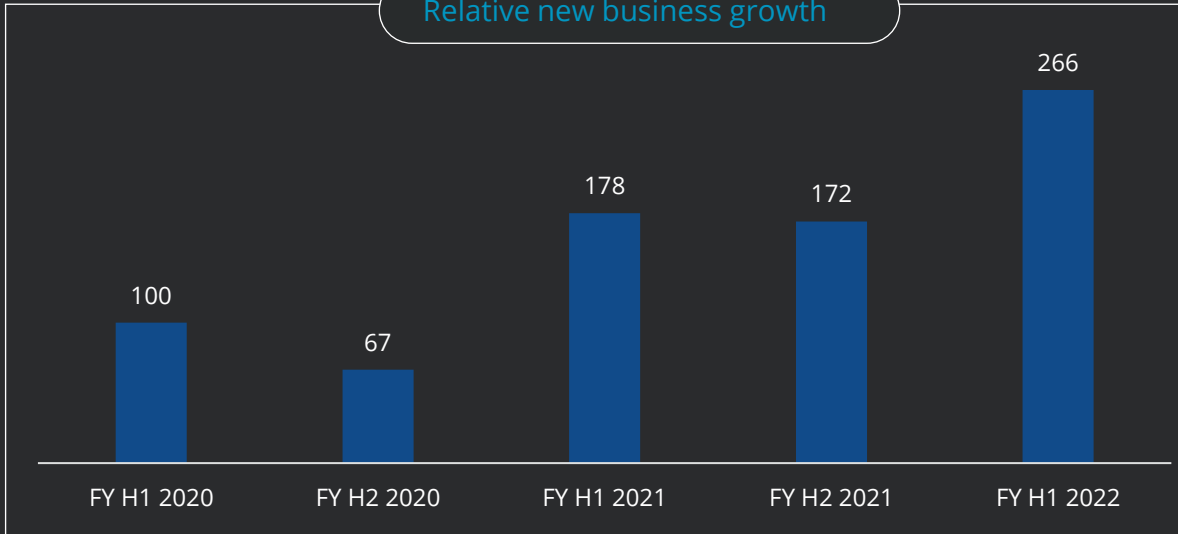
Loss ratio by Vitality Drive for Business status



