

COVID-19: CLIENT FINANCIAL SUPPORT AND FLEXIBILITY

Ensuring your clients can keep their valuable Discovery products in place when they need them most



Stay Informed.
Stay Healthy.

Discovery's core purpose of making people healthier and enhancing and protecting their lives has never been more relevant – and maintaining cover in key areas such as medical schemes and life insurance is absolutely critical at this time. We are also acutely aware of the challenging and volatile operating and financial environment in which clients may find themselves, in particular SMEs who are most exposed during this time.

We are introducing **a range of options aimed at the most vulnerable groups to provide flexibility and support the sustainability of their cover**. These groups include self-employed individuals, SMEs, professionals and other industries deemed not to form part of essential services as defined in the Labour Relations Act. Examples of such qualifying occupations include travel agents, restaurant owners and event coordinators, among others.

This document summarises the initiatives and options being rolled out across the Discovery Group, in particular Discovery Life, Discovery Insure and Discovery Invest, to support these key client segments. Importantly, any changes to a client's policy should always and only be made in consultation with a financial adviser, taking account of each client's personal financial circumstances and needs. A [Record-of-Advice](#) must be completed for all clients who exercise these options, and normal commission rules will apply.

Discovery Life

Discovery Life's unique Shared-value Insurance model has returned over R5 billion to clients through the PayBack benefit and this mechanism will now be utilised to provide premium relief to our clients who have liquidity constraints. We will do this by effectively allowing them to unlock the financial value contained in their future good health.

Under the **Premium Relief Option**, qualifying policyholders approved by Discovery Life will be able to draw down from their accumulated Health or Vitality Integrator PayBack fund to pay for three months' worth of their Discovery Life Plan premiums.

These options will be available for cover that is applicable from May 2020, and as a result full details of the operational process and how to apply for these options will be communicated by 10 April 2020.

The Premium Relief Option will be made available to qualifying clients whose ability to generate an income has been severely impacted by the COVID-19 lockdown period, in line with government regulations. Policyholders are required to have at least two years of good payment history to apply for the Premium Relief Option and each application will be considered on its own merits. Further details about the Premium Relief Option as well as alternatives to clients who don't qualify for this option are shown below.

In addition, to encourage all clients to test for COVID-19 where medically indicated during this pandemic, Discovery Life will be excluding the cost of any COVID-19 tests from the Health Integrator PayBack, Health Integrator premium adjustment and Cover and Financial Integrator cover adjustment calculations for all clients. This applies regardless of the result of the test.

Premium Relief Option (accelerating access to the PayBack benefits for qualifying clients)

Qualifying clients can select the Premium Relief Option if their accrued Health or Vitality Integrator PayBack fund to date is equal to at least the value of the next two months' premiums on the relevant Discovery Life Plan. By selecting and being approved for this option, they will receive immediate premium relief for three months while retaining full cover under all their benefits on the Life Plan when they need it most. In other words, they will not be billed for their next three Discovery Life Plan premiums. This applies to all premiums on the Discovery Life Plan (including Vitality

contributions), but excludes a client's Discovery Retirement Optimiser contributions. *Please refer to the Discovery Invest section on how to apply for a premium relief on Discovery Retirement Optimiser contributions.*

The outstanding premiums will then be collected from the first available Health or Vitality Integrator PayBack payments when they become payable. This will happen until the outstanding premiums, including the charge for accessing the PayBack on an accelerated basis and the PayBack Early Access fee (defined below), are returned. Any PayBack due (Annual Guaranteed, Surplus or Five-yearly PayBack), including any PayBack payments in the three-month period, will first be used to offset the outstanding premiums as well as the PayBack Early Access Fee under the Premium Relief Option.

