Agenda FY2019

- Overview of Discovery Life results FY2019
- Technical discussion points
- Product and Distribution strategy

Key characteristics and attributes of Discovery Life’s product, distribution and data strategy

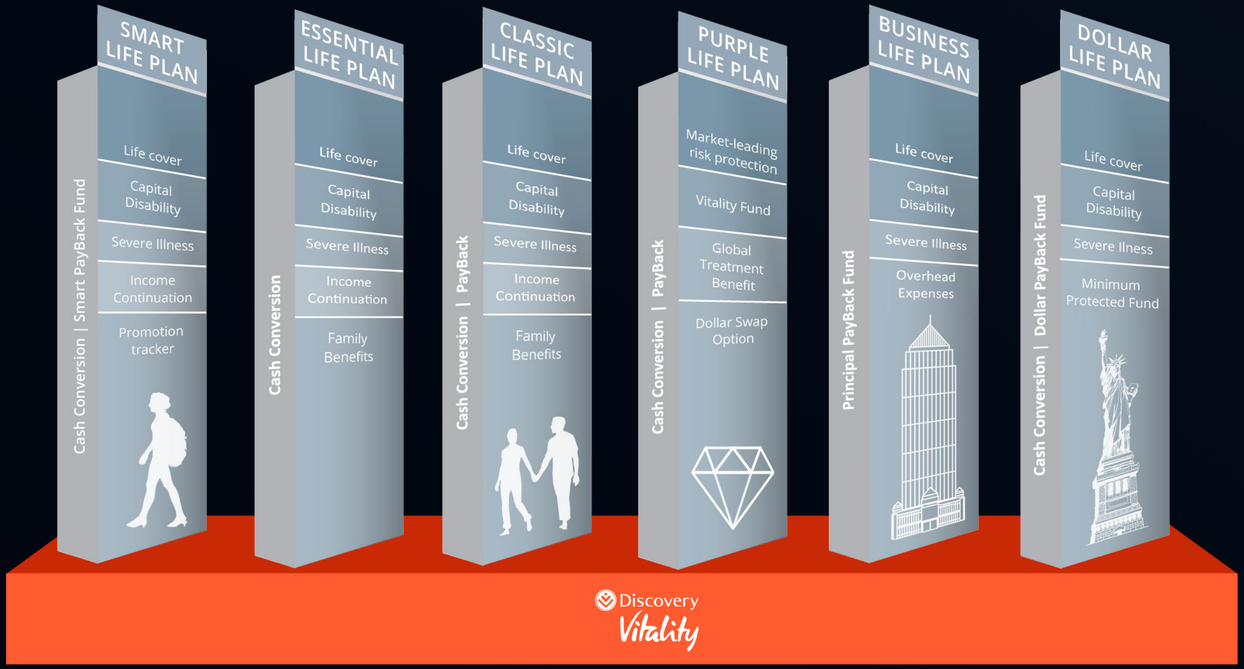
Product

Data

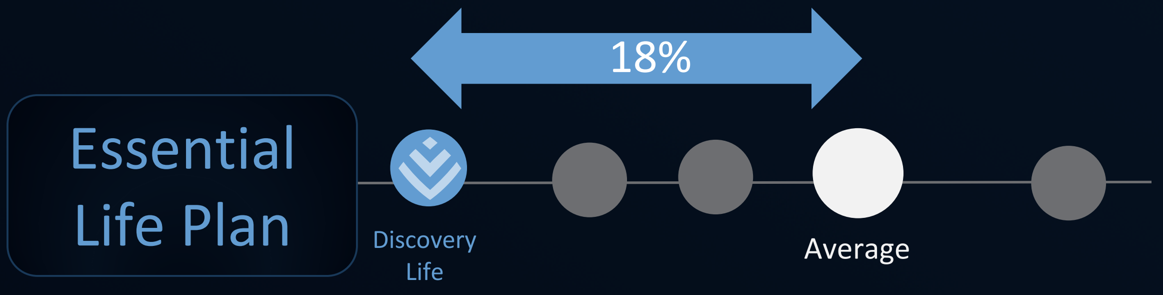
Distribution

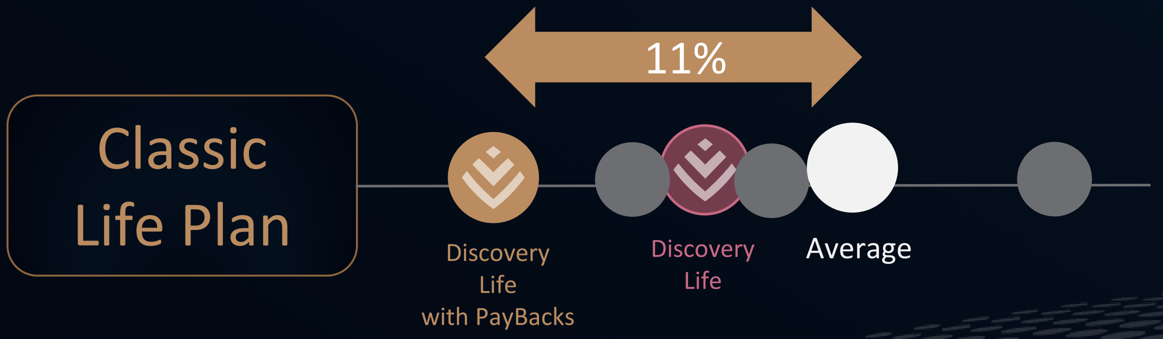
Market competitiveness and product differentiation

Providing a tailored product solution across all life stages


SMART LIFE PLAN
Life cover
Capital Disability
Severe Illness
Income Continuation
Promotion tracker
Cash Conversion | Smart PayBack Fund
ESSENTIAL LIFE PLAN
Life cover
Capital Disability
Severe Illness
Income Continuation
Family Benefits
Cash Conversion
CLASSIC LIFE PLAN
Life cover
Capital Disability
Severe Illness
Income Continuation
Family Benefits
Cash Conversion | PayBack
PURPLE LIFE PLAN
Market-leading risk protection
Vitality Fund
Global Treatment Benefit
Dollar Swap Option
Cash Conversion | PayBack
BUSINESS LIFE PLAN
Life cover
Capital Disability
Severe Illness
Overhead Expenses
Principal PayBack Fund
DOLLAR LIFE PLAN
Life cover
Capital Disability
Severe Illness
Minimum Protected Fund
Cash Conversion | Dollar PayBack Fund
Discovery Vitality

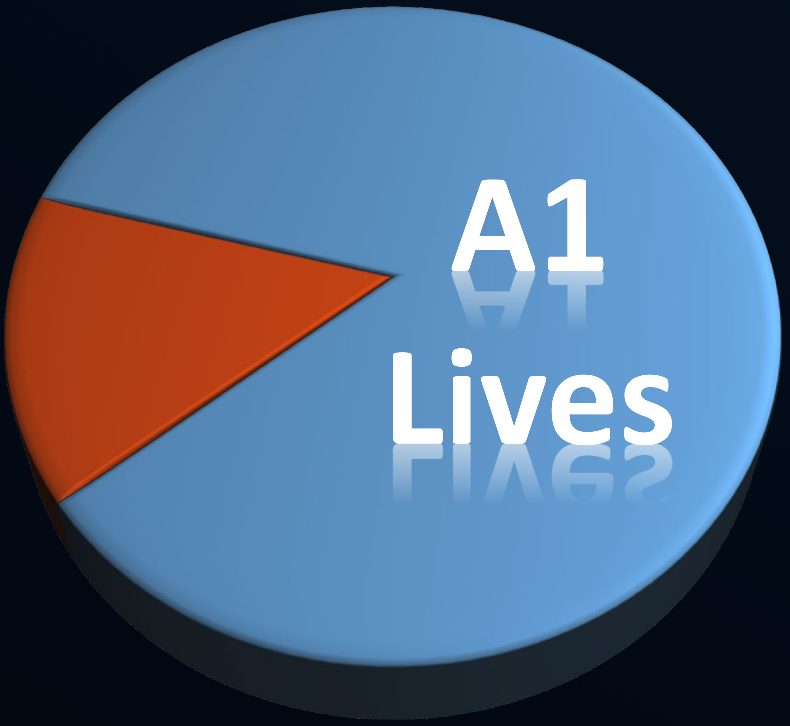
Better value proposition for superior risk benefits

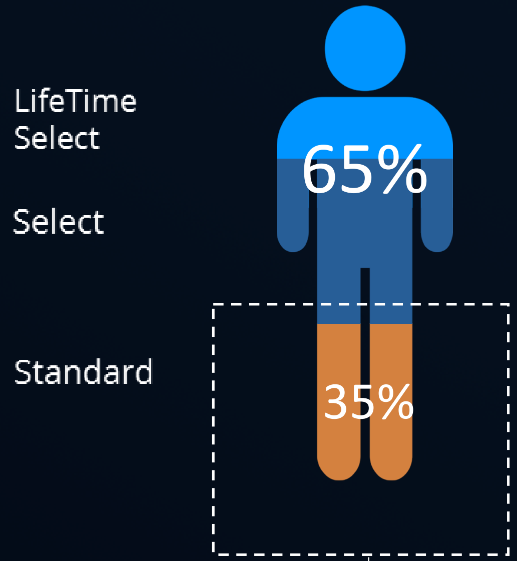




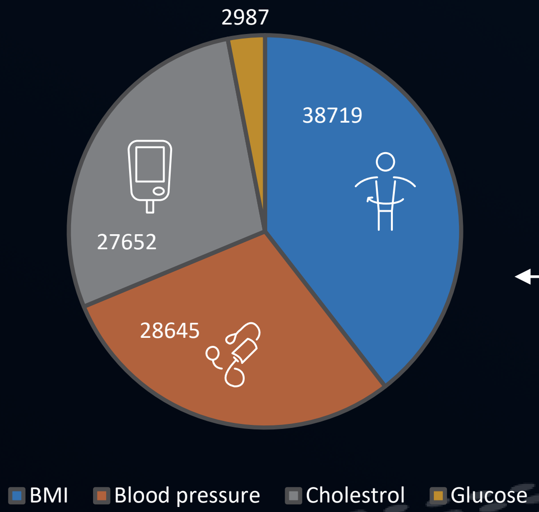
* Last premium analysis performed as part of Research and Development