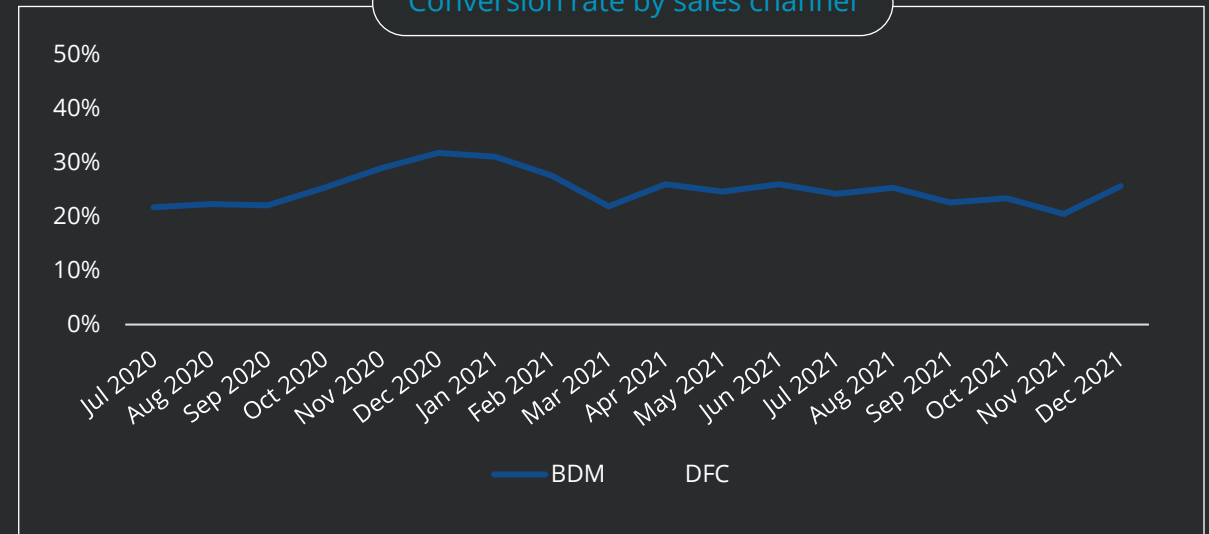
STRONG DBI NEW BUSINESS GROWTH WITH AVERAGE RUN-RATE >R20M



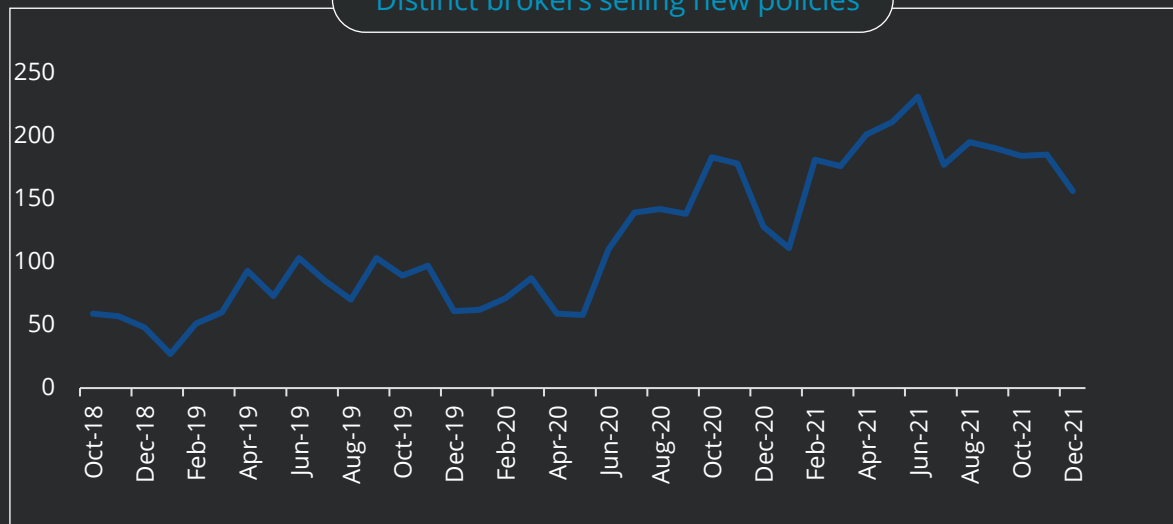
Relative new business growth



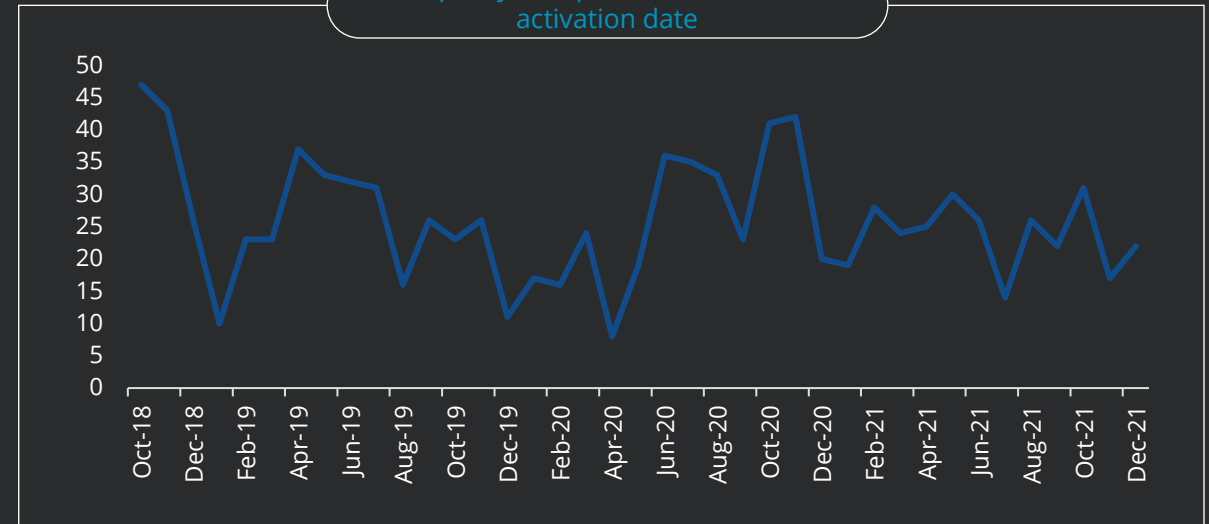
Conversion rate by sales channel



Distinct brokers selling new policies



First policy sold per broker, based on activation date





MARCH 2021 LAUNCH ITEMS

A CONTINUOUS FOCUS ON INNOVATION



Since inception in June 2011,

Discovery Insure
has introduced over



**unique insurance
innovations**
in the South African
Short-Term
Insurance Industry

RESULTING IN AN EXTENSIVE PROUCT PLATFORM COVERING PERSONAL AND COMMERCIAL LINES



CAR AND HOME INSURANCE

YOUNG ADULT BENEFIT
For clients under 26 years of age

ESSENTIAL PLAN
Comprehensive cover for price sensitive clients

CLASSIC PLAN
Extra features and benefits for middle to affluent market

PURPLE PLAN
For high-net-worth clients. Added value and personalised service

VITALITY DRIVE 65+
Unique premium paybacks for over 65 year olds

BUSINESS INSURANCE
Comprehensive market-leading multi-peril cover for the risks of today

- Property class
- Liability class
- Accident class
- Motor class

HEAVY COMMERCIAL VEHICLES' PRODUCT
Offering unique technology features

RESTAURANT OWNERS' PRODUCT
With benefits that help restaurants succeed

HEALTHCARE PROFESSIONALS' PRODUCT
Enables clients to be available to their patients when they need them

LAWYERS AND ACCOUNTANTS' PRODUCT
Provides cover and benefits that help clients work efficiently

