

# VitalityHealth Business Update 2019.

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*Vitality*  
HEALTH INSURANCE



# Context for the PMI market in the UK

## Large, but static market

6.9 million insured lives

£4.8bn annual premiums

## Share by market segment (insured lives)

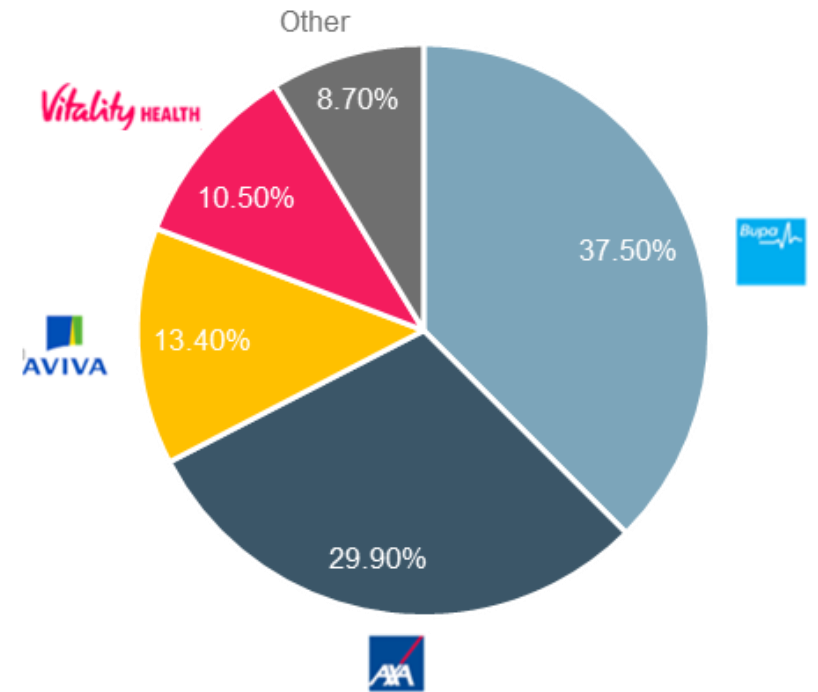
Individual c20%

SME c25%

Corporate c55%

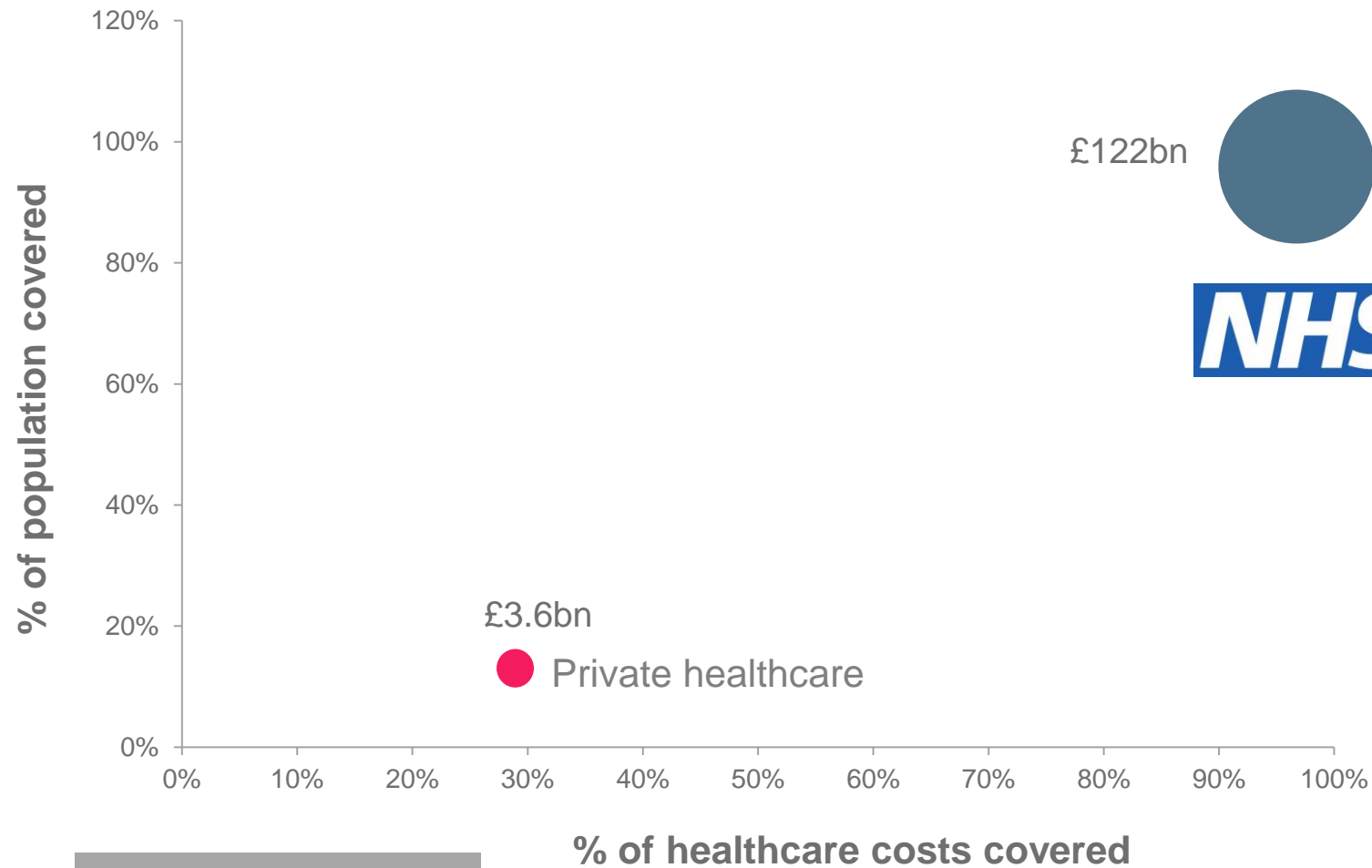


## Funder concentration



# Compared to Discovery Health, PMI providers play a very different role in the healthcare system

Comparison of public and private systems



- No cover for A&E
- No cover for chronic health conditions
- Limited cover for primary care

Size of bubble correlates to spend

# Compared to the South African model, PMI providers operate more like general insurers from an underwriting and pricing perspective



