



 Discovery
Insure

Motor insurance
for good drivers

Vitalitydrive

UBS Short Term Insurance Conference

Anton Ossip | CEO

Alan Jacobson | CFO

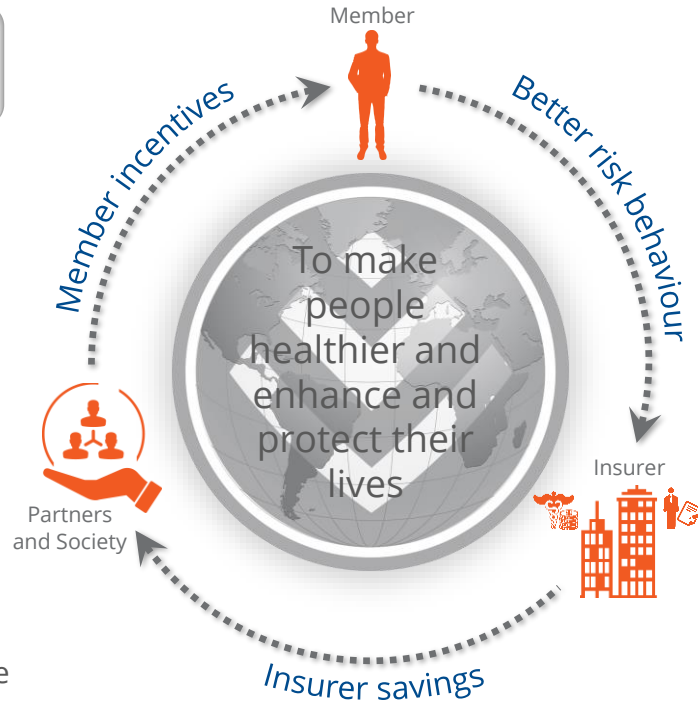
Jacky Symons | Investor relations

DISCOVERY'S CORE PURPOSE

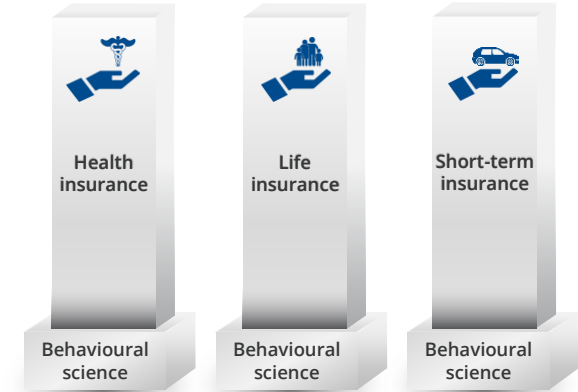


Three themes facing insurance industries globally

- 01** |  **Shared value**
Societies require companies to fulfil a socially progressive core purpose
- 02** |  **Relevance**
Insurance remains material and relevant to society
- 03** |  **Behaviour**
The main driver of insurance risk is member behaviour, which is inherently irrational, and inter-related