NEW

OPTIONAL BENEFITS

WRITE-OFF ACCELERATOR

RETAIL VALUE BOOSTER

CAR HIRE EXTENDER AND UPGRADE

VEHICLE WARRANTY

OPTIONAL BENEFITS

EXTENDED BUSINESS INTERRUPTION COVER

CRISIS AND REPUTATION MANAGEMENT AND SOCIAL MEDIA LIABILITY

COMPREHENSIVE CYBER SOLUTION

PREMIUM LEGAL SUPPORT

VITALITY DRIVE

UP TO 50% FUEL CASH BACK EVERY MONTH

A SCIENTIFIC WAY TO MEASURE AND SCORE DRIVING BEHAVIOUR, BASED ON LOSS AVERSION

ENHANCED WEEKLY ACTIVE REWARDS

ENHANCED DISCOVERY AND DISCOVERY INSURE APP

DYNAMIC DISTANCE CASH BACK

ENHANCED CAR SEAT DISCOUNTS TO ENCOURAGE SAFETY OF CHILDREN ON THE ROADS

REAL-WORLD DRIVING EXPERIENCE WITH THE DISCOVERY INSURE DRIVING ACADEMY

IMPROVED CLIENT EXPERIENCE AND ENGAGEMENT

VITALITY DRIVE FOR BUSINESS

BUSINESS REWARDS: UP TO 30% OF VEHICLE PREMIUMS BACK

TIGER WHEEL & TYRE DISCOUNTS

DRIVER REWARDS: WEEKLY ACTIVE REWARDS FOR DRIVING WELL

DYNAMIC DISTANCE CASH BACK

REWARDS FOR BUSINESS

UP TO 50% CASH BACK ON MONTHLY DATA SPEND WITH MTN

UNIQUE TECHNOLOGY AND SERVICE FEATURES

GLOBALLY RECOGNISED TECHNOLOGY TO MEASURE DRIVING BEHAVIOUR AND PROVIDE SAFETY FEATURES

XPRESS REPAIRS

AUTO CLAIMS

LEGAL SUPPORT

AI QUOTE

LATEST TELEMATICS TECHNOLOGY PROVIDES ADDITIONAL LAYER OF SAFETY WITH MOTION ALERT

UNIQUE TECHNOLOGY AND SERVICE FEATURES

RISK ASSESSMENT TOOLS

FLEET PORTAL

BUSINESS HEALTH CHECK

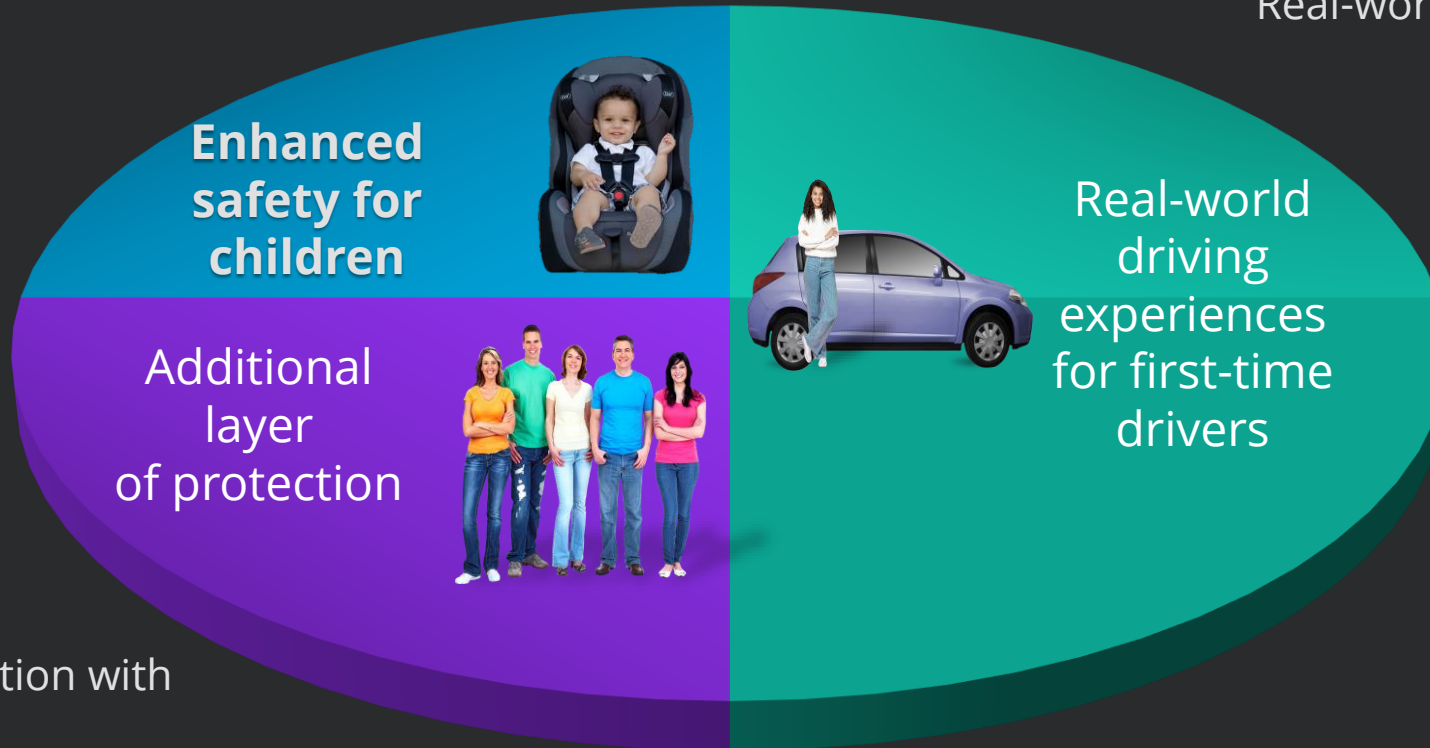
24/7 CLAIMS SERVICES

BENEFITS AND PROTECTION FOR THE WHOLE FAMILY



Comprehensive embedded cover tailored to promote safety

Enhanced **car seat discounts** and **free replacement** after an accident



Additional layer of protection with **Motion Alert**

RESPONSIVE BENEFITS FOR DIFFERENT INDUSTRIES



Comprehensive embedded cover tailored to specific and newly emerging risks in each industry

Save up to **40% of vehicle premiums**
Up to **50% discount** on tyre solutions
Market-leading vehicle technology and **safety features**