Community rated



Sophisticated benefit management



Scale a prerequisite



HEALTH INSURANCE

Risk rated



Manage price and loss ratio at policy level



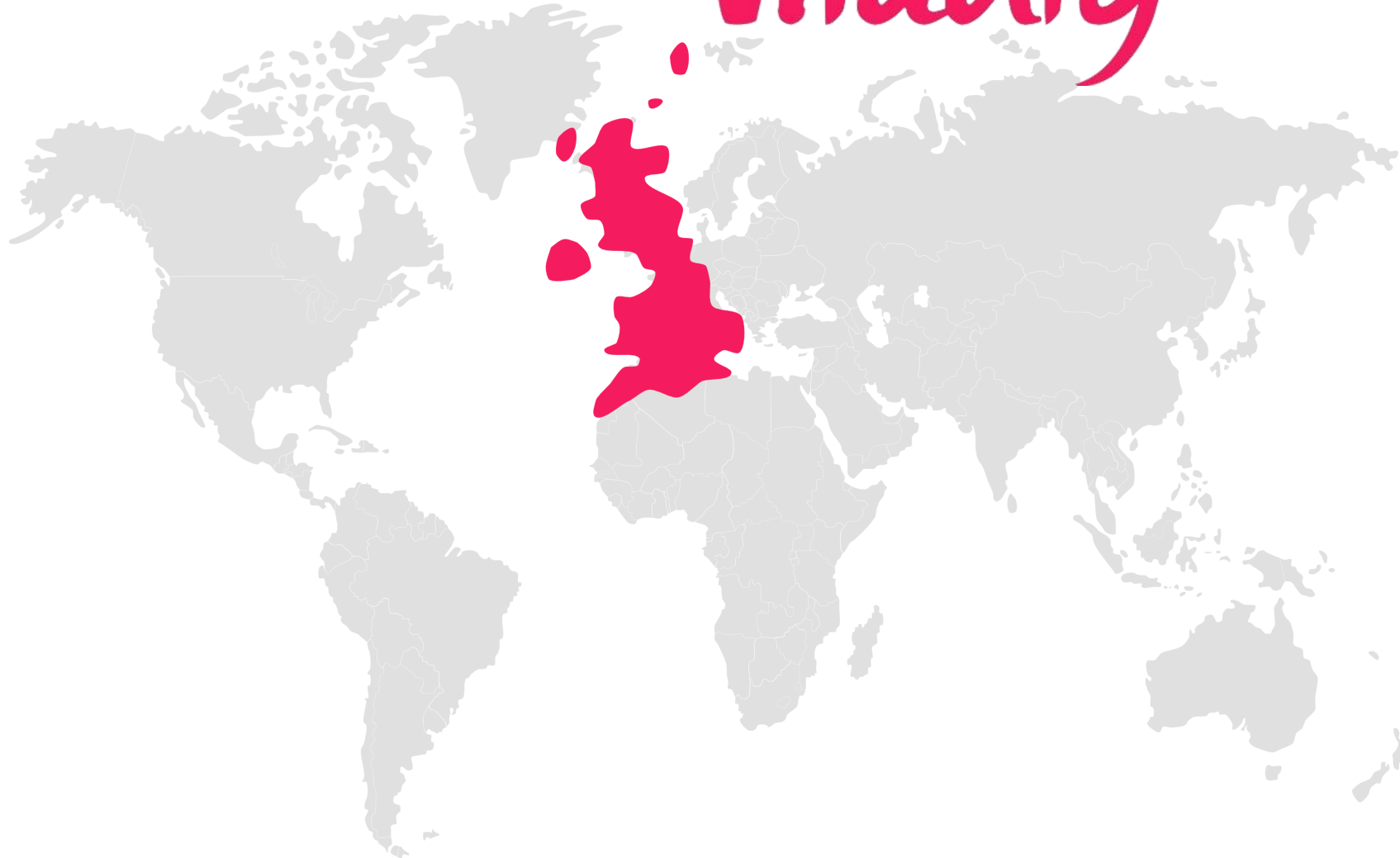
Critical mass sufficient  
(4 players = 90%)

Optimise average renewal price increase

Sophisticated loss ratio management

In effect, combining the best of clinical risk management techniques with general insurance principles

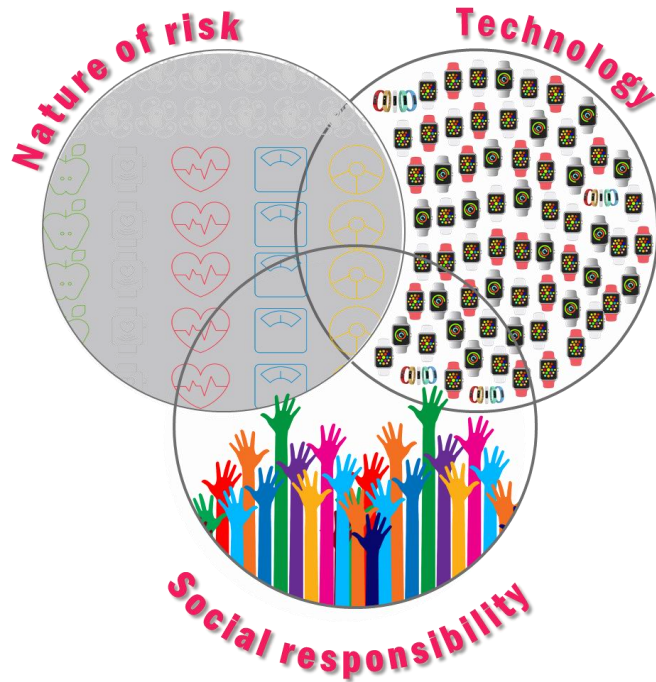
*Validity*



While the operation of the markets is very different, Vitality UK shares a consistent core purpose with that of Discovery