Discovery's model disrupts the traditional insurance approach



DISCOVERY INSURE CORE PURPOSE AND BUSINESS MODEL

 Discovery

Making people **healthier** and **enhancing** and **protecting** their lives



 Discovery Insure

Creating a **nation** of **great** drivers





 Discovery
Insure

Motor insurance
for good drivers

Vitalitydrive

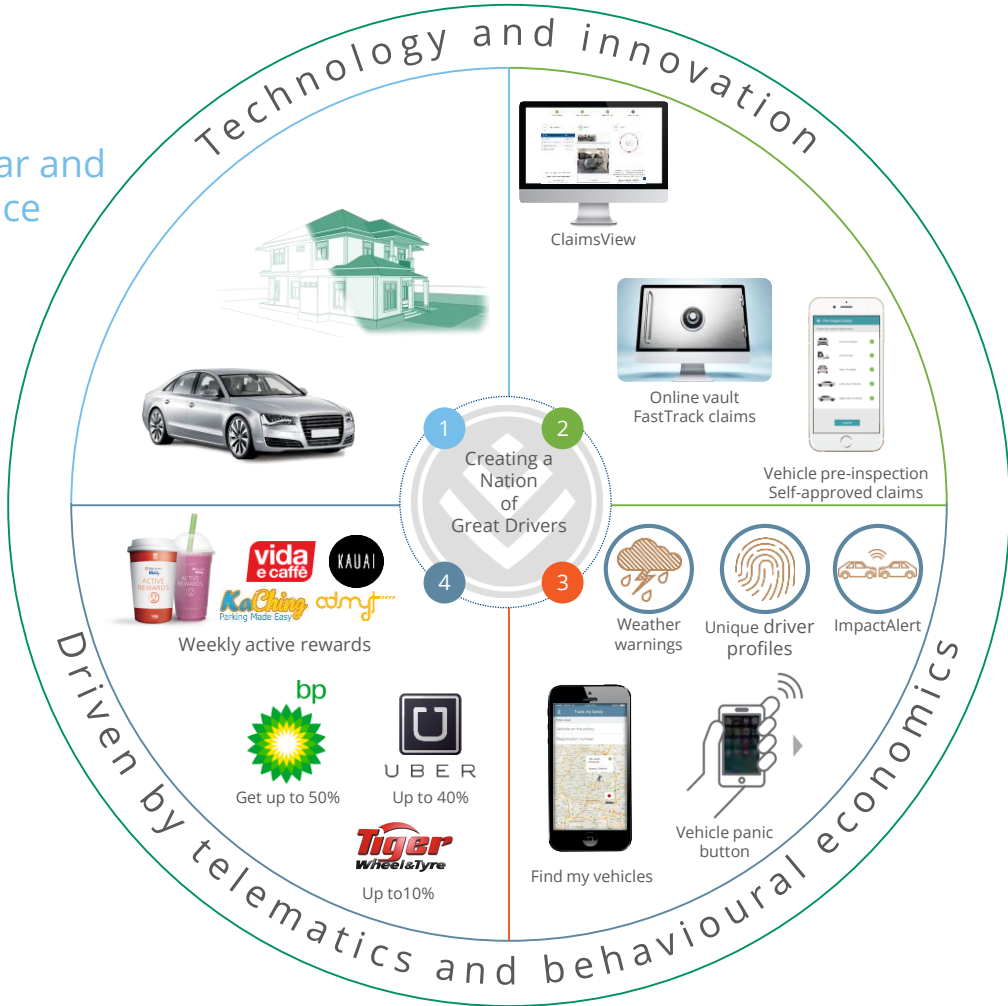
Unique Value Proposition

1 Comprehensive car and home insurance

2 Service Innovation

4 Rewards for driving well

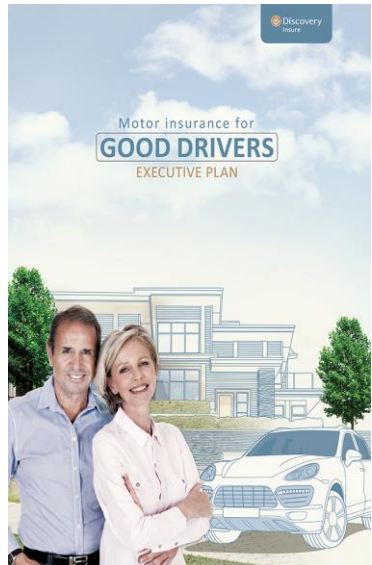
3 Unique safety features



Vitalitydrive IN ACTION



01 | Insure your car and home

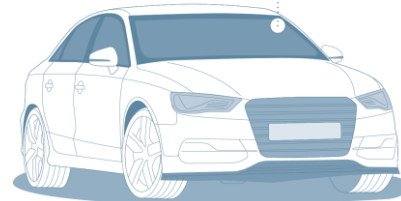


02 | Take car to Tiger Wheel & Tyre for MultiPoint safety check

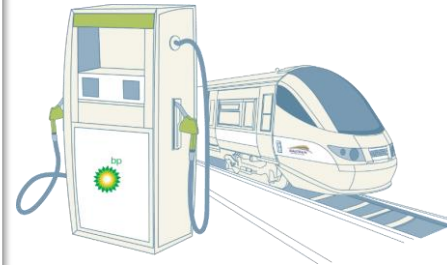
Tiger
Wheel & Tyre



03 | Install DQ Track and drive well (and other activities)

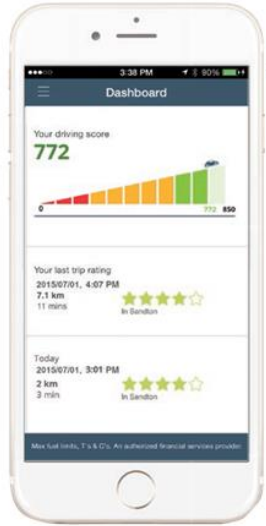


04 | Fill up at BP and swipe Vitalitydrive card



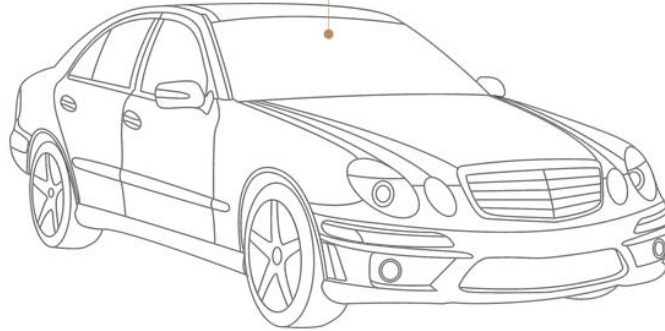
R250 million paid out in Fuel cashbacks

VITALITYDRIVE SMARTPHONE-ENABLED DQ-TRACK

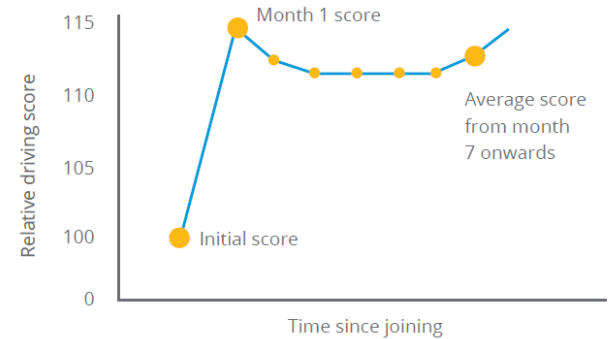


Discovery Insure app

Bluetooth low energy



On average, clients **improve** their driving behaviour by **15% within the first 30 days** and **maintain** this improvement **over time**