Upfront selection and risk management



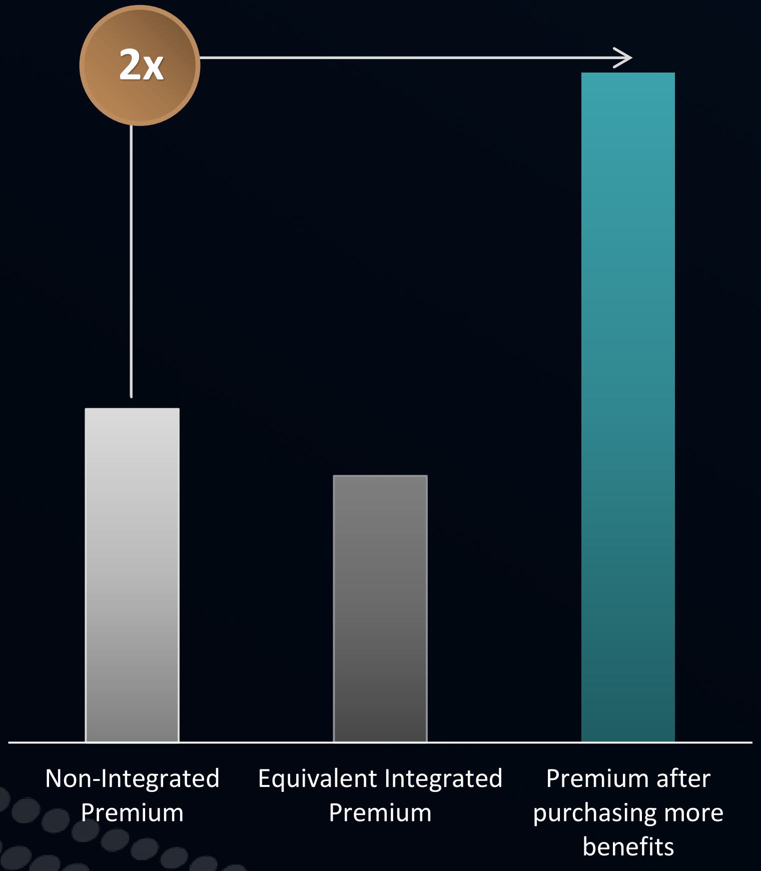


Significant ability to manage clients with out of range metrics

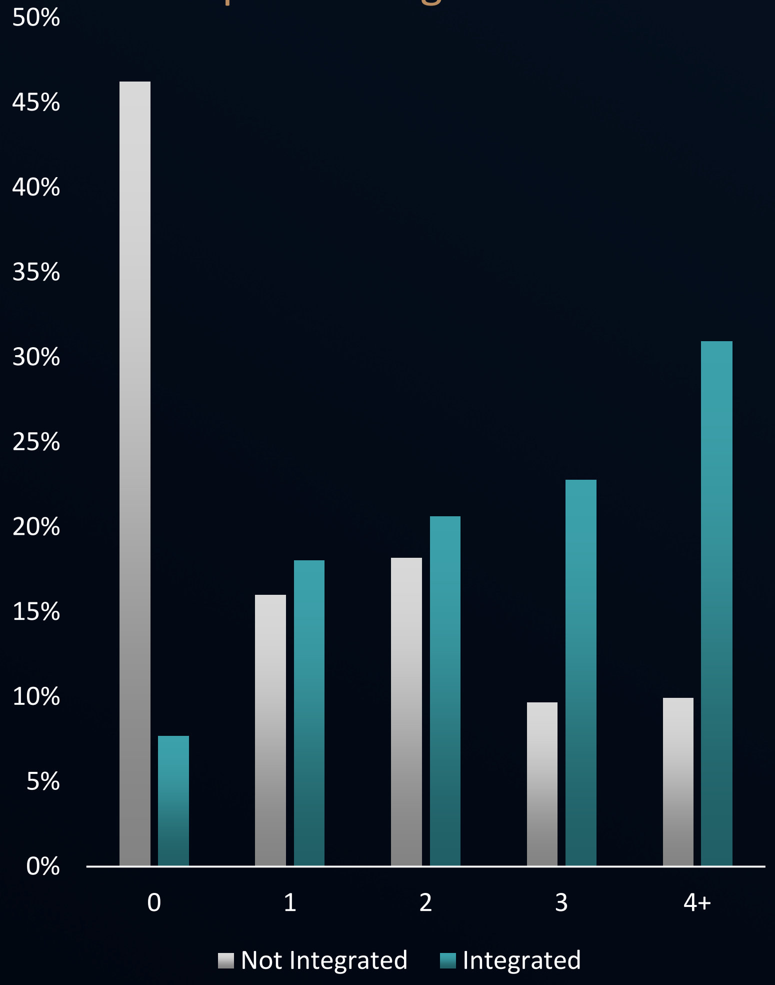


Correlations between premium, ancillary take-up and lapses

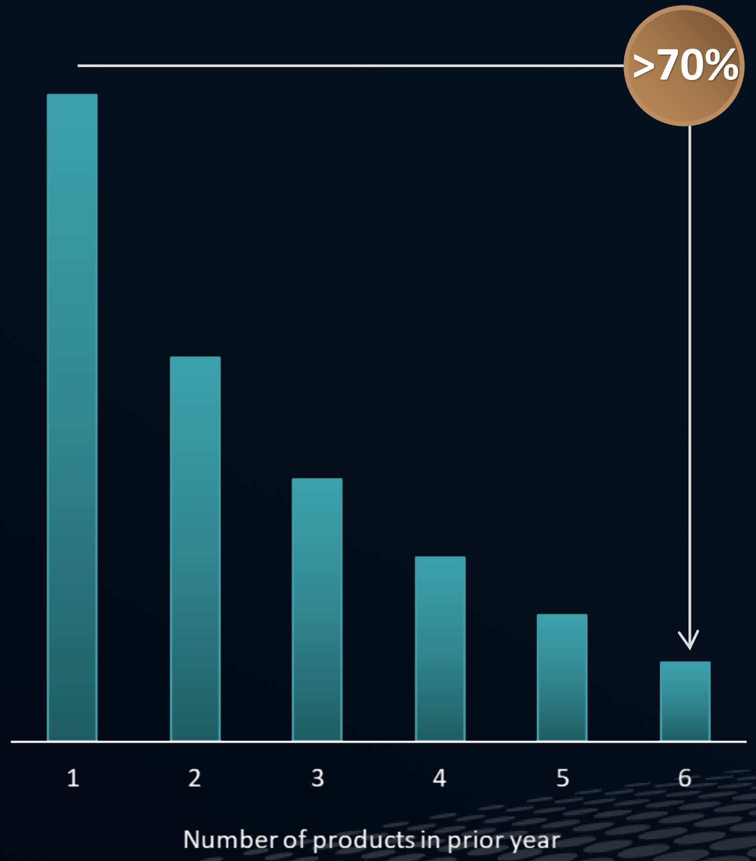
Average premium of Integrated and non-Integrated clients