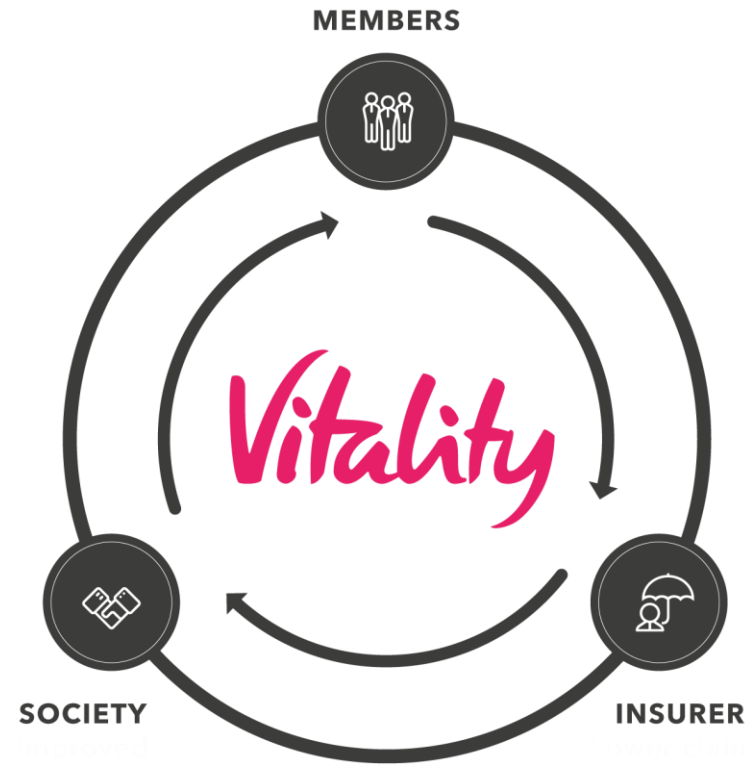
## Why

*Make people healthier and enhance and protect their lives*



## How

Shared Value Model



## What

*Vitality*

LIFE INSURANCE

*Vitality*

HEALTH INSURANCE

*Vitality*

INVEST

We have internalised the trends and Shared Value model into a bold ambition for the business which guides our approach

To be the **best and most trusted Health InsureTech company in the UK, generating a million additional years of life for our members** by 2023 through our shared value insurance model.

We will achieve this by **transcending the boundaries of traditional insurance**, bringing together the complex worlds of **healthcare, wellness, behavioural economics and technology**.

Through this model, we will **generate significant value for all stakeholders not traditionally associated with the insurance category**.

To be the **best and most trusted Health InsureTech company in the UK, generating a million additional years of life for our members** by 2023 through our shared value insurance model.

Brand

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Product

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Engagement  
and experience



# Strategic insight into the delivery of our ambition



## BRAND

Brand ambition:

*Develop an insurance brand that cuts-through in a low interest category and that consumers will love*

## PRODUCT

Product ambition:

*Advance the health and wellbeing of our members through a unique integration of health and care pathways, and ensure that all members, regardless of their state of health, have opportunities to derive value from the product*

## ENGAGEMENT

Engagement ambition:

*Through incentives and behavioural science, support members to make positive, lasting changes to their lifestyles*

## EXPERIENCE

Customer experience ambition:

*Make the customer experience intuitive and real-time through brilliant, seamless journeys that are deeply integrated with Vitality's health and care partners*

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Stanley provides a unique vehicle through which to market our message of healthy living, as well as our product benefits

Vitality



POSITIVELY DIFFERENT

# An "always-on" approach to brand investment



**GET ACTIVE**  
with an Amazon Echo Dot on us.  
Offer ends 30 June.

Plus get an **AMAZON SMART PLUG TOO**

Does Alexa speak *Dachshund?*

With fitness and nutrition tips from the Alexa Vitality Skill.