Impact of rewards

Our clients drive 10% better than the average South African

Impact of immediate feedback

Clients drive 10% better than those using older technology

Impact of rewards

Clients drive 11% better when they compete with one or more friends

UNDERSTANDING DRIVER BEHAVIOR

Pre-2011



Traditional rating factors
approximate risk

2011

DQ-Track

Risk based on driving behaviour

2014

Smartphone-enabled
DQ-Track



Vitalitydrive Sensor

Real-time feedback and the ability
to challenge friends

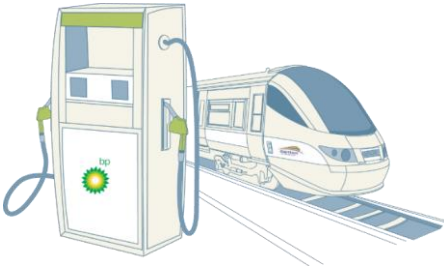
Today

Active Rewards



**3% - 4% immediate
improvement for clients
redeeming active rewards**

VITALITYDRIVE COMPREHENSIVE REWARDS



UP TO 50% OF YOUR FUEL SPEND BACK EACH MONTH

Rewards %



X

DQ Points



or

Fuel spend



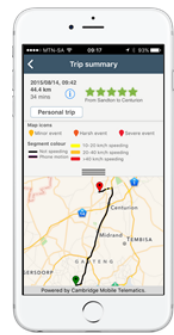
(whichever is lower)

=

Fuel rewards



ACTIVE REWARDS
REWARDING CLIENTS FOR
GOOD DRIVING, EVERY
WEEK



Get rewarded for every **100km** of **event-free** driving



A free coffee

OR



A free smoothie

OR



A parking voucher

Over 40 000 Active rewards redeemed over the first 3 months

EMBEDDED UNIQUE SAFETY FEATURES



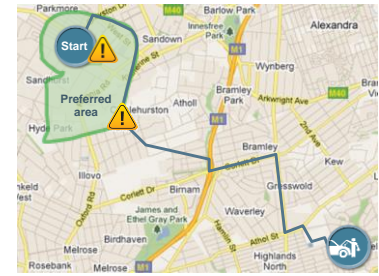
ImpactAlert™



Smartphone panic button



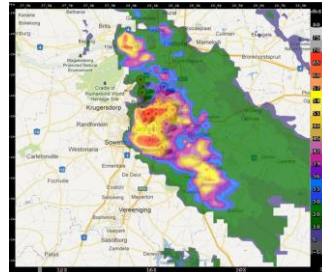
Driver DNA



Track your vehicle



Weather alerts



Stolen vehicle recovery (optional)

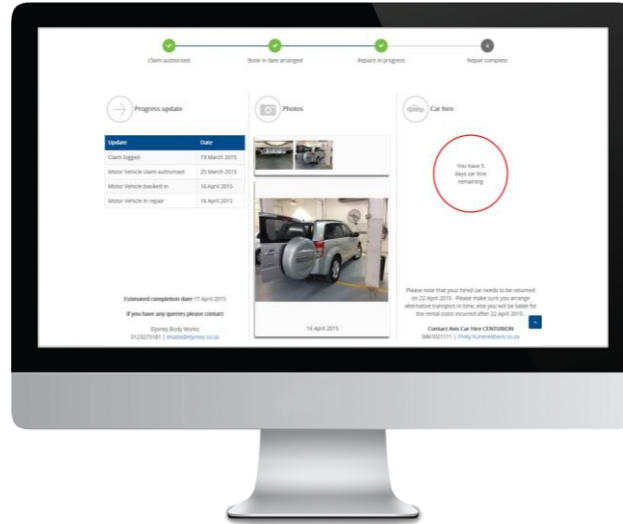
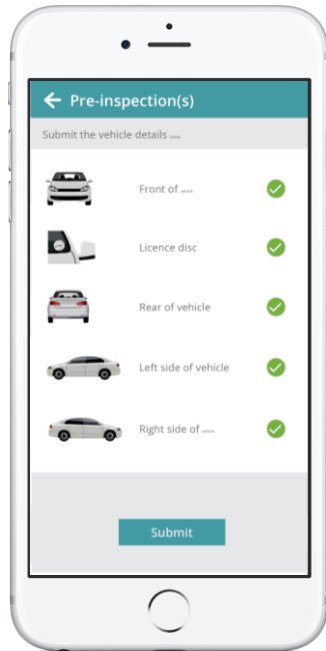


