

## Vitality Overview

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13 June 2022



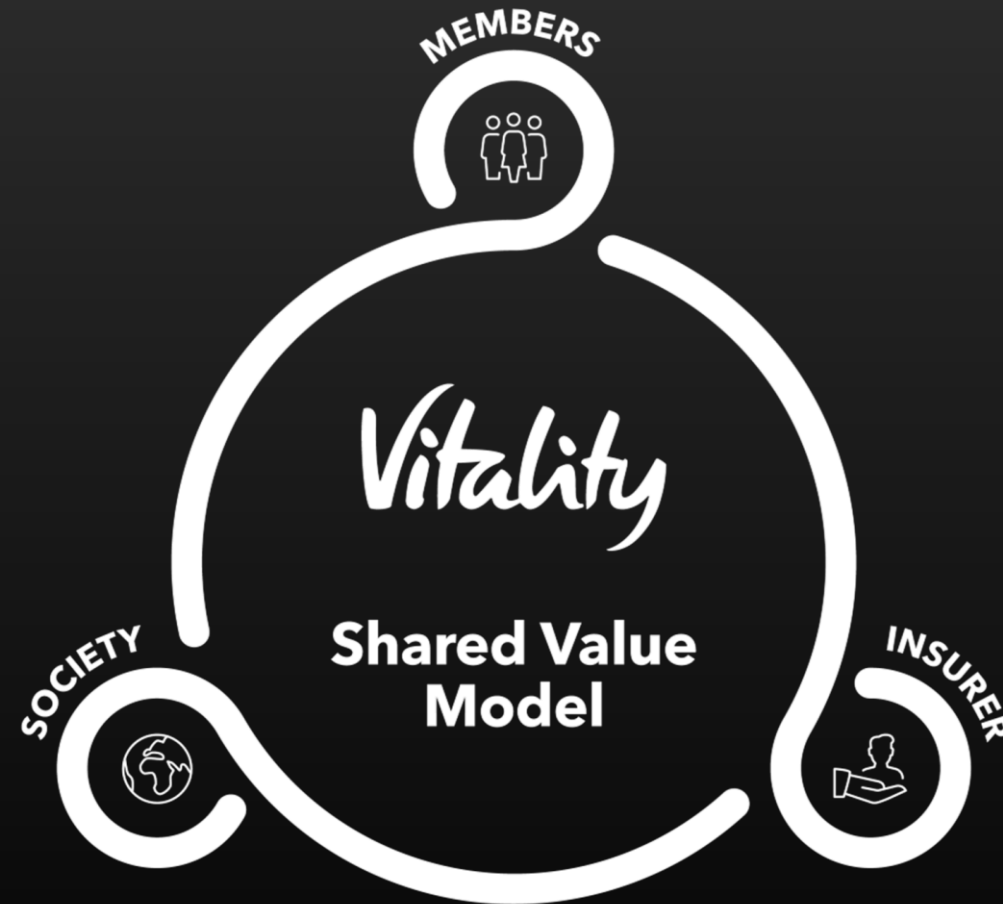
# Purpose driven organisation

## Why

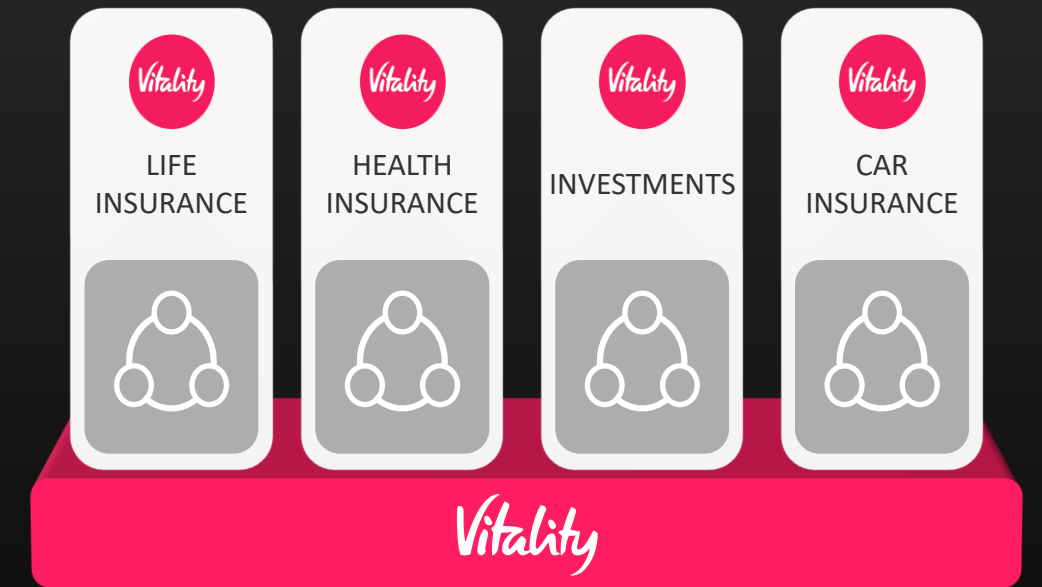
Make people healthier  
and enhance and  
protect their lives