Premium distribution based on ancillary take-up and Integration status

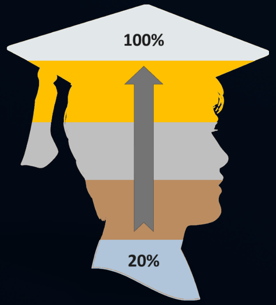


Lapse rate by product count



Innovation premium drives profitability

Global Education Protector



Efma
accenture
EFMA-ACCENTURE
INNOVATION
IN INSURANCE
AWARDS 2018

World's most innovative life insurance product in 2018

>25%

Higher profitability

LifeTime Severe Illness Benefit

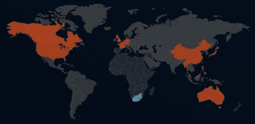
icon

Best oncology product in SA

>25%

Higher profitability

Dollar Life Plan



Only authentic offshore cover in SA market

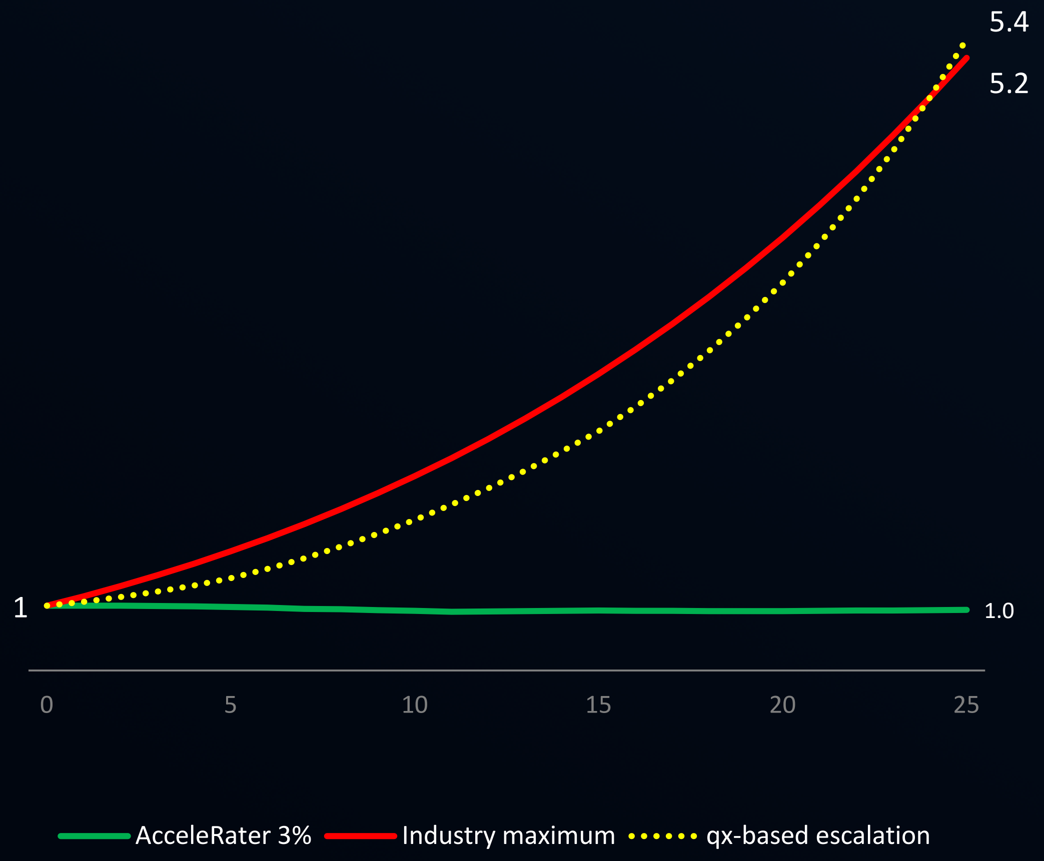
>25%

Higher profitability

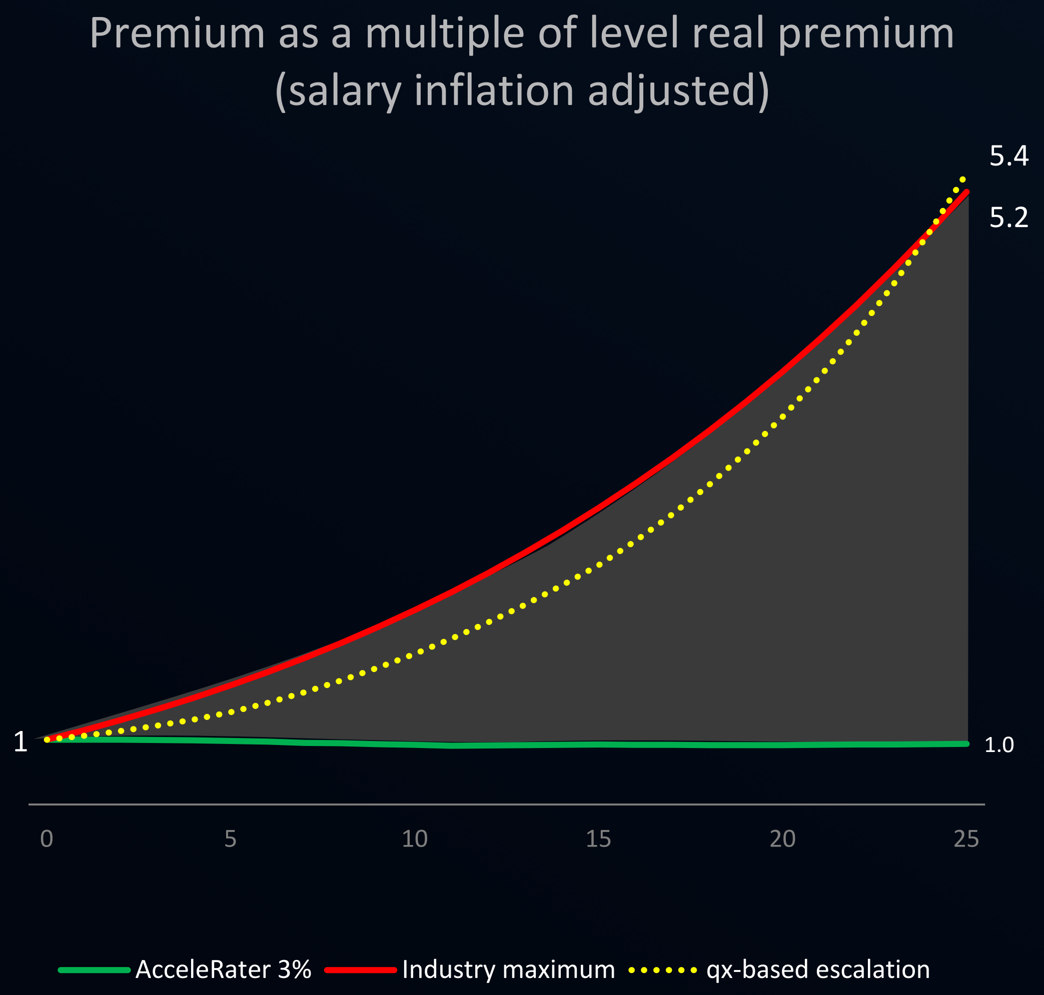
*Higher profitability than average new business margin

Combination of shared value model and unique financial benefits drives increased persistency in healthiest segments

Premium as a multiple of level real premium
(salary inflation adjusted)

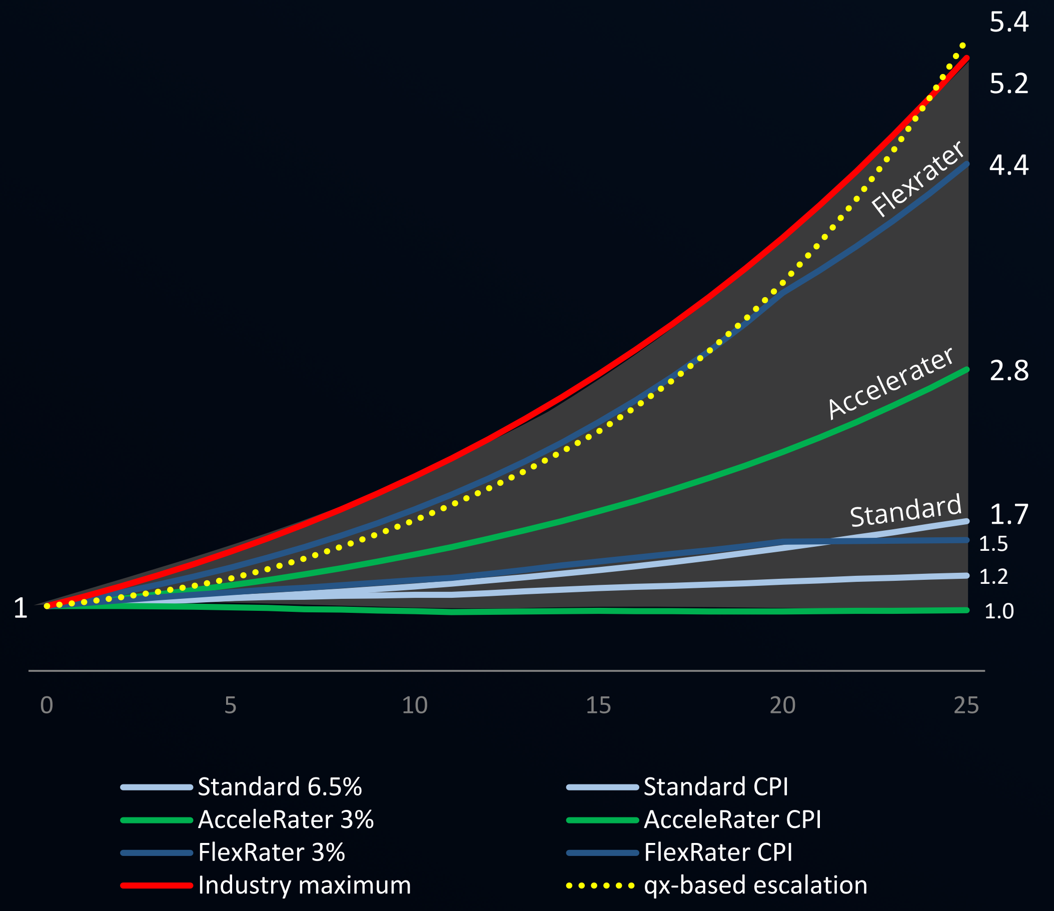


Combination of shared value model and unique financial benefits drives increased persistency in healthiest segments