SERVICE INNOVATION

Seamless client take-on process

Tracking claims progress online

Self-approve claims



31%
of motor vehicle claims
are for vehicle glass



62%
of all building claims
are for geysers



CREATING SHARED VALUE

Clients enjoy rewards and protection



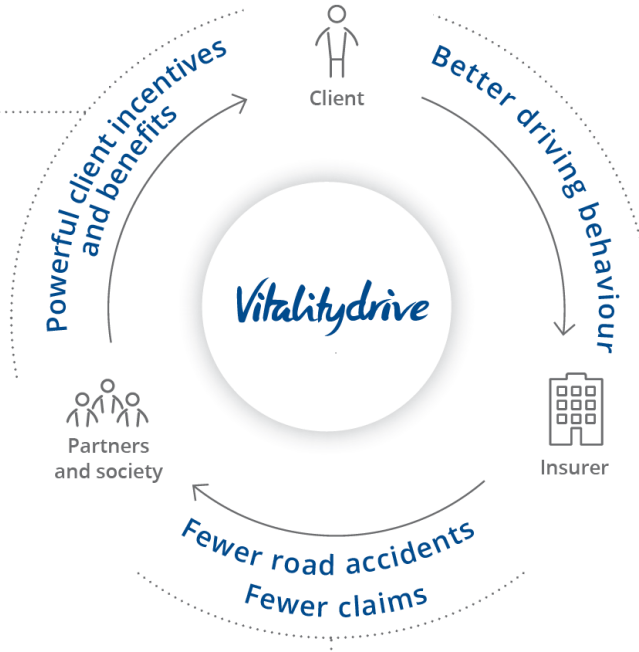
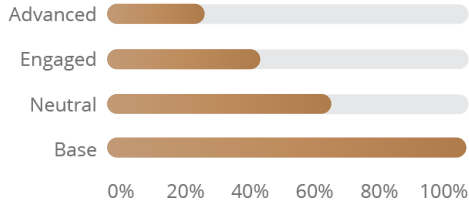
Over 2 million Vitalitydrive card swipes at BP in the last year



Over 400 impact alerts each month, with more than 100 ER24 ambulances dispatched

Our roads are safer

Relative loss ratio by Vitalitydrive status



Our clients drive better



Smartphone-enabled DQ-Track clients reduce their accident risk by **15%** within the first month

U B E R

Frequent users have reduced late-night driving by **15%**



Frequent users have reduced driving by **150km** per month



 Discovery
Insure

Motor insurance
for good drivers

Vitalitydrive

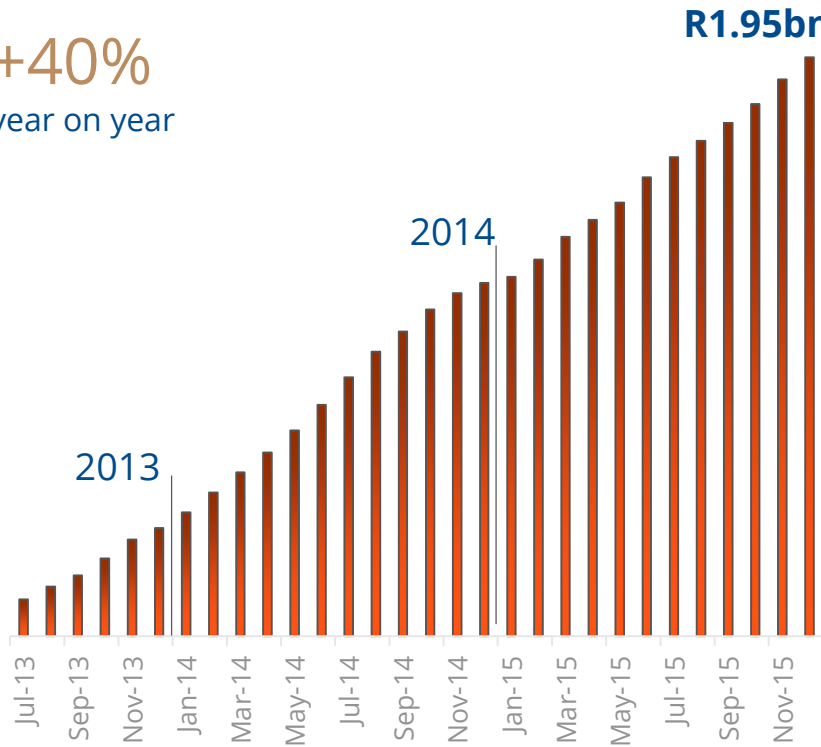
Financial performance

RAPID GROWTH IN IN-FORCE API

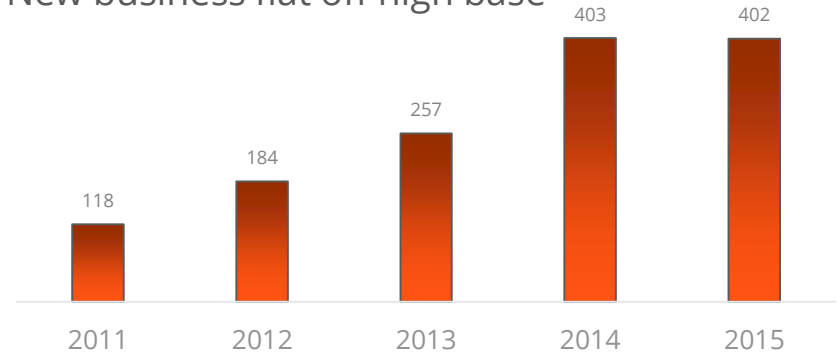
Inforce API continues to rapidly increase