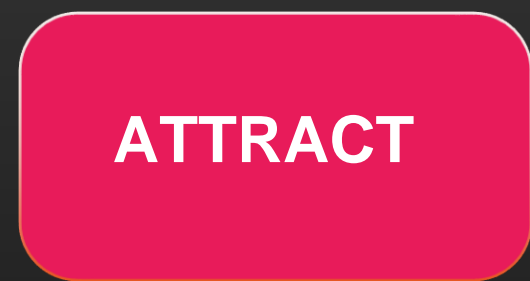
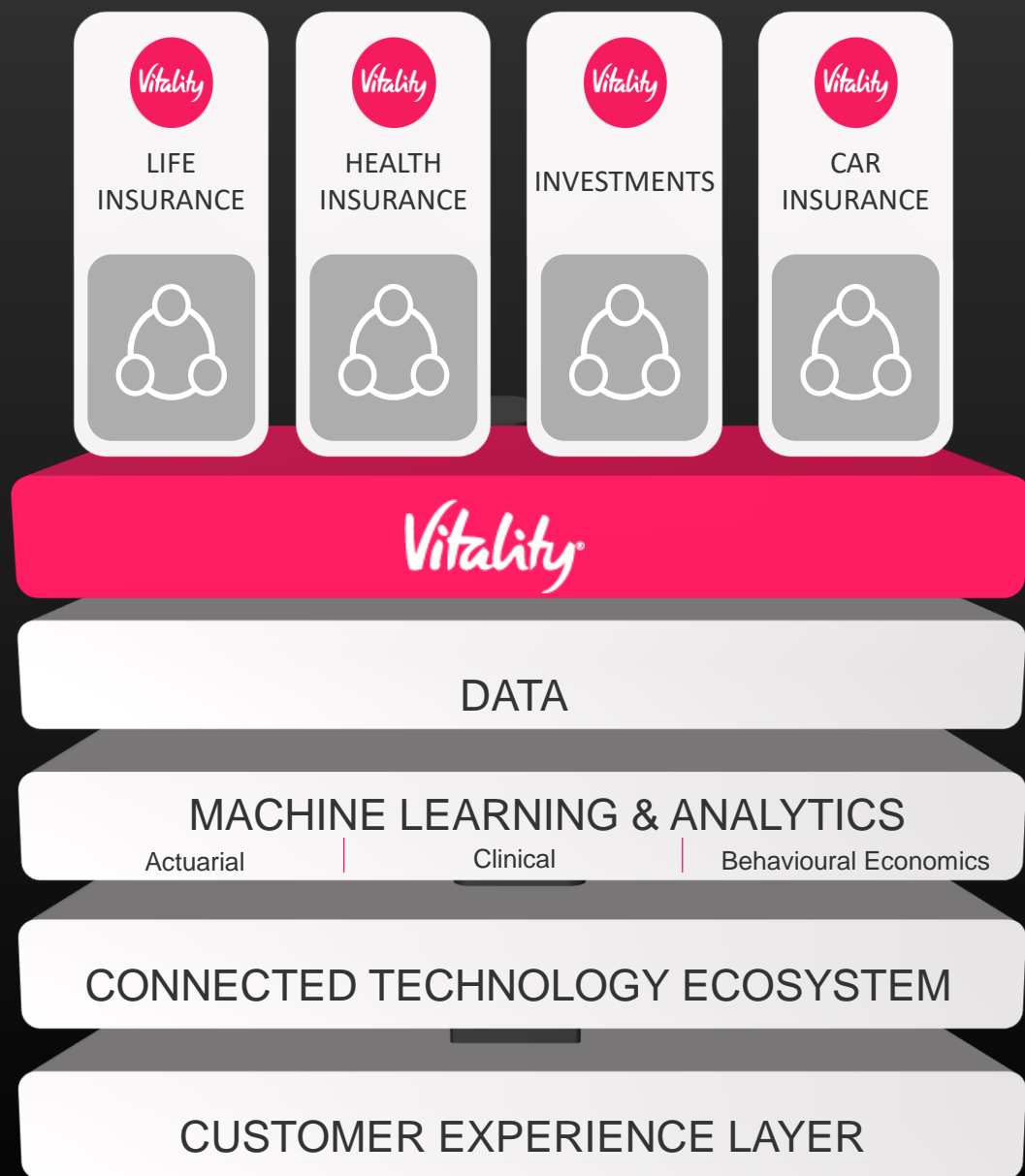
## How



