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Discovery Health response on cover for motor vehicle accidents and claims from the Road Accident Fund

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In response to inaccurate statements being shared on social media regarding how Discovery Health Medical Scheme pays claims for motor vehicle accidents and refunds from the Road Accident Fund (RAF), we would like to provide the correct information.

Discovery Health Medical Scheme members have full cover for claims related to a motor vehicle accident

Members of the Discovery Health Medical Scheme are fully covered for injuries or any other healthcare claims that result from a motor vehicle accident or any other injury. These claims are paid in line with a member's plan choice and the guidelines established for the Prescribed Minimum Benefits. Discovery Health settles claims as soon as they are received, including those resulting from motor vehicle accidents.

Claims paid by the RAF for healthcare expenses already paid by a medical scheme must be reimbursed to the medical scheme

If members decide to institute claims against the third parties responsible for sustained injuries, this is their own decision. Should the RAF pay out for medical expenses already paid by the Scheme, members are then required to refund these claims to the scheme. The Council for Medical Schemes has ruled unequivocally in favour of the Discovery Health Medical Scheme on this issue, concluding that the scheme is entitled to claim reimbursement of medical expenses paid in respect of RAF matters. This is in accordance with the Scheme's rules and in terms of common law principles.

In practice, the Discovery Health Medical Scheme never forces members to institute claims against the RAF. Where the Discovery Health Medical Scheme becomes aware that a member has instituted a claim and has been paid out, the Scheme will request that the member reimburses the scheme for medical expenses paid on the member's behalf.

RAF fraud happens in some cases at the expense of medical schemes and its members

Members who claim do sometimes enrich themselves either knowingly or in some cases unintentionally. The biggest problem for Discovery Health Medical Scheme is, however, some unscrupulous attorneys who are enriching themselves at the expense of both the Discovery Health Medical Scheme and its members. The impact of "RAF-stripping", whereby excessive legal fees are levied on members claiming from the RAF by their attorneys, can have a significant negative impact on these members, who have in many cases suffered serious motor vehicle accident injuries.

Discovery Health spends approximately R120 million annually on medical expenses on behalf of its members, for which the RAF is liable. These are only in respect of the cases we are aware of. There are also no doubt many other claims that we are unaware of, since it is in the interests of the unscrupulous attorneys referred to not to advise us of them. In addition, a substantial number of claims are not payable by the RAF due to lack of merit.

Discovery Health assists DHMS members to act against attorneys who are committing fraud

Discovery Health is currently assisting Discovery Health Medical Scheme members to lodge complaints with the Law Society of the Northern Provinces against attorneys who are committing fraud by overcharging their clients. We believe we have an obligation to assist and protect our members, particularly those that find themselves in a vulnerable position. We also believe we have a duty to defend the integrity of the broader structures of our society, in this case the RAF.

We have become increasingly concerned that Discovery Health members may have been subjected to excessive legal costs in respect of legitimate claims that they have against the RAF which would negatively impact both the members and the refunds due to the Discovery Health Medical Scheme.

Complaints against Ronald Bobroff

In 2014, all Ronald Bobroff and Partners (RBP) fee agreements with its clients were declared unlawful by the Constitutional Court. This resulted in numerous High Court judgments being granted against RBP in favour of its former clients, requiring RBP to repay many millions of Rand in unlawfully retained fees. The effect of these judgments is that every single former RBP client has a claim for the difference between what was unlawfully retained as fees and what would be a reasonable fee for the work actually performed, as determined by an independent taxing master. Given RBP's large practice the amounts due to its clients was estimated to be in the hundreds of millions of Rand.

In addition, both the High Court and the Supreme Court of Appeal ordered the Law Society of the Northern Provinces (LSNP) to hold a disciplinary hearing for both Ronald and Darren Bobroff stemming from the findings of an independent investigating committee of at least 20 prima facie charges

against Darren and Ronald Bobroff including misappropriation of funds, forgery and creating false file notes.

The LSNP was also ordered by both the High Court and the Supreme Court of Appeal to conduct an inspection of RBP's trust and business accounts following the report of an independent forensic accountant of gross irregularities in the practice of RBP. Ronald Bobroff applied for leave to appeal the inspection orders to the Constitutional Court which application was summarily dismissed by the Constitutional Court as having no prospects of success.

As a result the LSNP's forensic investigators have since undertaken an inspection of RBP's practice and its findings are due to be released shortly. In March 2016 the High Court in Pretoria is set to hear an application for the suspension of both Ronald and Darren Bobroff from practising as well as to determine the extent of the number of clients overreached and the value of the amount overreached from each client by RBP.

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Discovery information

About Discovery Limited

Discovery Limited is a South African-founded financial services organisation that operates in the healthcare, life assurance, short-term insurance, savings and investment products and wellness markets. Founded in 1992, Discovery was guided by a clear core purpose – to make people healthier and to enhance and protect their lives. Underpinning this core purpose is the belief that through innovation, Discovery can be a powerful market disruptor.

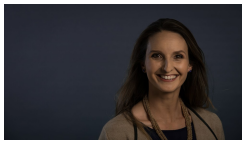
The company, with headquarters in Johannesburg, South Africa, has expanded its operations globally and currently serves over 4.4 million clients across South Africa, the United Kingdom, the United States, China, Singapore and Australia. Discovery recently announced an intent to partner with Generali, a leading insurer in Europe, and has partnered John Hancock in the US. These new partnerships will bring Discovery's shared-value business model to protection industries in Europe and the US.

Vitality, Discovery's wellness programme, is the world's largest scientific, incentive-based wellness solution for individuals and corporates. The global Vitality membership base now exceeds three million lives in five markets.

Discovery is an authorised financial services provider and trades under the code "DSY" on the Johannesburg Securities Exchange.

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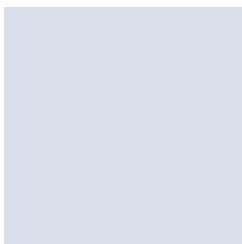
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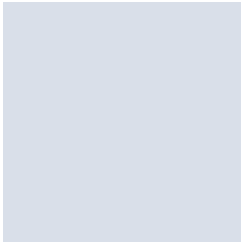
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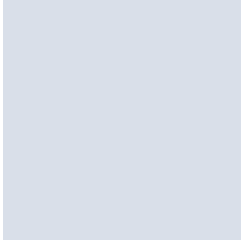
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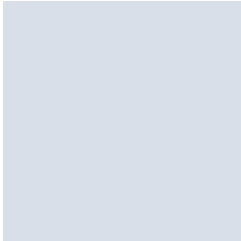
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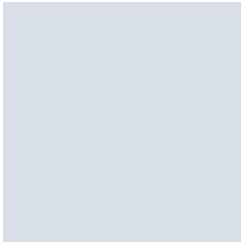
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