+40%
year on year

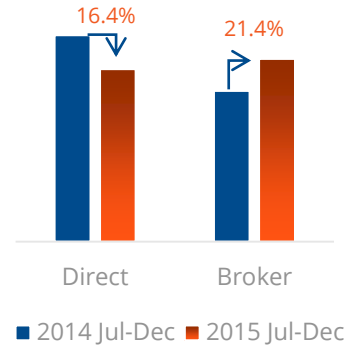
R1.95bn



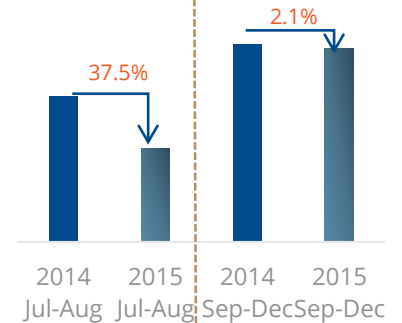
New business flat off high base



Growth in broker new business

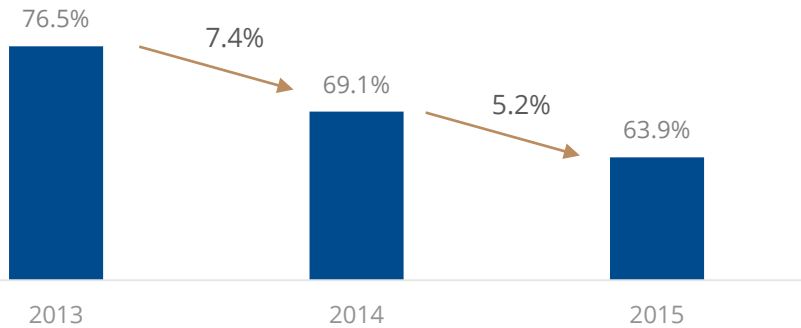


Direct new business

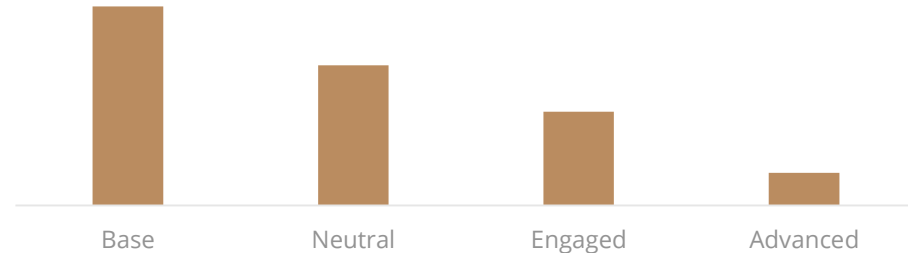


LOSS RATIO IMPROVEMENT

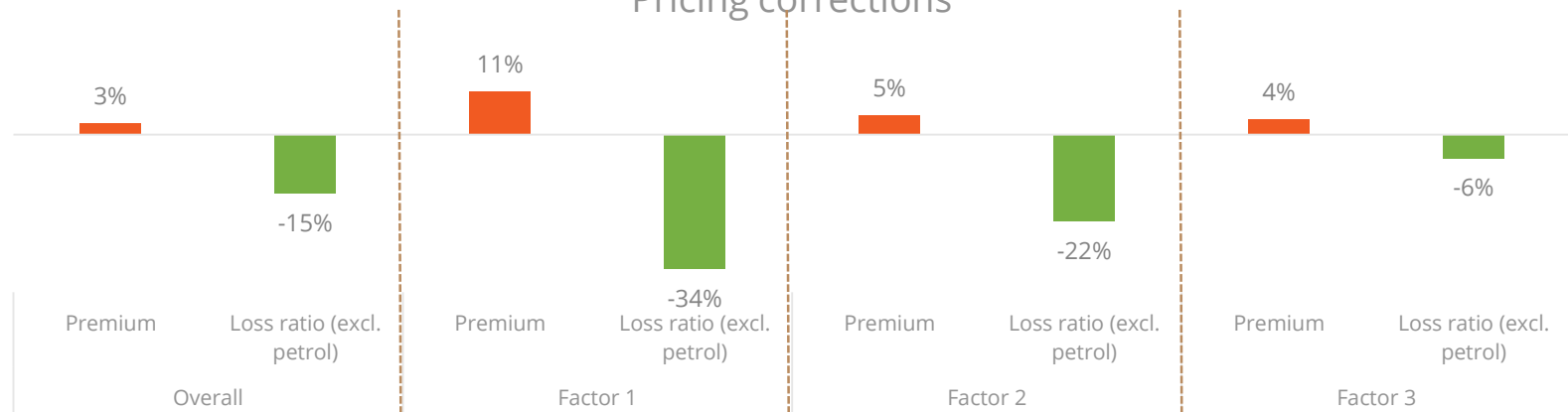