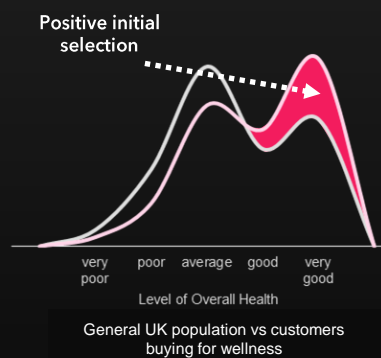
## What



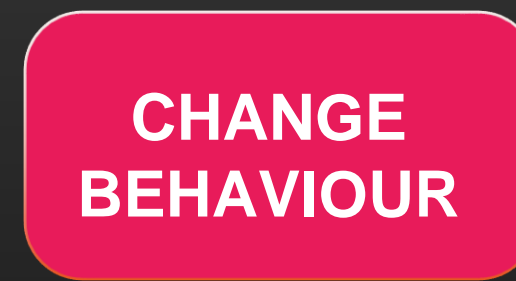
# Our model has evolved into a sophisticated business methodology underpinned by unique assets



Attract a disproportionate share of young & healthy lives

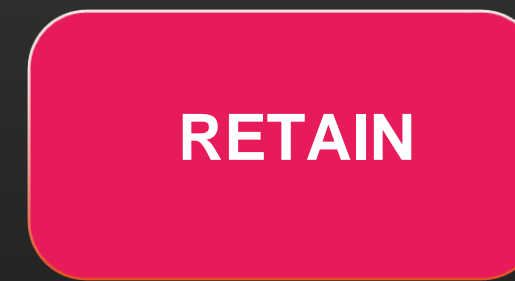


Use rich datasets to underwrite risk accurately and price appropriately

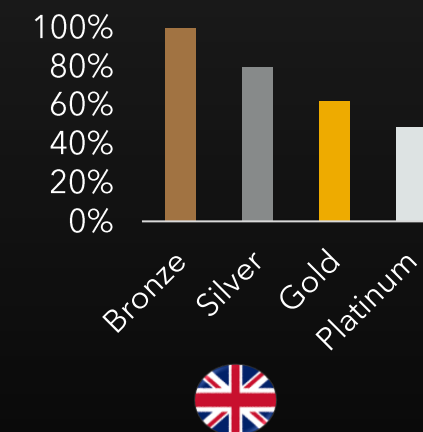


Incentivize members to increase their healthy behaviour through Vitality programs

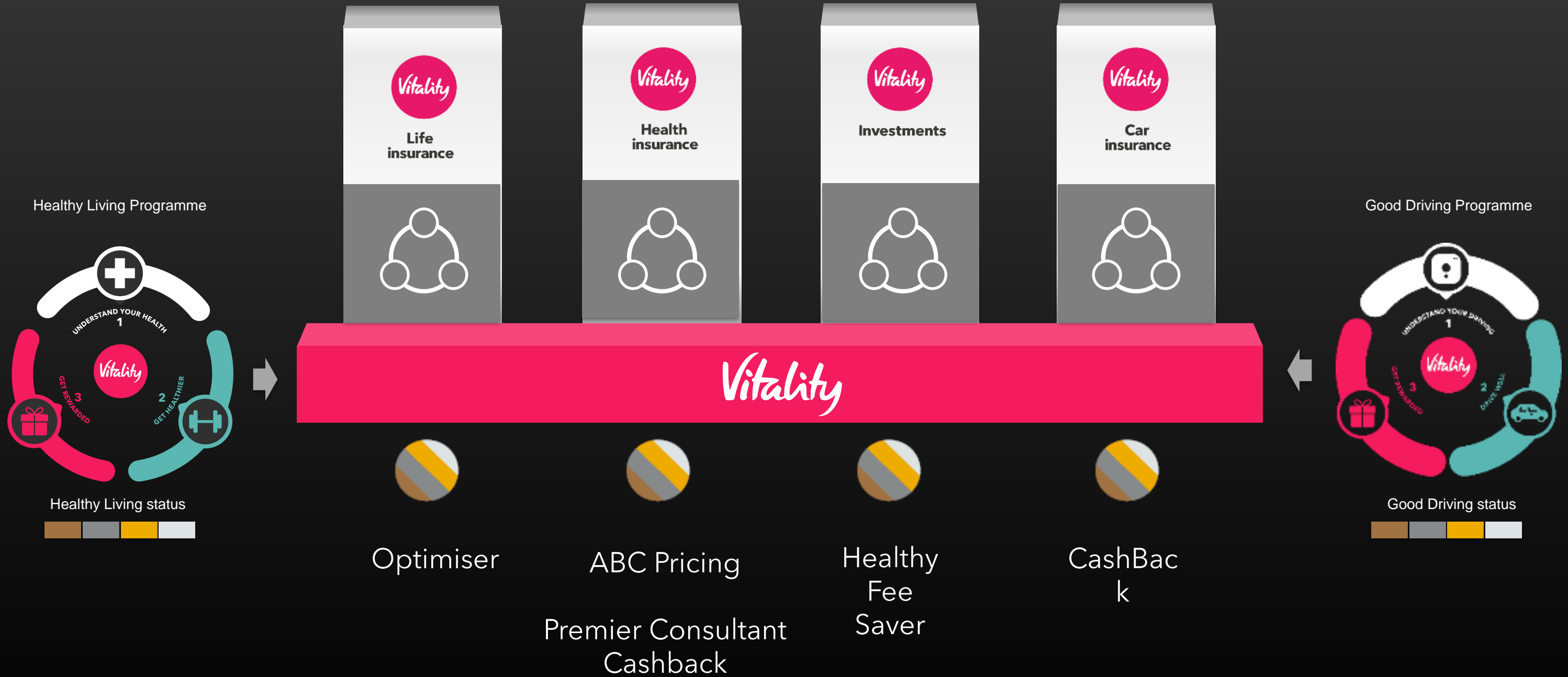
- Next Best Action**  
 Leading health recommendation engine  
 Lifestyle Goals  
 Promotions  
 Notifications  
 Quizzes  
 Content Manager  
 Signature Experiences