With this option, clients are able to receive early access to their future Health or Vitality Integrator PayBack fund payments, which for some clients may be several years away. Therefore, a PayBack Early Access fee of 2% per month will be applied to the premiums accessed from the PayBack fund to account for the fact that clients are accessing their PayBack payments before they are due. This monthly PayBack Early Access fee will apply on the value of the outstanding premiums from the first month after the Premium Relief Option has ended, until this amount is returned from a client's PayBack payments, but this fee does not apply to a client's Vitality contributions.

Clients will also have the option to repay the missed premiums on an ad hoc basis instead of waiting for the amount to be drawn down from their future PayBack payments, if they are in a position to do so.

The Premium Relief Option is available on debit orders from 15 April 2020 for cover that would apply in May 2020. Please note that if a client is unable to pay their Discovery Life Plan premium after the three-month period of the Premium Relief Option, the policy will automatically lapse and will not enter the normal credit control process.

Additional options and flexibility available to Discovery Life clients

We encourage all clients to keep as much of their cover in force as possible, particularly during this time. However for clients who don't qualify for the Premium Relief Option, two additional options are being made available to Discovery Life policyholders who are struggling with significant cashflow or liquidity constraints:

- **Underwriting-free Servicing Option:** Qualifying clients who are only able to afford part of their cover, will be allowed to reduce their cover to any amount, **down to the minimum Discovery Life Plan benefit amounts and premiums.** They will then have the ability to service their cover back up to the original level **without any medical underwriting, after three months of the servicing reduction taking place.** Adding this cover back will be subject to normal servicing rules, taking into account the clients current age and new business rates. The normal servicing process must be followed in order to repurchase the required cover.

Under this option, benefits can be reduced to their applicable benefit or premium minimums; however, any benefits being removed will still be subject to medical underwriting if they are later added back through servicing.

Clients will be able to service their cover back up to the original level before the three months have ended; however, this will not be underwriting free and will be subject to normal underwriting.

Any servicing done three months after the Underwriting-free Servicing Option is selected, and any servicing above the original cover level, will attract the usual underwriting and premium re-rating in line with normal servicing limits and rules, taking into account the client's current age and new business rates.

- **Suspended Cover Option:** Qualifying clients who cannot afford to pay any level of premium can elect to suspend their cover for three months, with no premium and no cover during this period. At the end of the three-month period, **cover and premiums will be automatically reinstated to their original levels, free of underwriting, and all financial features like the PayBack Benefit and the Buy-up Cash Conversion Funds will be retained at the levels that they were prior to the cover suspension.**

This option may be suitable for qualifying and approved clients facing significant affordability issues and is aimed at providing peace of mind that their future insurability is guaranteed for three months, and their accrued financial rewards are not foregone.

Qualifying clients who select the Suspended Cover Option will stop both cover and premiums on their Life Plan, including Vitality premiums, for a period of three months. This does not apply to a client's Discovery Retirement Optimiser premiums, which will continue as normal. *Please refer to the Discovery Invest section on how to apply for a premium relief on a client's Discovery Retirement Optimiser contributions.*

After this period has ended, the policy will automatically reinstate and continue as usual, without requiring the client to pay any premiums for the three-month cover suspension period upon reinstatement. Please note that if the client is unable to pay their Discovery Life Plan premium after the Suspended Cover Option period, the policy will automatically lapse and will not enter the normal credit control process.

During this time, given that no premiums are paid, there will be no accumulations made to the PayBack Benefit or any other funds that a client may have on their Discovery Life Plan. If a policy anniversary occurs during the Cover Suspension period, the usual benefit and premium adjustments will still be applied and PayBacks will still be paid if due on receipt of the first premium after the end of the Suspended Cover Option period.

Clients will be able to reinstate their policy before the three months have ended, at which point their cover and premiums on the policy will immediately continue as usual however, this will be subject to normal underwriting.

No commission will be paid on premiums that are not received during the Suspended Cover Option period. This three-month period will be taken into account for any lapses that are applicable to the Suspend Cover Option period.