Loss ratio including fuel



Loss ratio by drive status

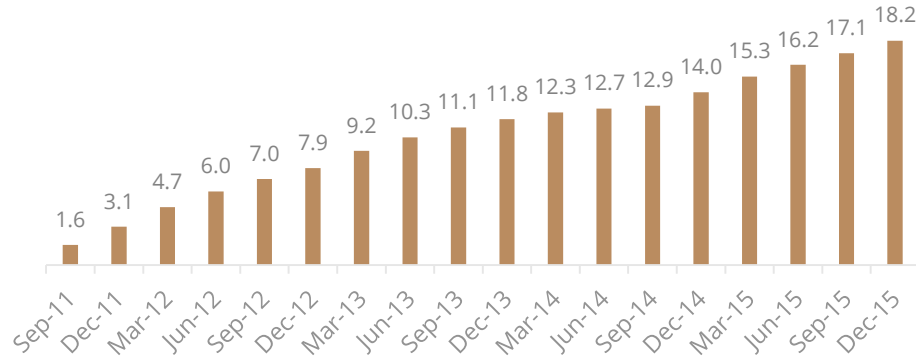


Pricing corrections

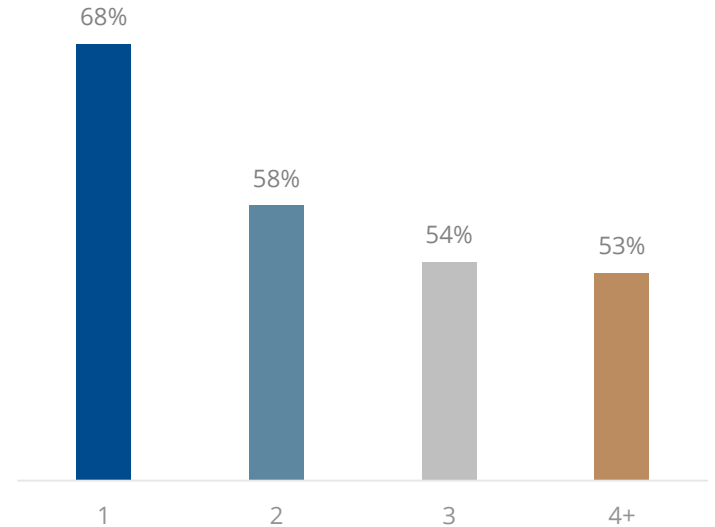


INCREASING POLICY DURATION

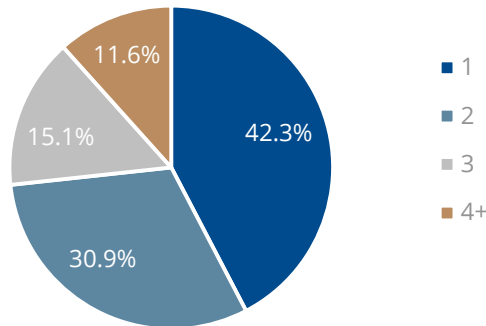
Average policy duration (months)



Loss ratio by durational cohort

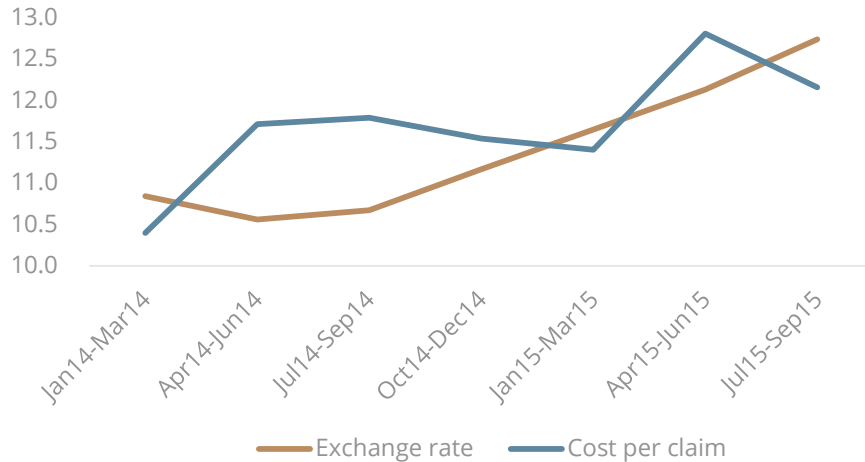


% Exposure (years)