Structure incentives and member engagement to drive selective retention of young and healthy lives



# Manifested in the composite business model



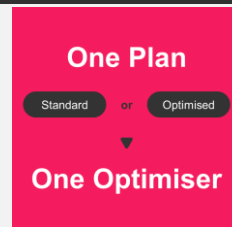
# VitalityLife is witnessing the benefits from addressing 10 point plan



Area	Management actions	
OPERATIONS	1 Intervened against 'high lapse' brokers	✓
	2 Restructured franchise channel	✓
	3 Consolidated ops and service at Group level	✓
	4 Enhanced retention capabilities	✓
	5 Strengthened actuarial bases and set up COVID-19 provisions	✓
CAPITAL	6 Entered into interest rate hedge	✓
	7 Deferred Part VII transfer	✓
	8 Changed Group legal entity structure	✓
	9 Adapted elements of actuarial methodology	✓
LIQUIDITY	10 Sourced liquidity funding in the UK	✓

# Achievement of the 10-point plan has allowed for a strategic refocus across key areas of the business

## 1. Simplification



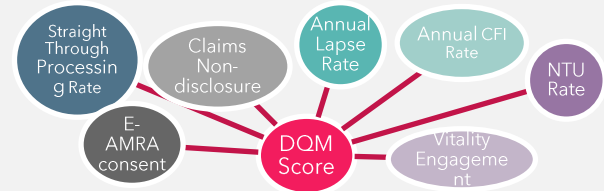
Significant simplification of our offering, with one personal protection product, the option of one Optimiser, plus access to the Vitality rewards programme at no extra cost for all members

## 2. An Investment in technology & service



A focus on making it easier for brokers to do business with us.

## 3. A focus on quality



From presale to the moment a plan is put on risk and beyond, doing the right thing for clients throughout every part of the customer journey helps ensure the quality of business is of the highest possible standard. This benefits Vitality, the broker and most of all – the client.

## 4. Price Optimisation



Significantly enhanced our price optimisation capability through data science and pricing technology allowing us to price competitively and target sales in profitable segments

# Clear signs of success are emerging



## Improved broker sentiment

Improvement in market ranking for Underwriting & Claims



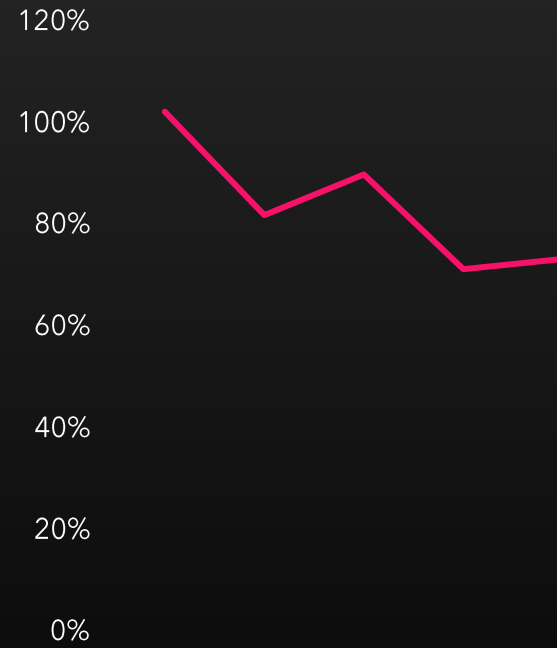
2020 **9th** → 2021 **2nd**

The distribution feedback survey completed by over **1,000** brokers showed a **significant improvement** in the "Ease of doing business" score