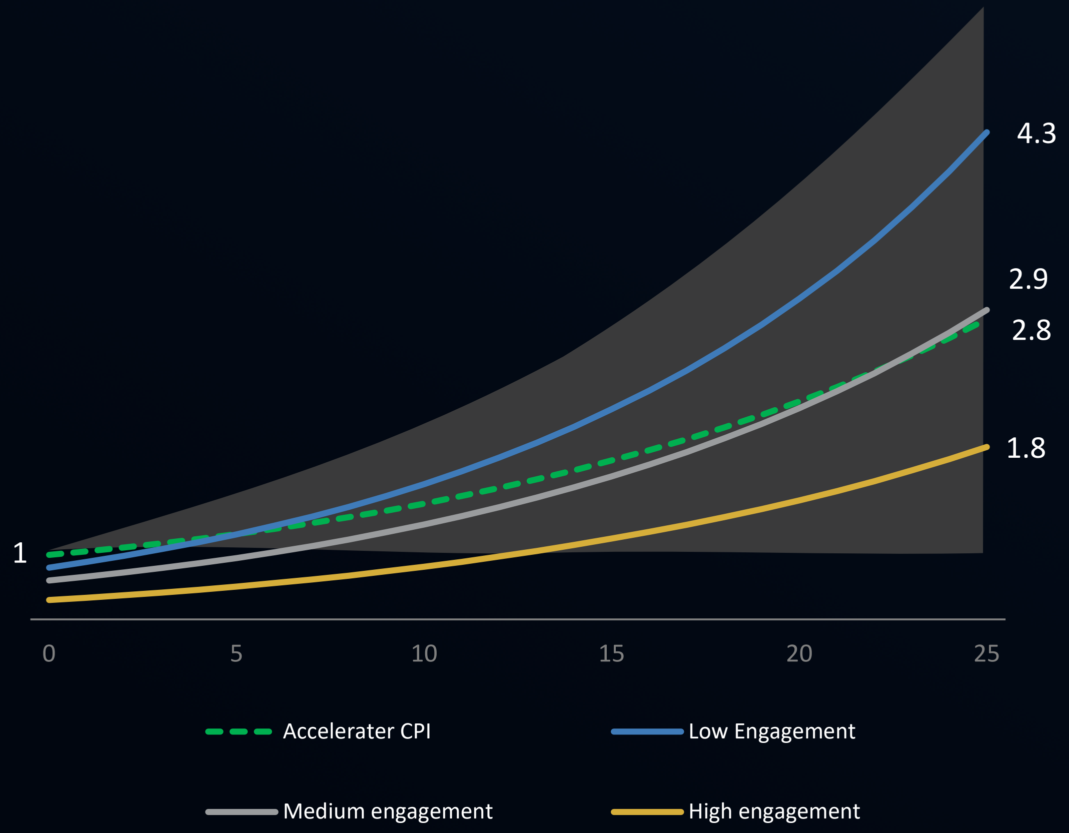
Combination of shared value model and unique financial benefits drives increased persistency in healthiest segments

Premium as a multiple of level real premium (salary inflation adjusted)



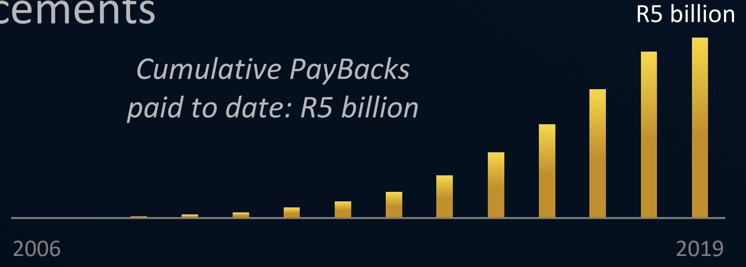
Combination of shared value model and unique financial benefits drives increased persistency in healthiest segments

Premium as a multiple of level real premium **including the effects of integration and with PayBacks** (salary inflation adjusted)



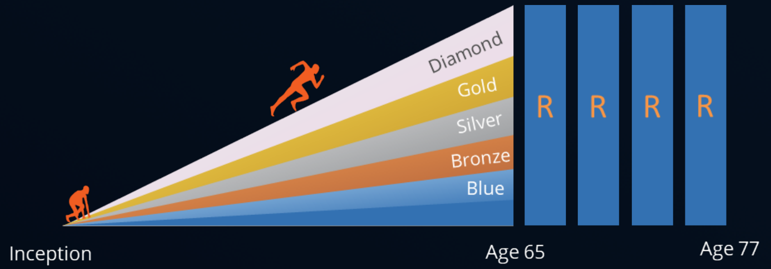
Ongoing sustainability driven by rewards and product enhancements

PayBacks

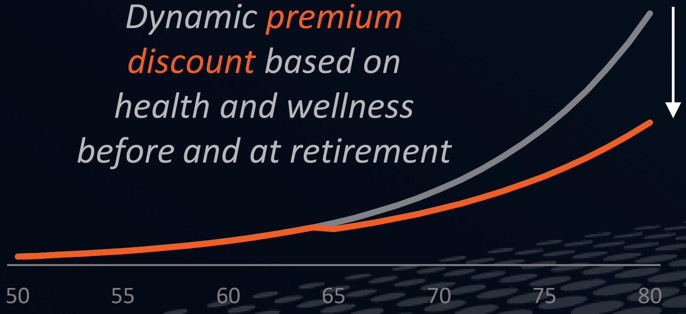


Cumulative PayBacks paid to date: R5 billion

Cash conversions



Flatter premium options in retirement



Dynamic premium discount based on health and wellness before and at retirement

* Assumptions: 3rd Health Claims band, Classic Comprehensive Health Plan, Salary inflation = CPI +2%, CPI = 5%, 40 year old

Key characteristics and attributes of Discovery Life’s product, distribution and data strategy

Product

Data

Distribution

Upfront competitiveness and differentiation

Positive selection and risk management

Profitable business mix

Sustainability and persistency

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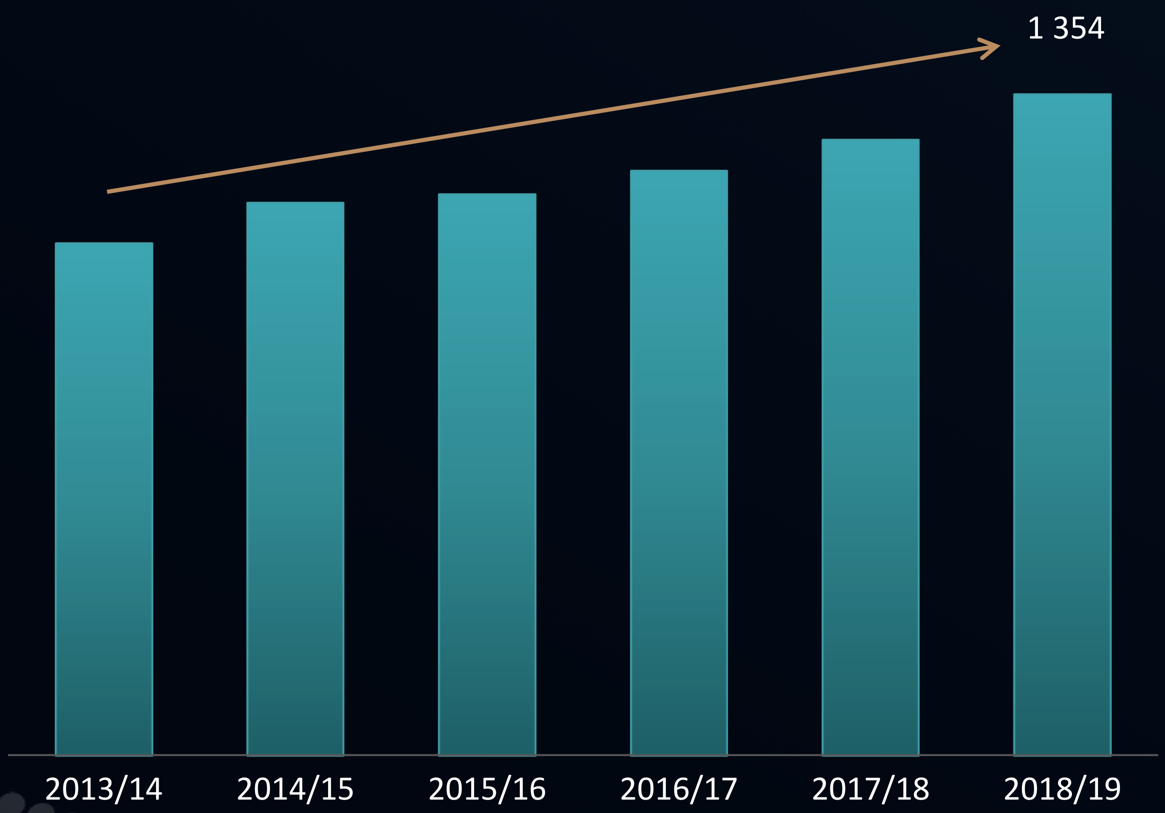
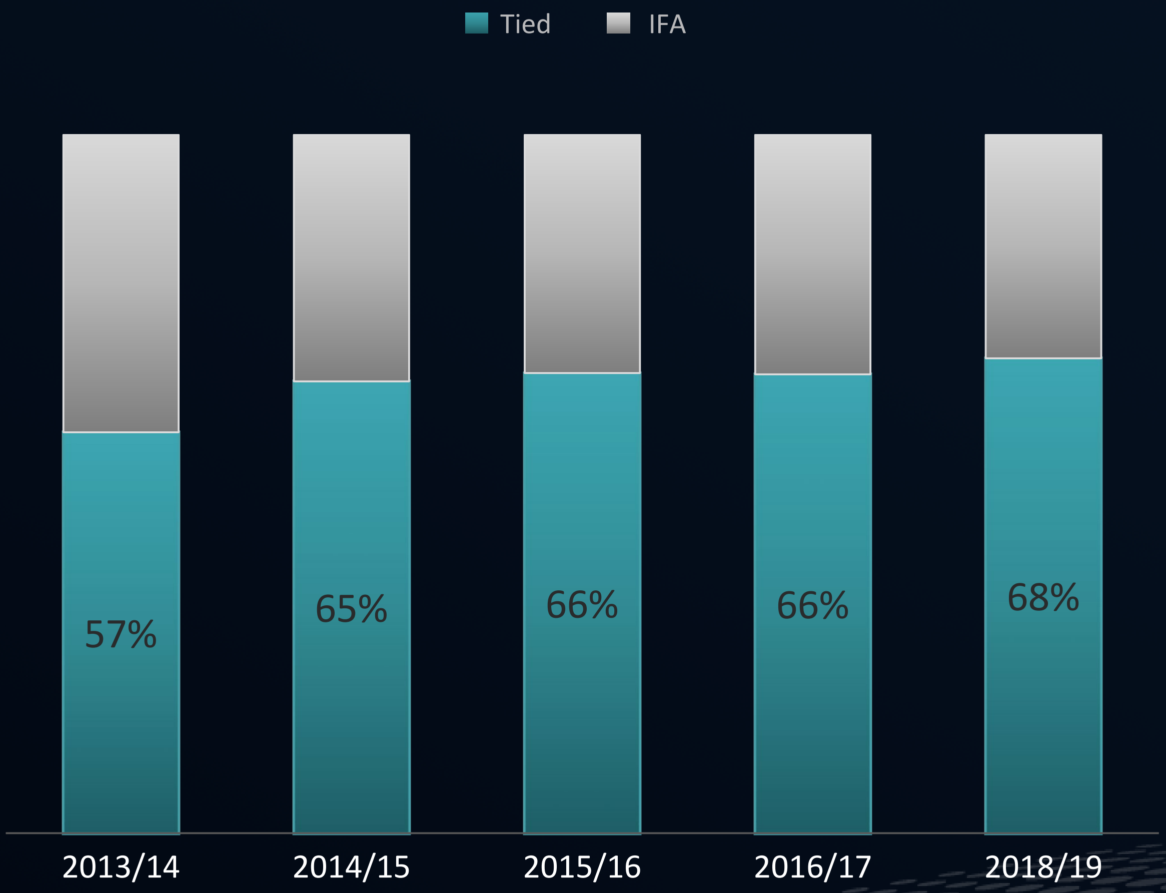
Steady new business growth