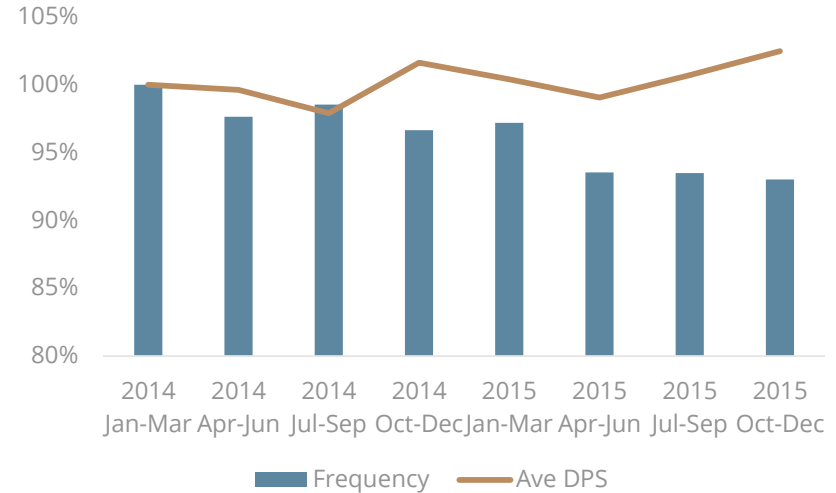


RAND DOLLAR IMPACT

R/\$ vs Claims cost



DPS vs accident frequency

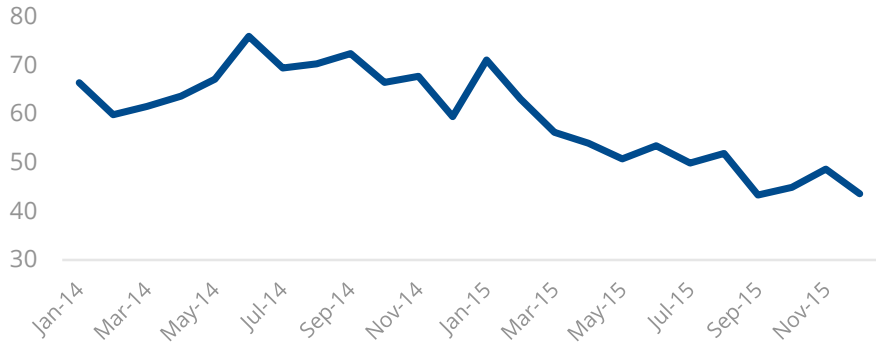


Increased claims costs through rand depreciation partially offset by reduction in accident frequency as driving scores improved. Claims cost are approximately 50% correlated with rand/dollar.