2020 **17.1** → 2021 **32.9**

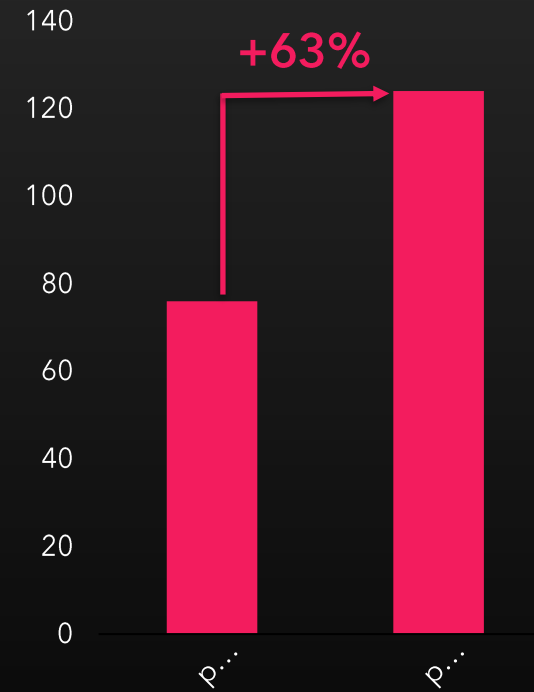
## Fantastic retention results

VitalityLife lapse AvE

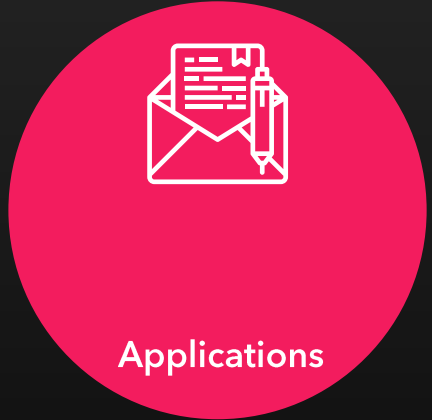


## Wider broker footprint

Average number of firms writing per month



## Driving increasing sales in quality/ profitable business

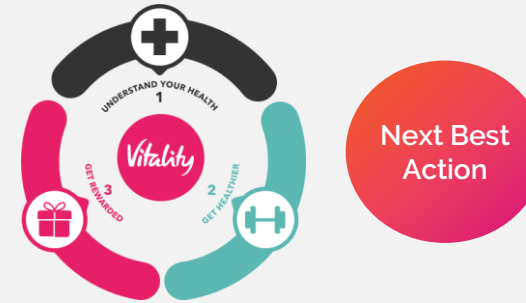


Applications

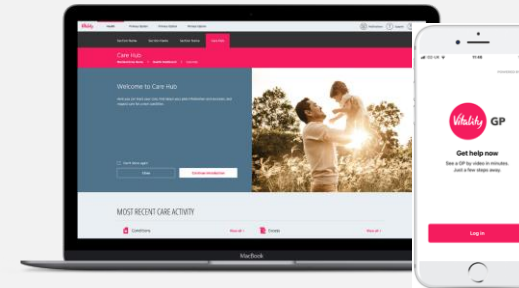
# VitalityHealth is transforming the health insurance market



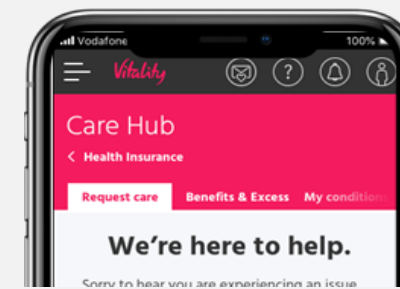
**1.** The first insurer to prioritise prevention



**2.** Pioneering the provision of primary care



**3.** Advanced digital pathways



By empowering and incentivising our members to make positive changes to their lives, we have been able to deliver better health and greater financial value for them, as well as reducing downstream healthcare costs.

Vitality was the first insurer to introduce virtual GP and have continued to expand our primary care offering through the introduction of physiotherapy and CBT.

Providing members with a simple, intuitive and empowering experience that places them at the centre of their healthcare journey.