R100 000 **business interruption cover**
R25 000 customer loyalty benefit after a **traumatic crime event**



Heavy commercial vehicles

Restaurants

Accountants and lawyers

Healthcare

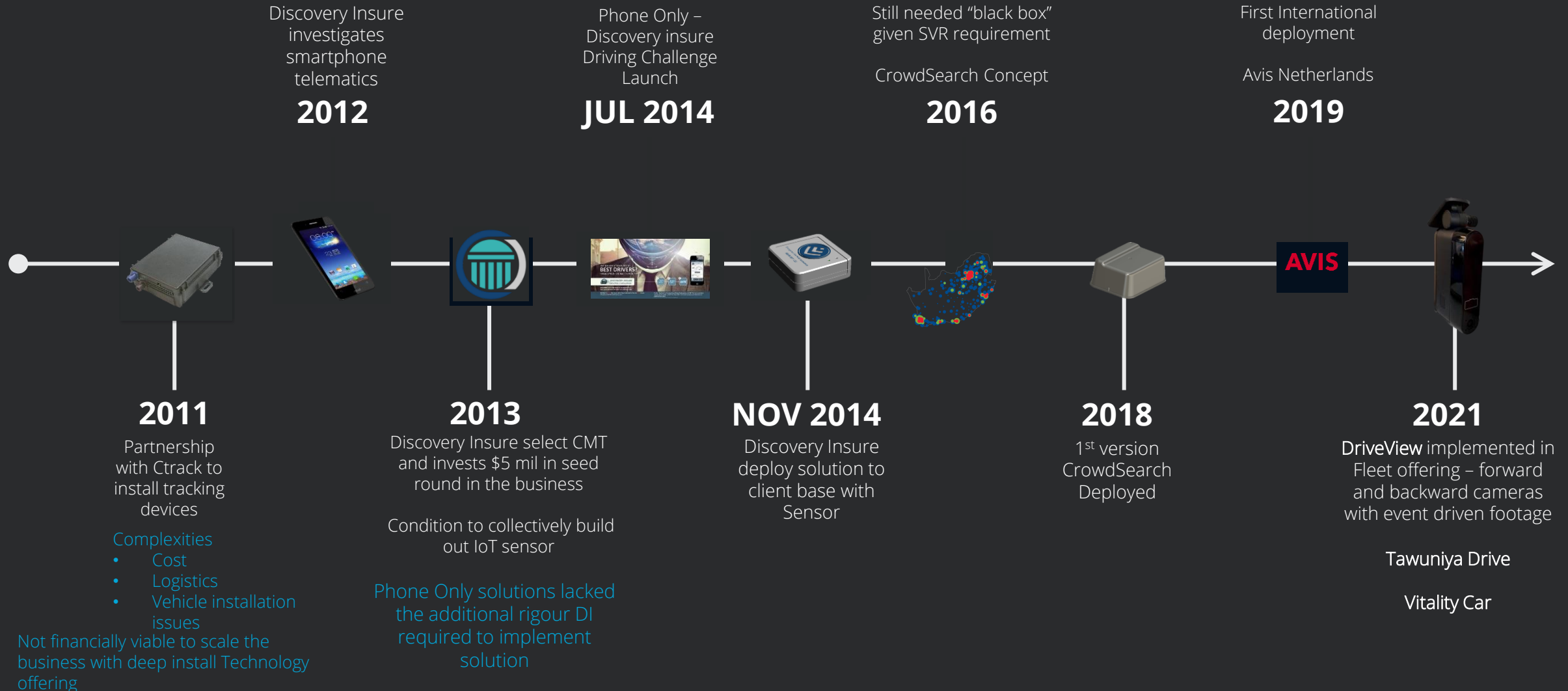
R100 000 **cyber insurance cover**
Cell phone and iPad repair and replacement
Up to **20% discount** on laptop purchases

Worldwide cover for **medical equipment**
25% of DHMS earnings for 3 months
Cellphone and iPad repair and replacement
Up to **50% off post-shift Uber trips**