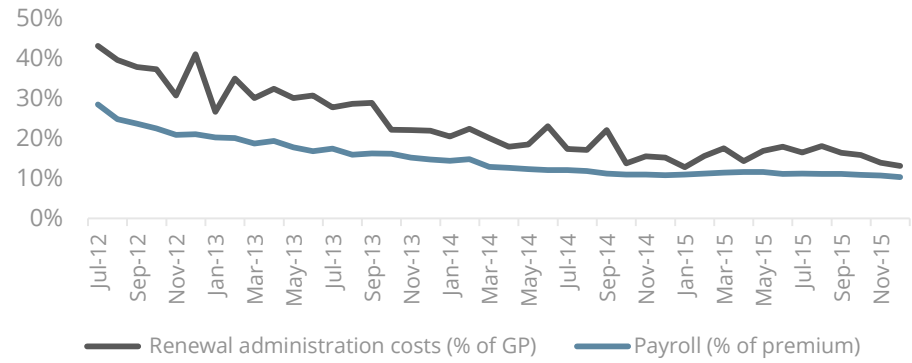
DEVELOPING SCALE AND EFFICIENCY



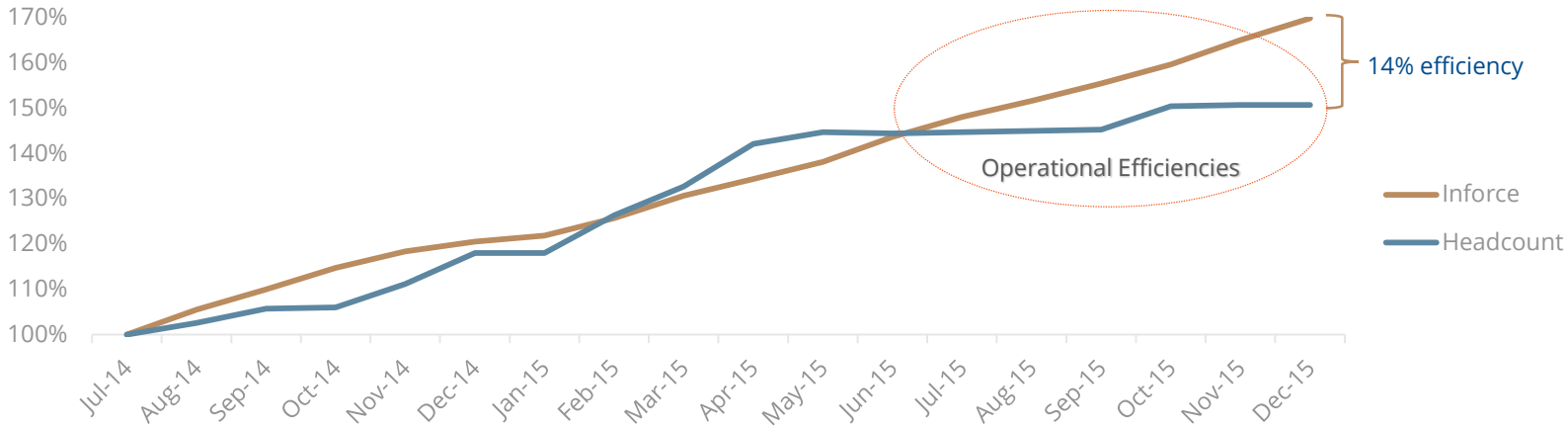
Calls per 1000 policies



Administration and Payroll costs (% of premium)



Inforce Growth vs Headcount Growth



SMARTPHONE-ENABLED DQ-TRACK



Discovery Insure app

Winner of the international 2015 Gartner Cool Business Awards:

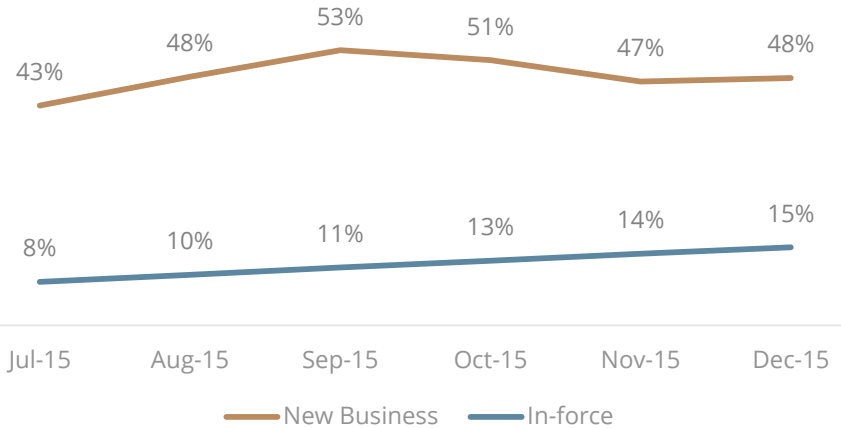
1. Most innovative digital innovation
2. Overall innovation winner - EMEA

Gartner.

Gartner is the world's leading information technology research and advisory company, headquartered in Stamford, Connecticut, U.S.A.

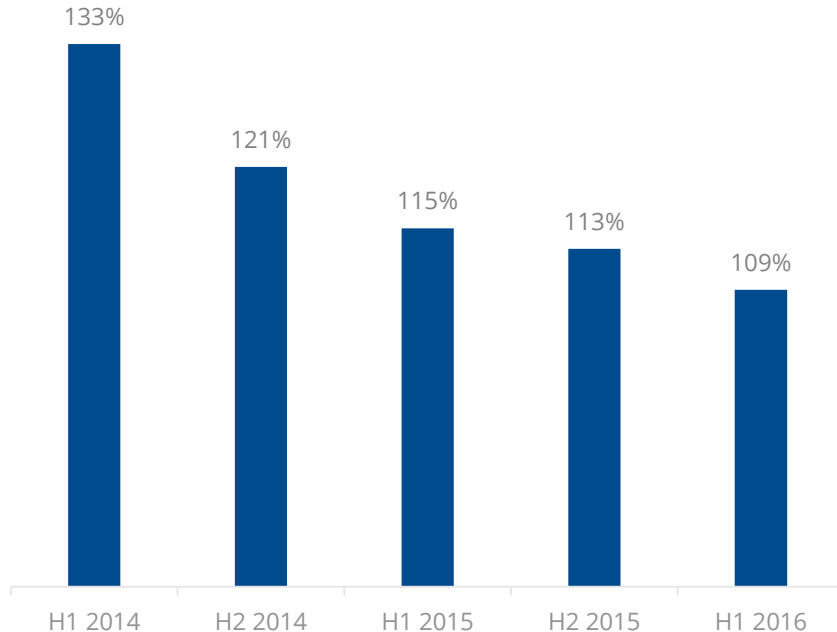
1. Halves initial telematics costs
2. 15% lower accident risk within first 30 days
3. 25% higher driving scores

Smartphone and app take up



COMBINED RATIO

Combined ratio



Drivers to profitability

Loss Ratio:

Continues to improve as the book matures and through pricing interventions. Proactively monitoring the rand dollar impact on claims in order to limit negative impact on loss ratio.

Scale and Operational Efficiencies:

As the business reaches scale and the effect of system developments take full effect, the cost base reduces as a % of premium.

Telematics:

New business uptake of the more cost effective smartphone-enabled DQ-track technology continues to grow shifting the business to a more sustainable telematics platform.