# Resulting in better health, value and relevance than traditional a PMI product

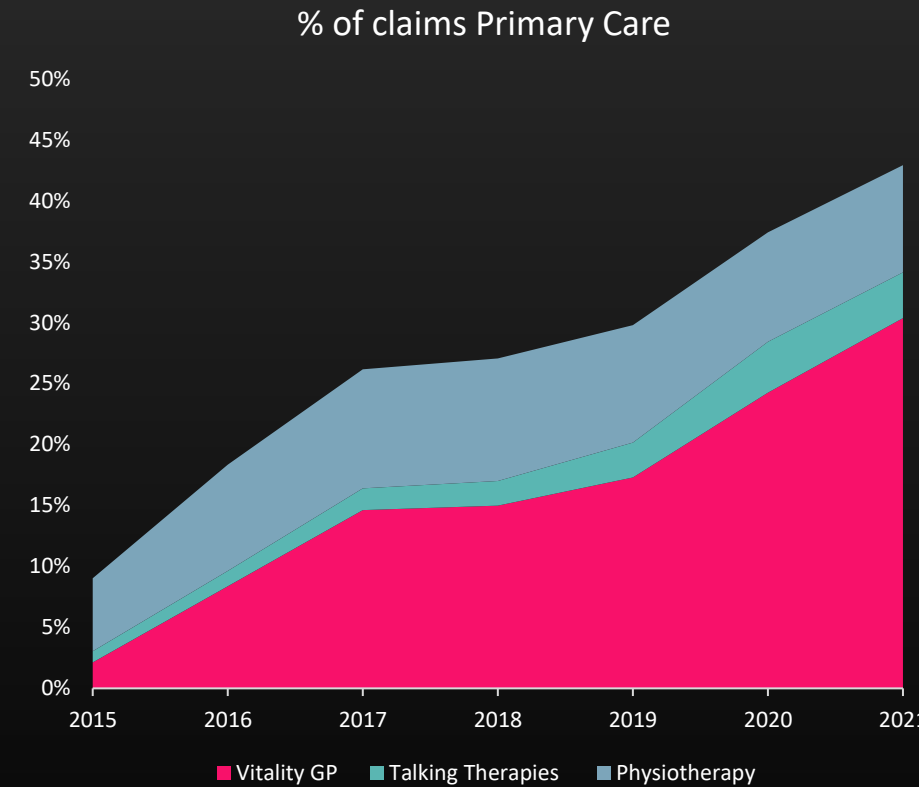
## Premier Consultants continue to deliver value as well as better outcomes

Premier Consultant performance in 2021



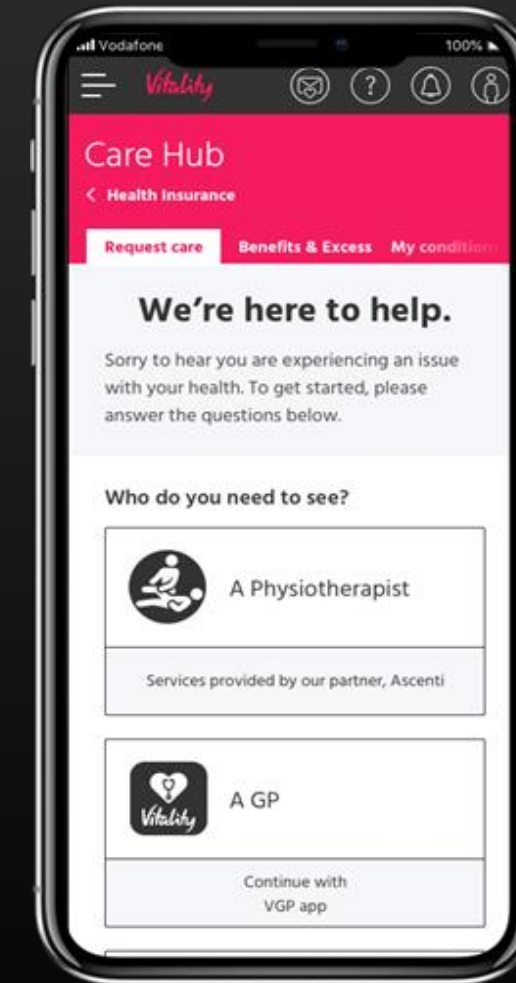
## A growing increase in claims for Primary Care

Primary care now accounts for **over 40%** of all claims, up from less than 10% in 2015