Life new business API *(Rm)*

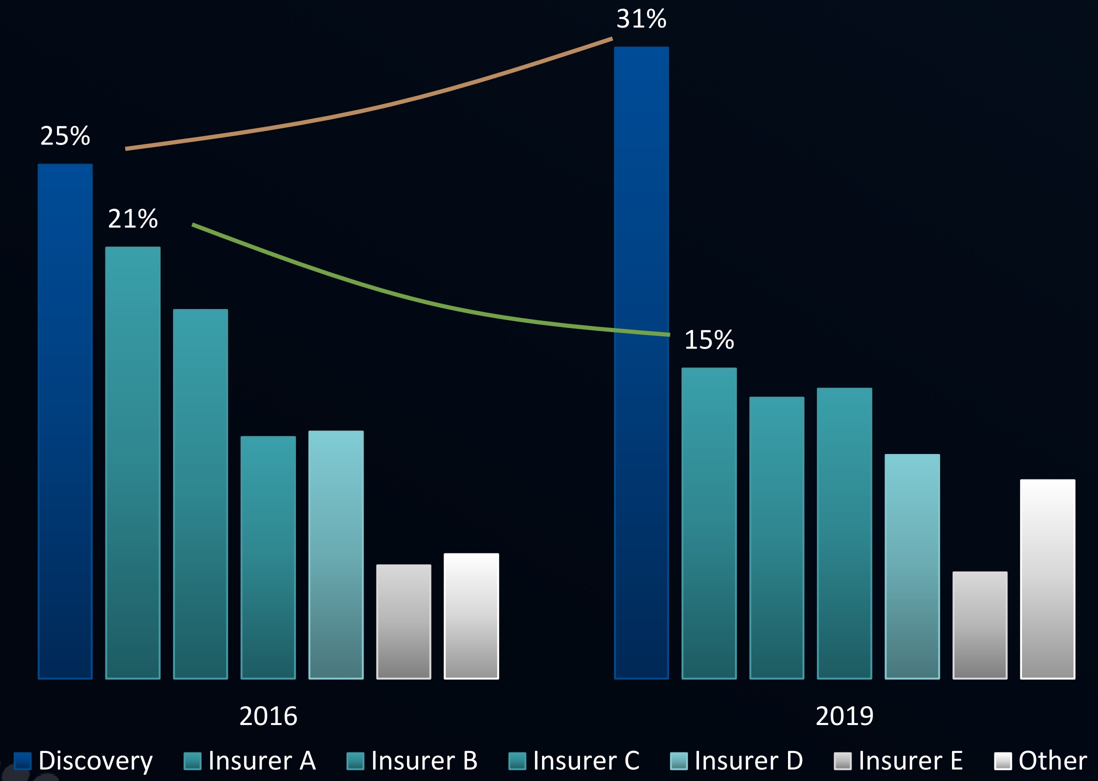


Shift in channel mix over time (%)