Eligibility criteria

The above options are applicable to the various Discovery Life Plans as follows:

	Classic	Essential	Purple	Smart	Business	Dollar
Premium Relief	✓	x	✓	x	x	x
Underwriting-free Servicing	✓	✓	✓	✓	✓	✓
Suspended Cover	✓	✓	✓	✓	✓	✓

In addition, these options are subject to approval via the Discovery Life credit control processes and eligibility criteria include the following:

Premium Relief	Suspended Cover	Underwriting-free Servicing
The life assured must be self-employed, a business owner or an employee of such businesses facing severely reduced income themselves, in an approved industry.	The life assured must be self-employed, a business owner or an employee of such businesses facing severely reduced income themselves, in an approved industry.	Policies must have been in force for at least one year.
Policies must have been in force for at least two years.	Policies must have been in force for at least one year.	Policies may not have been in credit control in the past six months.
Policies may not have been in credit control in the past two years.	Policies may not have been in credit control in the past six months.	

Discovery Insure

Discovery Insure offers comprehensive car and home insurance that helps clients look after their most valuable possessions. The Vitality Drive programme rewards clients for driving well and clients get up to 50% back in fuel rewards every month. To date, we have rewarded our clients with over R850 million in fuel cashbacks.

Clients elect to receive their cashbacks into their bank account or may “bank it” into the Excess Funder Account. When clients elect to “bank” their cashbacks paid into the Excess Funder Account, their contributions are matched by Discovery Insure. This creates a fund that clients can use in various ways (for example, funding their excess in the event of a claim, paying for tyres and even lowering premiums).

The Excess Funder Account may now be utilised to provide **Premium Relief** against premiums to our clients who are currently facing liquidity constraints.

The Premium Relief Option (accessing Excess Funder Accounts for qualifying clients)

Qualifying clients may select the Premium Relief Option if they have the equivalent of at least two months’ worth of premiums accrued in their Excess Funder accounts. By selecting this option, clients will have the ability to fund their next premium, utilising up to 50% of the accumulated EFA (which is effectively 100% of their contributions towards the EFA). This applies to all premiums on the Discovery Insure Plan (including Motor, Household, Vitality Drive, etc.).

In order to qualify for this offering, clients must be in good financial standing, with all premiums paid up over the last 12 months.

Additional options and flexibility to Discovery Insure clients:

For clients who do not qualify for the Premium Relief Option, two additional options are being made available to Discovery Insure’s clients, who are facing short-term liquidity constraints:

Accessing future fuel cashback rewards today: For clients who don’t qualify for the Premium Relief Option (due to insufficient funds in their EFA) but have received fuel cashbacks over the past six months that are, in aggregate, greater than a single premium, the next premium may be waived and recouped from future fuel cashbacks.

Suspended/reduced Cover Option: If neither of the options presented above meet clients' unique needs, clients have the ability to temporarily reduce cover and premiums on an individual basis. No further underwriting will be applied when the client wishes to restore full cover. This is only recommended in consultation with their financial adviser.

To take up this option, clients and advisers can send an email to insuregautengintermediary@discovery.co.za including the plan number.

Discovery Invest

Through our shared-value approach, which rewards our clients for investing longer, investing more, living well and managing their money wisely in retirement, Discovery Invest has returned more than R9 billion to our clients through boosts, fee discounts and benefits. While we urge our clients to stick to their long-term financial goals despite the current unprecedented period, we are offering **contribution holidays to qualifying clients** on recurring products to alleviate cashflow and liquidity constraints.

Contribution holidays (Recurring Retirement Annuities, Flexible Investments and Discovery Retirement Optimiser products)

Qualifying clients will be allowed contribution holidays of up to six months (applied over the entire lifetime of the policy) on Recurring Retirement Annuities with upfront commission and Discovery Retirement Optimiser products. For recurring Retirement Annuities with "as-and-when-commission" and Flexible Investment plans, clients will be allowed to flex their contributions without any restrictions. Since the fund value will continue to be administered by Discovery Invest, the asset management and administration fees will continue to be applied to the fund value.