**Over 100k virtual consultations in 2021**

## A successful adoption of digital pathways

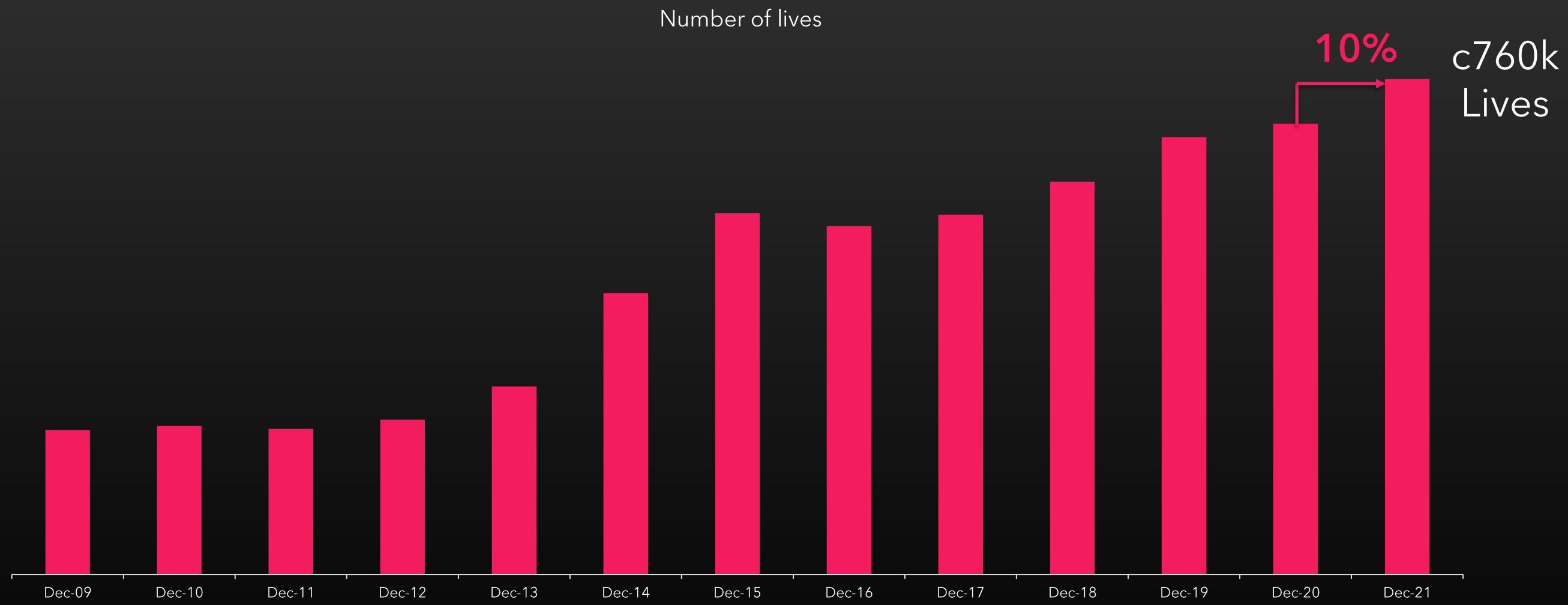


Over **35 000** monthly visits to Care Hub.

**80%** of talking therapy consultations are now digital

**60%** of physiotherapy care is via a digital triage journey

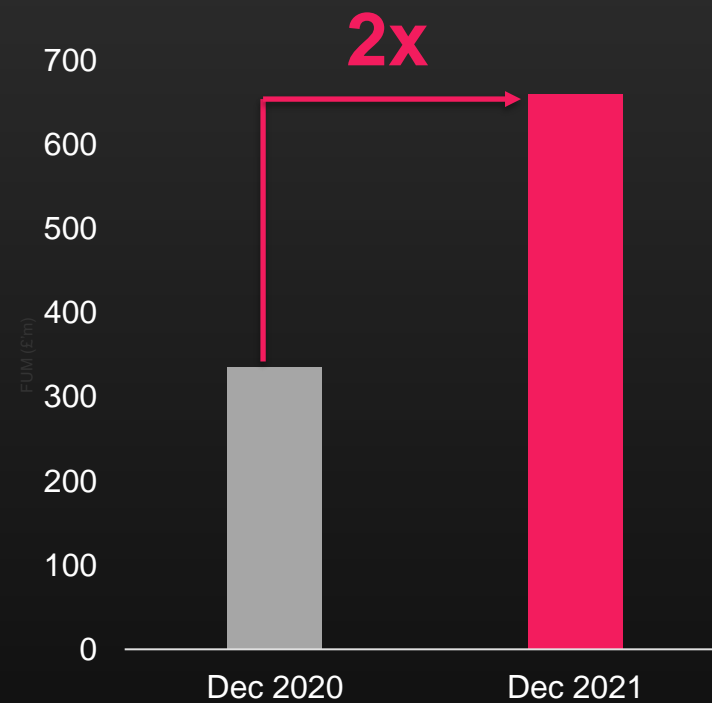
# And the impact of this has been remarkable growth in the number of lives driven by strong sales and retention



# VitalityInvest have experienced a remarkable increase in the Funds Under Management



Funds Under Management (£'m)



# But, the market dynamics in the Invest IFA market have impacted the business

1

**Compressed margins**

Fee competitiveness has intensified

2

**Demand for a full range of Investment products and fund choices**

Intermediary demands around product options, fund choice and third-party funds are open-ended