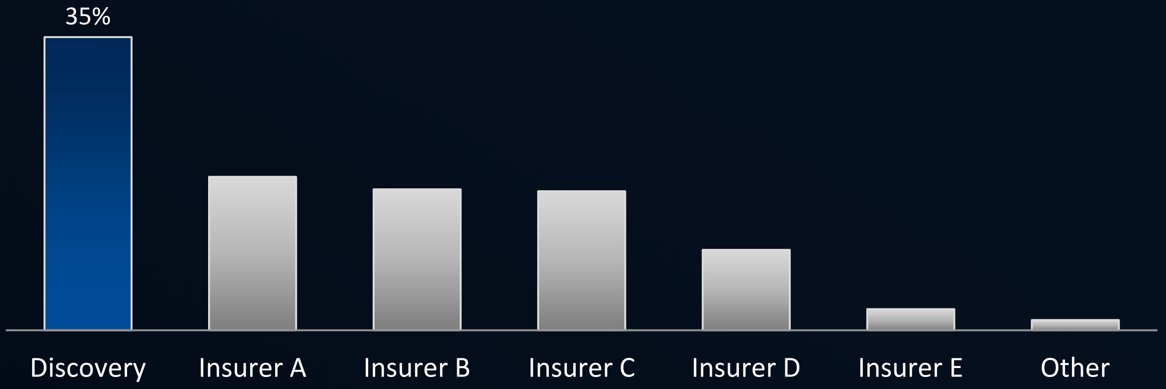


Growing and leading market share

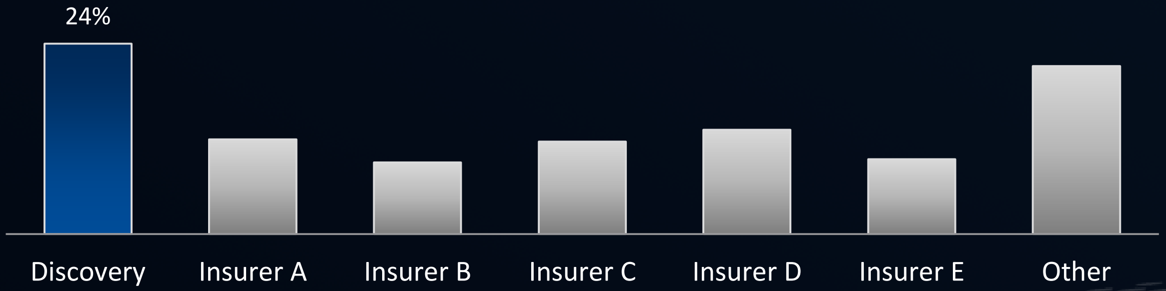
Largest new business risk writer



Tied channel

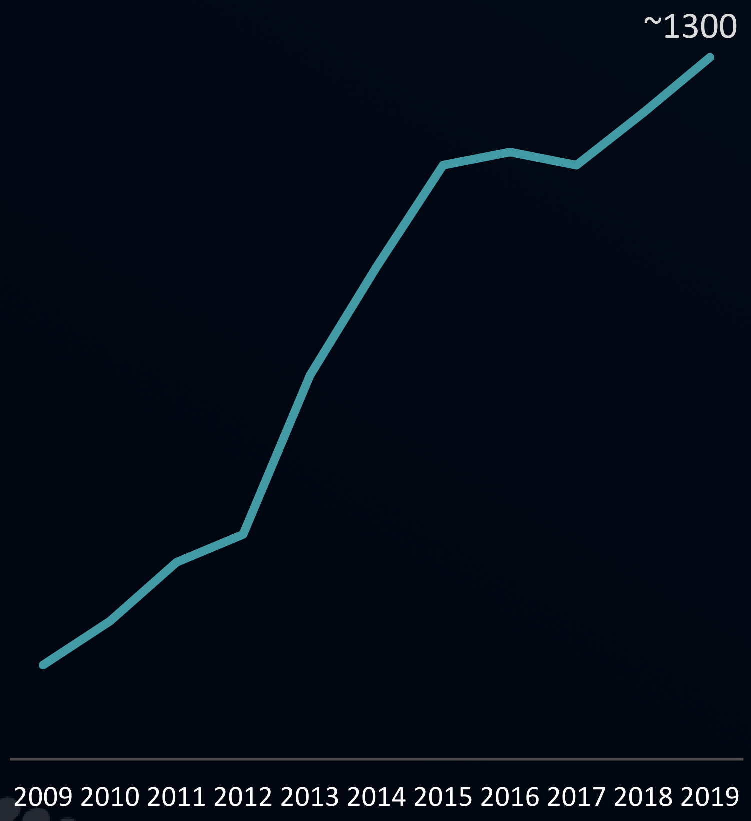


IFA channel



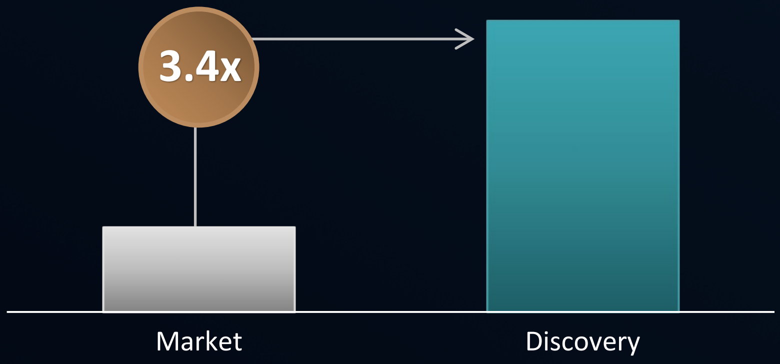
Growing and productive agency force writing high-value business

Growing agency force

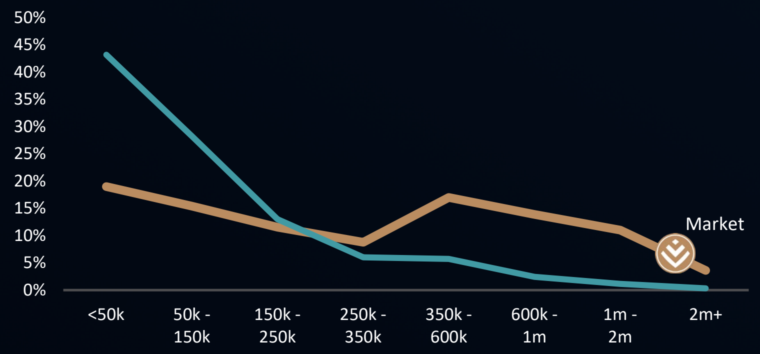


Highly productive vs. market

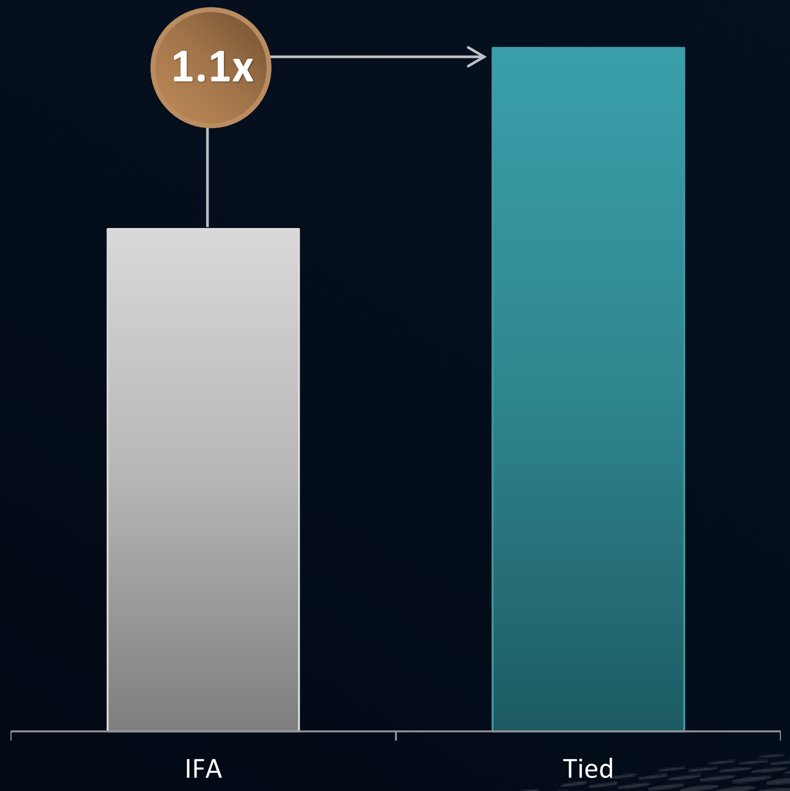
Agent productivity (average production)



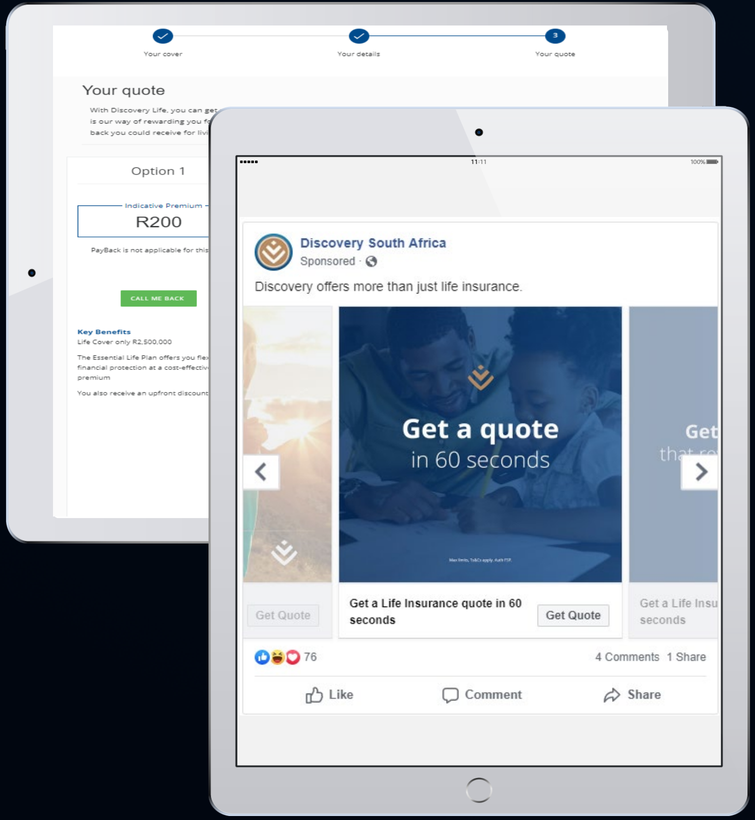
Distribution of agents by productivity



VNB margin: IFA vs. tied



Strong growth in direct channel | complementary to adviser channel


Your cover
Your details
Your quote
Your quote
Option 1
Indicative Premium
R200
CALL ME BACK
Key Benefits
Life Cover only R2,500,000

Discovery South Africa
Sponsored ·

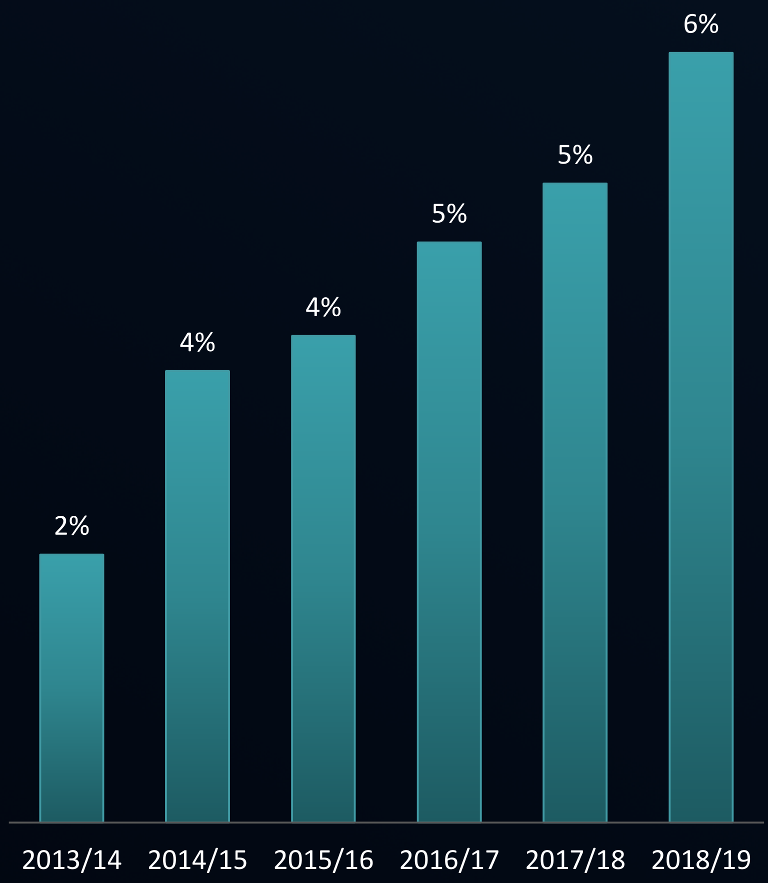
Discovery offers more than just life insurance.