Benefits during the contribution holiday period: There will be no impact on existing Fee PayBacks, contribution boosts or the Life Plan Optimiser. However, accruals of these benefits will not apply during the contribution holiday period.

After the contribution holiday period: Clients will not have to make up for any missed contributions after the contribution holiday. Contributions will resume after the contribution holiday period. Normal annual contribution increases will apply when the contributions resume. If contributions are not resumed, the policy will be deemed to be "paid-up" from the date that the contributions became outstanding and any intermediary remuneration (if applicable) will be reversed according to the Long-Term Insurance Act. For endowment products, causal event charges will apply on becoming "paid-up".

In order to qualify for the contribution holidays, policies should have been in force for at least one year from the inception date to the date of the request. Each application will be considered on its own merit and is only recommended to clients after consultation with their financial adviser.

To take up this option, advisers can contact Discovery Invest on 0860 675 77 or send an email to INVEST_CONTRIBUTIONMANAGEMENT_SUPPORT@discovery.co.za including the duration and reason for the contribution holiday.

Vitality

A client's Vitality membership, premiums and benefits follow the same basis and treatment as their underlying insurance policies. Typically, this means that if the underlying policy suspends or falls into arrears, then the Vitality benefits would suspend. The effects for the Vitality membership and attached premiums for each option are provided below.

Discovery Life:

- Premium Relief Option: Vitality membership will continue and Vitality premiums will be funded from the PayBacks
- Suspended Cover Option: Vitality membership and Vitality premiums will be paused, and clients' membership and premiums will be reinstated after the end of the Suspended Cover period.

Discovery Insure:

- Premium Relief Option: Vitality Drive membership will continue and Vitality Drive premiums will be funded from the Excess Funder Account.
- Accessing Future Fuel Cashbacks Today: Vitality Drive membership will continue and the Vitality Drive premiums will be recouped from the Excess Funder Accounts.
- Suspended/reduced Cover Option: Vitality Drive membership and Vitality Drive premiums attached will be paused, and clients' membership and premiums will be reinstated after the end of the Suspended/reduced Cover period.

Discovery Health: Discovery Health Medical Scheme (DHMS) and Discovery Primary Care

Contribution support initiatives for individual members and employer groups of Discovery Health Medical Scheme (DHMS) as well as employer groups with Discovery Primary Care are designed and have been submitted for regulatory approvals. These will be communicated in due course, pending finalisation and approval.

Disclaimer

All life insurance products are underwritten by Discovery Life Ltd, registration number: 1966/003901/06, an authorised financial service provider and registered credit provider, NCA Reg No NCRCP3555. Discovery Life Investment Services Pty (Ltd), registration number 2007/005969/07, branded as Discovery Invest, is an authorised financial services provider. All boosts are offered through the insurer, Discovery Life Ltd. The insurer reserves the right to review and change the qualifying requirements for boosts at any time.

Discovery Insure Limited, registration number 2009/011882/06, is an authorised financial services provider.

Vitality is a separate product sold and administered by Discovery Vitality (Pty) Ltd. Registration number 1999/007736/07, an authorised financial services provider.

Discovery Health (Pty) Ltd, registration number 1997/013480/07, is an authorised financial services provider, which is the administrator of Discovery Health Medical Scheme, in terms of its contractual arrangements. Discovery Primary Care is not a medical scheme. The cover is not the same as that of a medical scheme and is not intended to be a substitute for medical scheme membership. Discovery Primary Care is offered by Discovery Life Limited, registration number 1966/003901/06, a registered long-term insurer and an authorised financial services and registered credit provider, NCR Reg No. NCRCP 355555. Discovery Primary Care is administered by Discovery Health (Proprietary) Limited, registration number 1997/013480/07, an authorised financial services provider.

Product rules, terms and conditions apply.