CMT

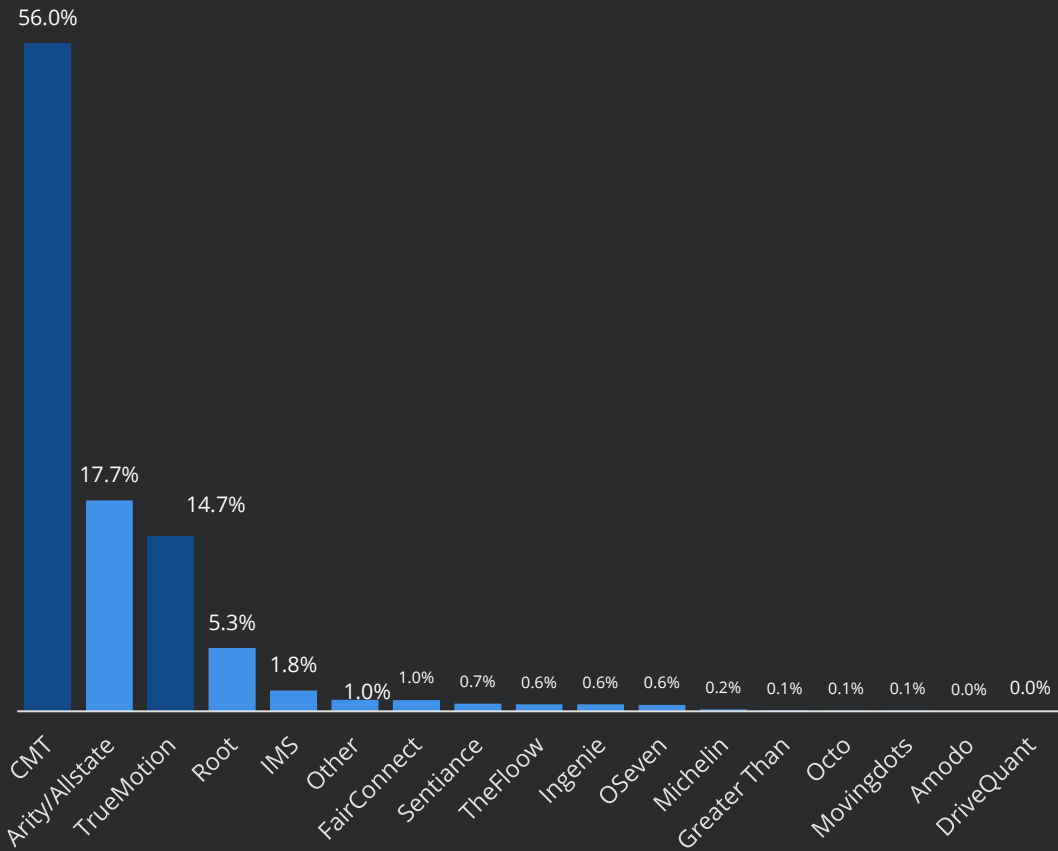
A PIONEER IN DEVELOPING TELEMATICS SOLUTIONS



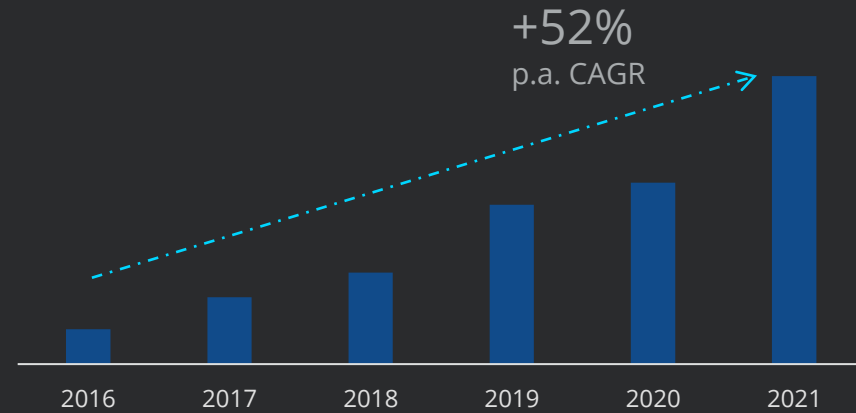
CAMBRIDGE MOBILE TELEMATICS



Market Share (App Downloads)



Revenue Growth



Product offering