Get a quote
in 60 seconds

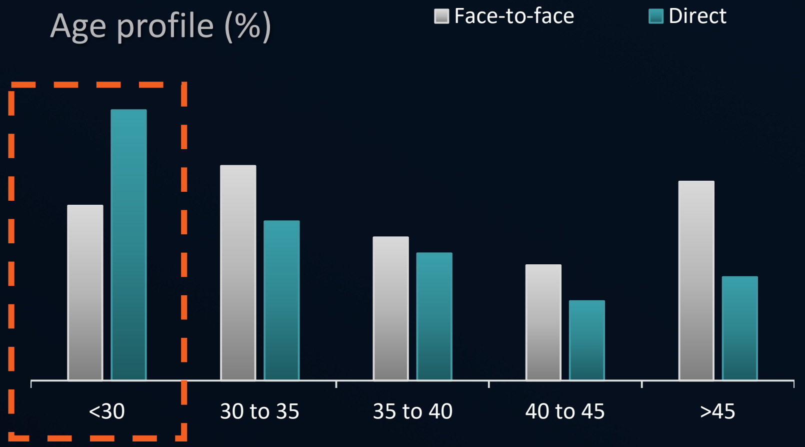
Get a Life Insurance quote in 60 seconds
Get Quote

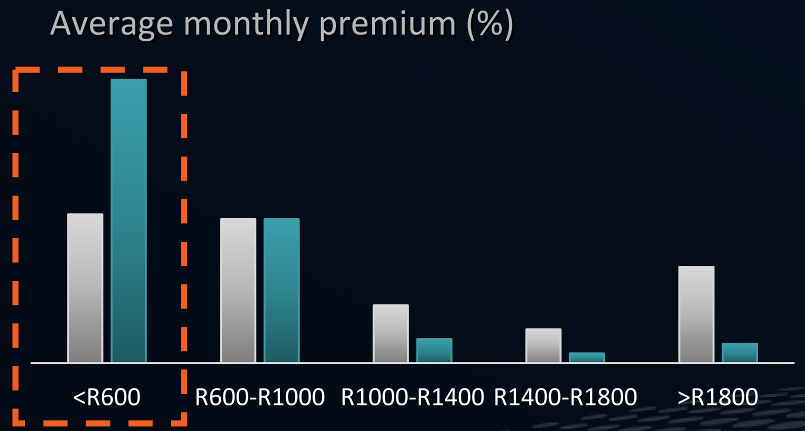
76
4 Comments 1 Share
Like
Comment
Share

Life new business API: Direct as a % of total



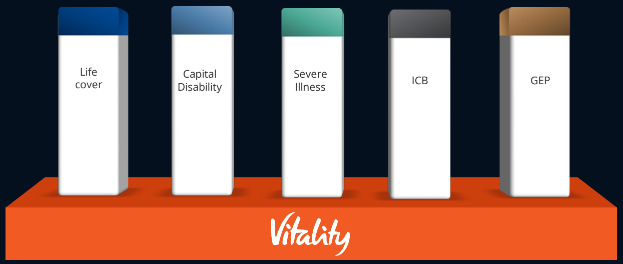
Complementary distribution channel


Age profile (%)

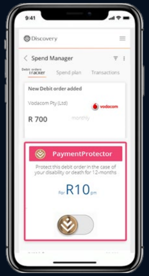

Average monthly premium (%)

Adjacent integration opportunities for growth

Ongoing enhancements to the current product suite


Life cover
Capital Disability
Severe Illness
ICB
GEP
Vitality

Integrated products for simple, seamless client journey


9:41
Discovery
Spend Manager
Debit orders Tracker
Spend plan
Transactions
vodacom

New Debit order added

Vodacom Pty (Ltd)

R 700 monthly

PaymentProtector

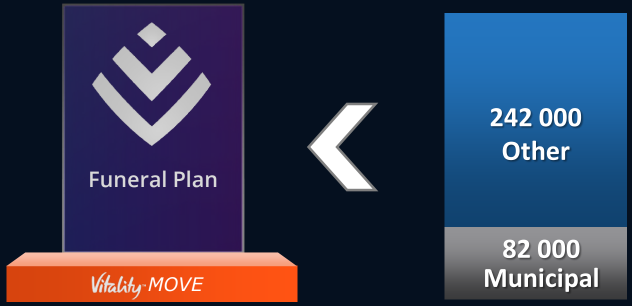
Protect this debit order in the case of your disability or death for 12-months

For R10 pm

Bank Integration leverages socio-economic data and distribution footprint

Vitality Health Status	Vitality Money status				
	Blue	Bronze	Silver	Gold	Diamond
Blue	-2%	-1.5%	0%	0.25%	1%
Bronze	-1.5%	-1%	0%	0.5%	1.25%
Silver	0%	0%	0%	0.75%	1.5%
Gold	0.25%	0.5%	0.75%	1%	1.75%
Diamond	1%	1.25%	1.5%	1.75%	2%

Mass market product and distribution overlap


Funeral Plan
Vitality MOVE
242 000
Other
82 000
Municipal

Key characteristics and attributes of Discovery Life’s product, distribution and data strategy

Product

Data

Distribution

Upfront competitiveness and differentiation

Positive selection and
risk management

Profitable business mix

Sustainability and persistency

#1 market share in agency and broker segments

Complementary direct sales

Adjacent integration opportunities for growth

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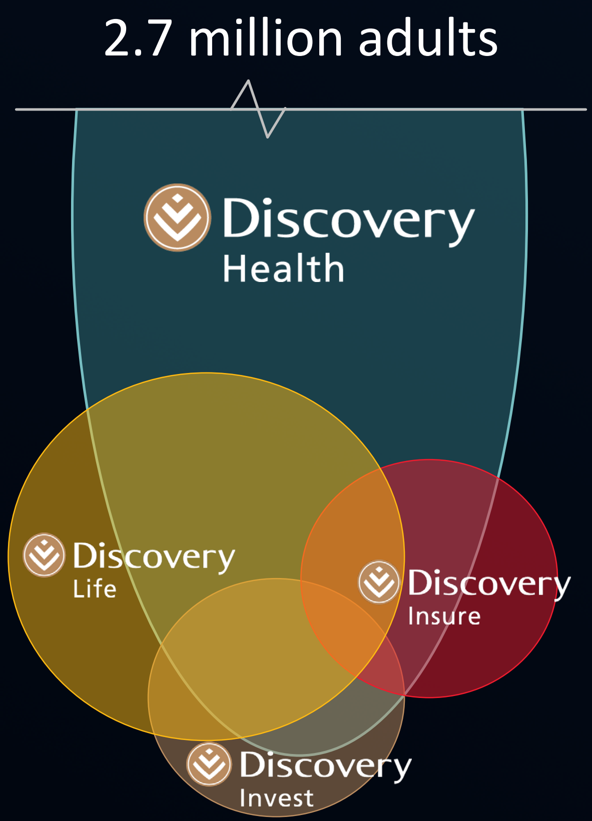
Unlocking integration opportunities and significant client insights


2.7 million adults
Discovery Health
Discovery Life
Discovery Insure
Discovery Invest

02 | Ops and Service data
- Calls and emails
- Service metrics and keywords
- Web and app browsing history
- Google analytics
- Agent notes

01 | Health Data
- Health status
- Where they live
- How they use their savings accounts

07 | Insure data
- Assets
- Where people drive
- How
- At what time

03 | Wellness data
- BMI, chronic conditions, stress
- Exercise data (how much, where, when)
- Behaviours and personality

04 | Demographic data
- Family
- Age
- Geography

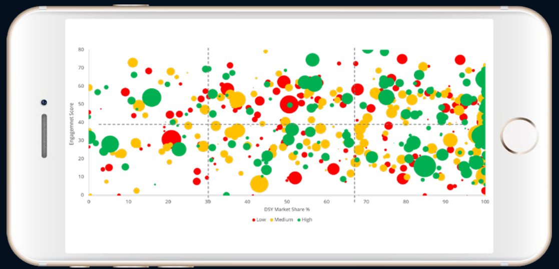
05 | Invest / Life data
- Wealth
- Risk aversion

06 | Retail data
- What people buy
- At what price

Targeted adviser and opportunity execution

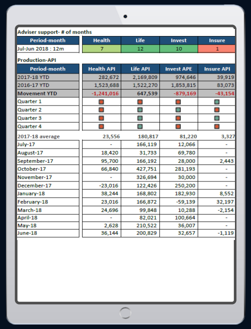
Data-driven adviser segmentation

Data analytics facilitates a powerful tool for adviser segmentation enabling bespoke strategies for each adviser



Motivate optimal advisor behaviour with the Adviser Quality Index Score, going beyond sales targets