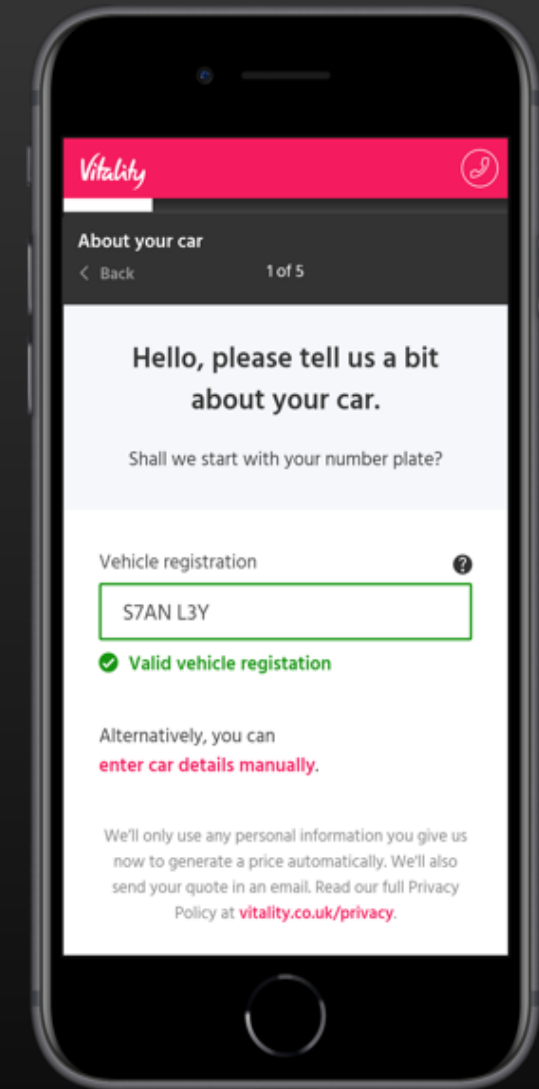
3

**Contraction of the intermediary market**

Regulatory and PI insurance increases have led to a substantial reduction in the number of advisors providing defined benefit transfer advice.

Regulatory pressure has also resulted in advisors shifting focus away from smaller case sizes.

# VitalityCar is just getting started on bringing shared-value to a new market



Vitality app and Good Driving Sensor

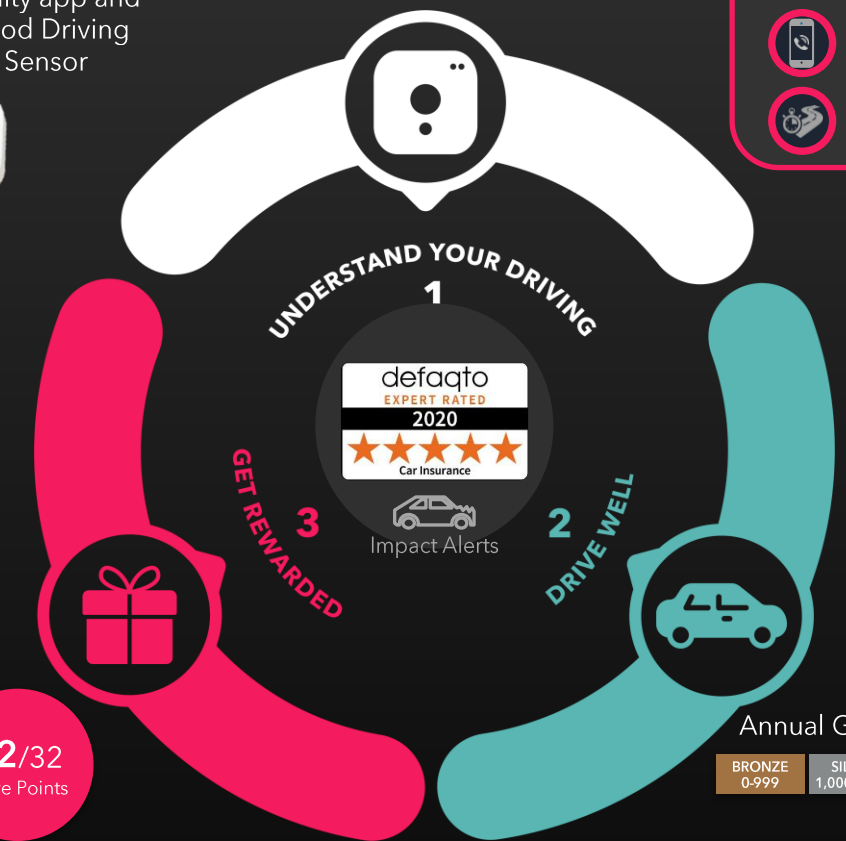
- Harsh Acceleration
- Harsh Braking
- Harsh Cornering
- Distracted driving
- Speeding

No increase Status Link and excess

£0 reduction   £50 reduction   £125 reduction   £250 reduction

Weekly Active Rewards  
 Coffees and movies

32/32 Drive Points



Daily Good Driving points



Green incentives  
 Car-free days  
 Carbon offset

Annual Good Driving status

BRONZE	SILVER	GOLD	PLATINUM
0-999	1,000-1,399	1,400-1,799	1,800+

Over **110k** quotes since our soft launch

**80%** of drivers are engaged and earning weekly active rewards