Enhancing adviser support



Adviser support- # of months

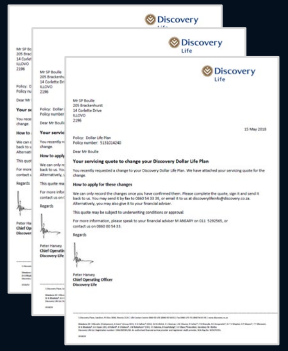
Period-month	Health	Life	Invest	Insure
Jul-Jun 2018 : 12m	7	12	10	1

Production-API

Period-month	Health API	Life API	Invest APE	Insure API
2017-18 YTD	282,672	2,169,809	974,646	39,919
2016-17 YTD	1,523,688	1,522,270	1,853,815	83,073
Movement YTD	-1,241,016	647,539	-879,169	-43,154
Quarter 1	🟥	🟥	🟥	🟩
Quarter 2	🟥	🟩	🟩	🟥
Quarter 3	🟥	🟩	🟥	🟩
Quarter 4	🟥	🟩	🟥	🟥
2017-18 average	23,556	180,817	81,220	3,327
July-17	-	166,119	12,066	-
August-17	18,420	31,733	69,780	-
September-17	95,700	166,192	28,000	2,443
October-17	66,840	427,751	281,193	-
November-17	-	326,694	30,000	-
December-17	-23,016	122,426	250,200	-
January-18	38,244	168,802	182,930	8,552
February-18	23,016	166,872	-59,139	32,197
March-18	24,696	99,848	10,288	-2,154
April-18	-	82,021	100,664	-
May-18	2,628	210,522	36,007	-
June-18	36,144	200,829	32,657	-1,119

Intelligent mining of the base to select all qualifying policies

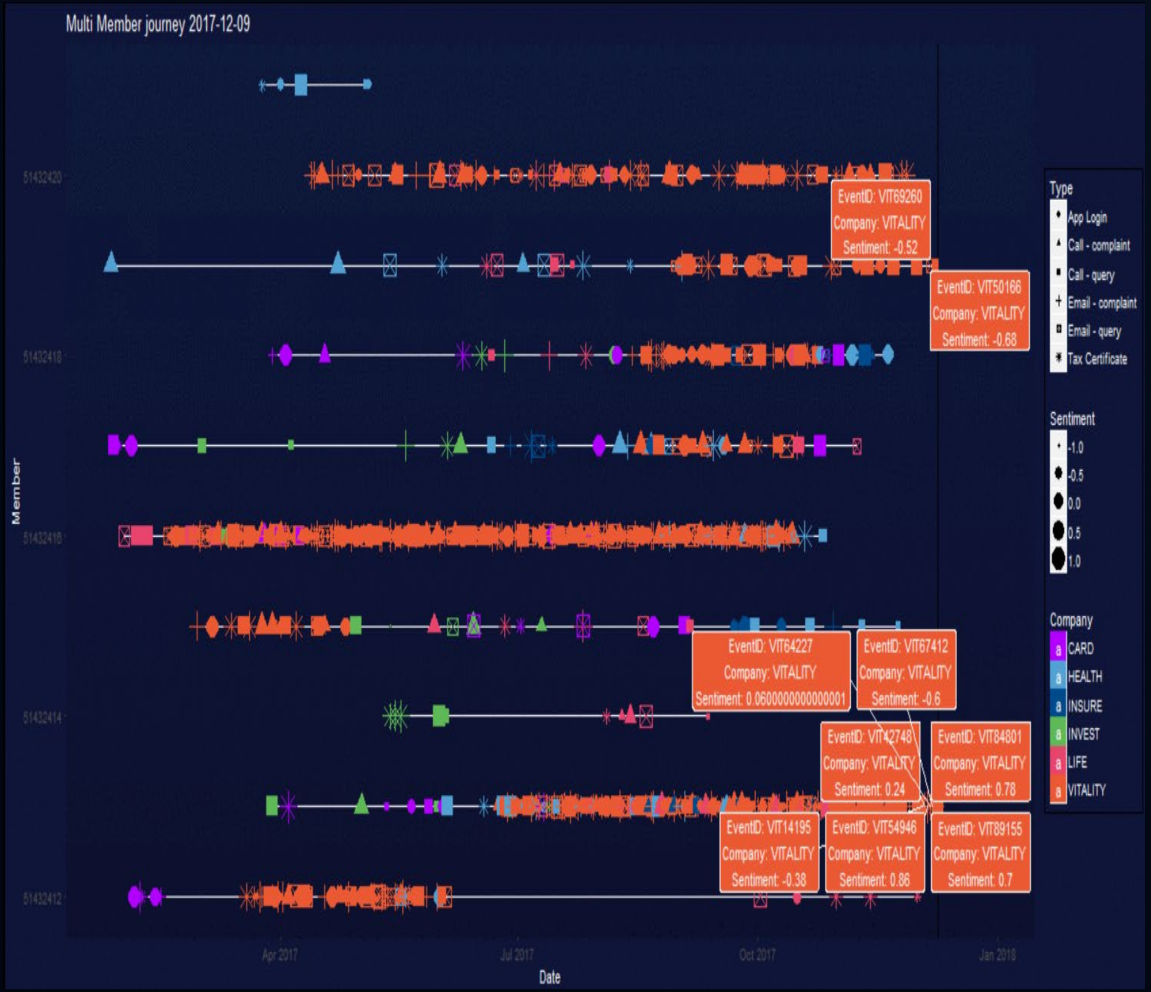
Sophisticated identification of propensity to take up each opportunity



Discovery
Discovery Life
Discovery Life

Quotes are generated for each opportunity for seamless activation

Application of product and distribution data across all elements of the client journey



Pro-active client identification

Targeted advisor analytics and marketing support

Seamless new business and underwriting

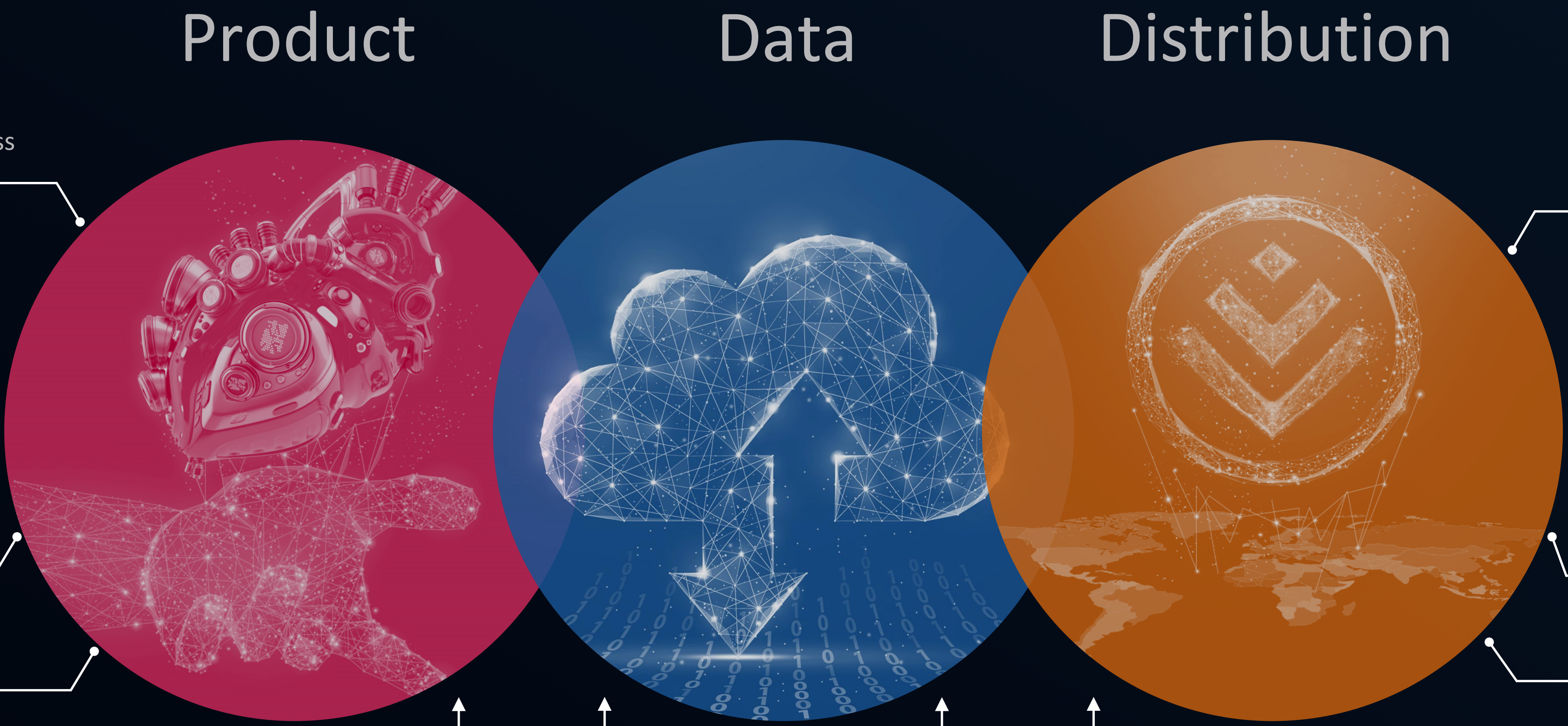
Ongoing risk management

Dynamic servicing opportunities

Positive selection through financial benefits

Fraud detection and pro-active claims

Key characteristics and attributes of Discovery Life's product, distribution and data strategy



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- Risk management
- Enhanced service

- Client engagement
- New business