**Vitality**  
HEALTH AND LIFE INSURANCE

**POSITIVELY DIFFERENT HEALTH AND LIFE INSURANCE**



Prompted brand awareness of **50%**

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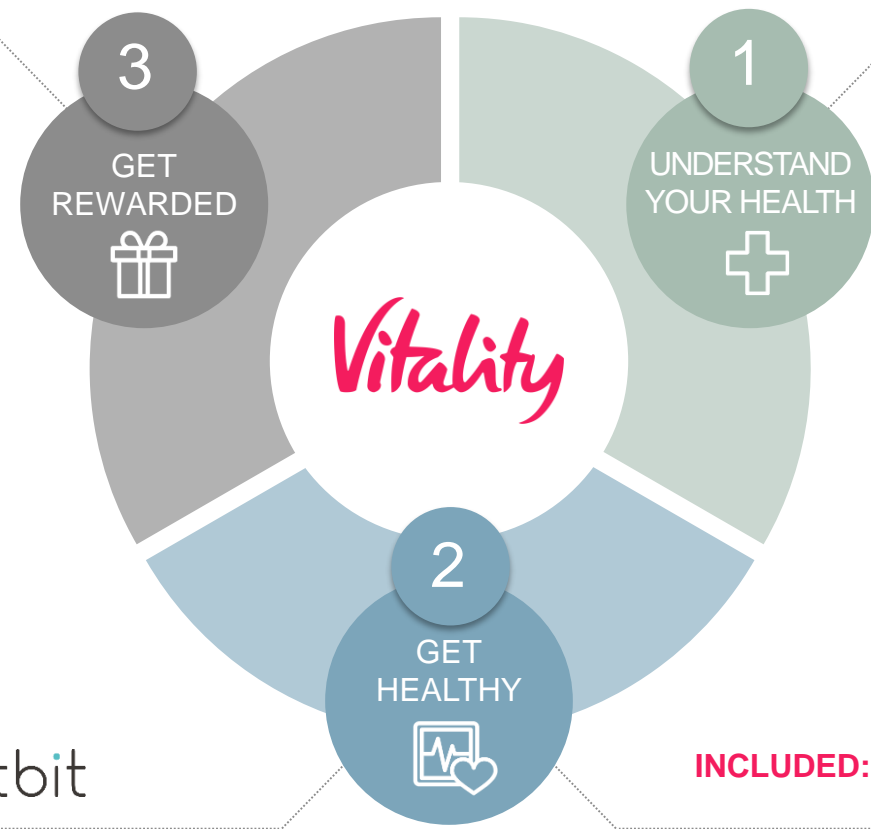
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# The model is underpinned by a mature version of the Vitality programme



## STATUS REWARDS

Up to **25% off**

Up to **40% off:**

## ACTIVE REWARDS

## RECOGNISED:

## 50% off:

## 75% off:

## INCLUDED:

| AGE | HEALTHCHECK

| GP

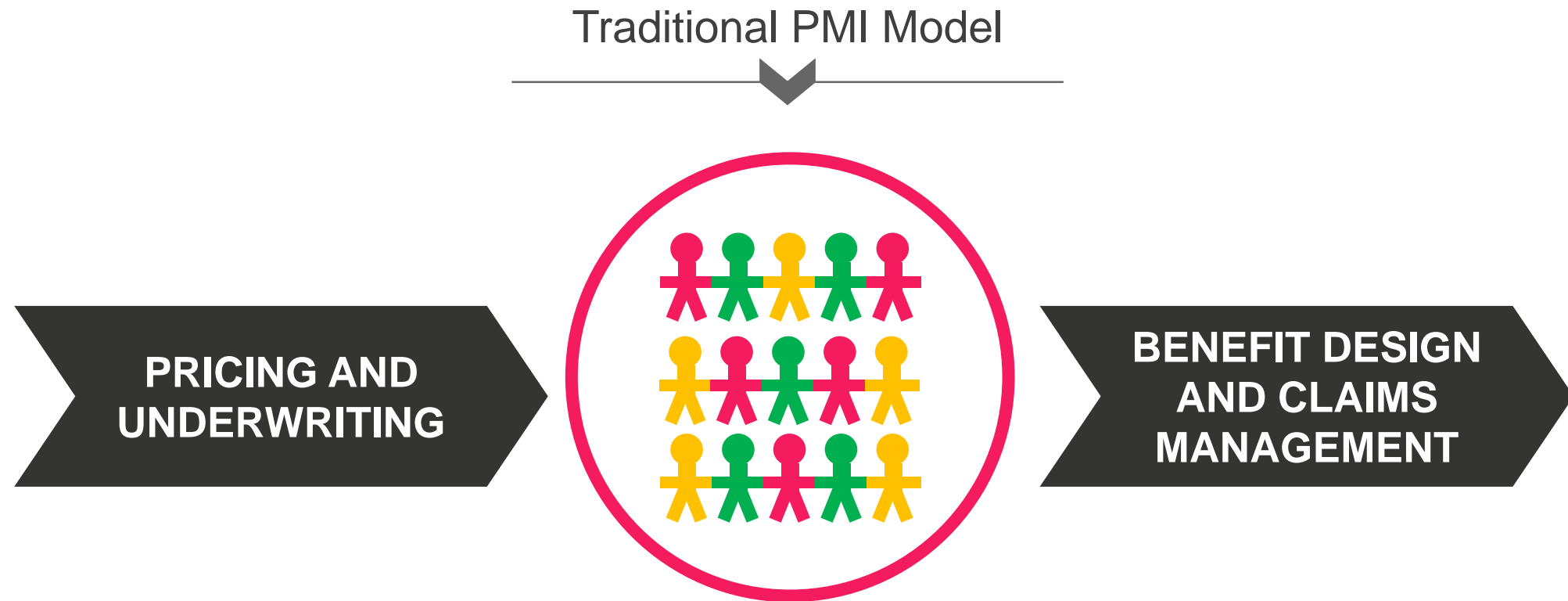
## 50% off:

## INCLUDED:

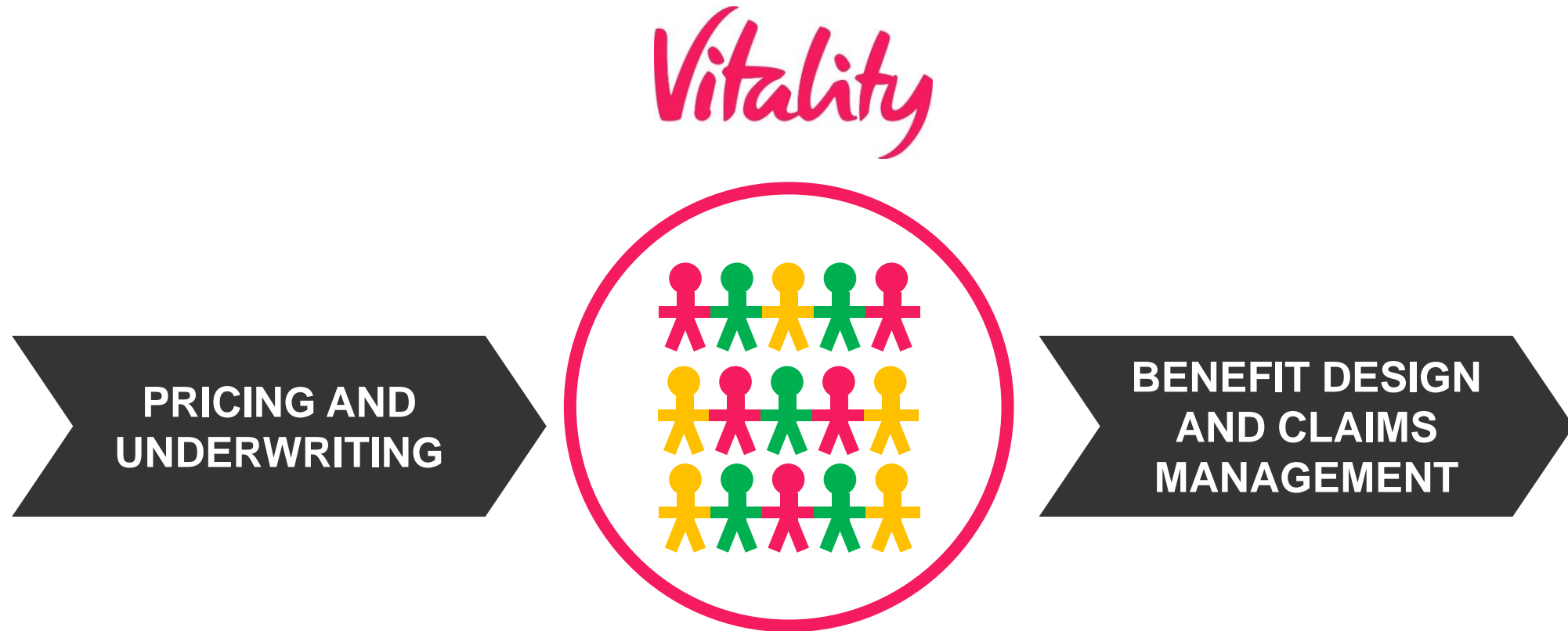
## Up to 40% off:



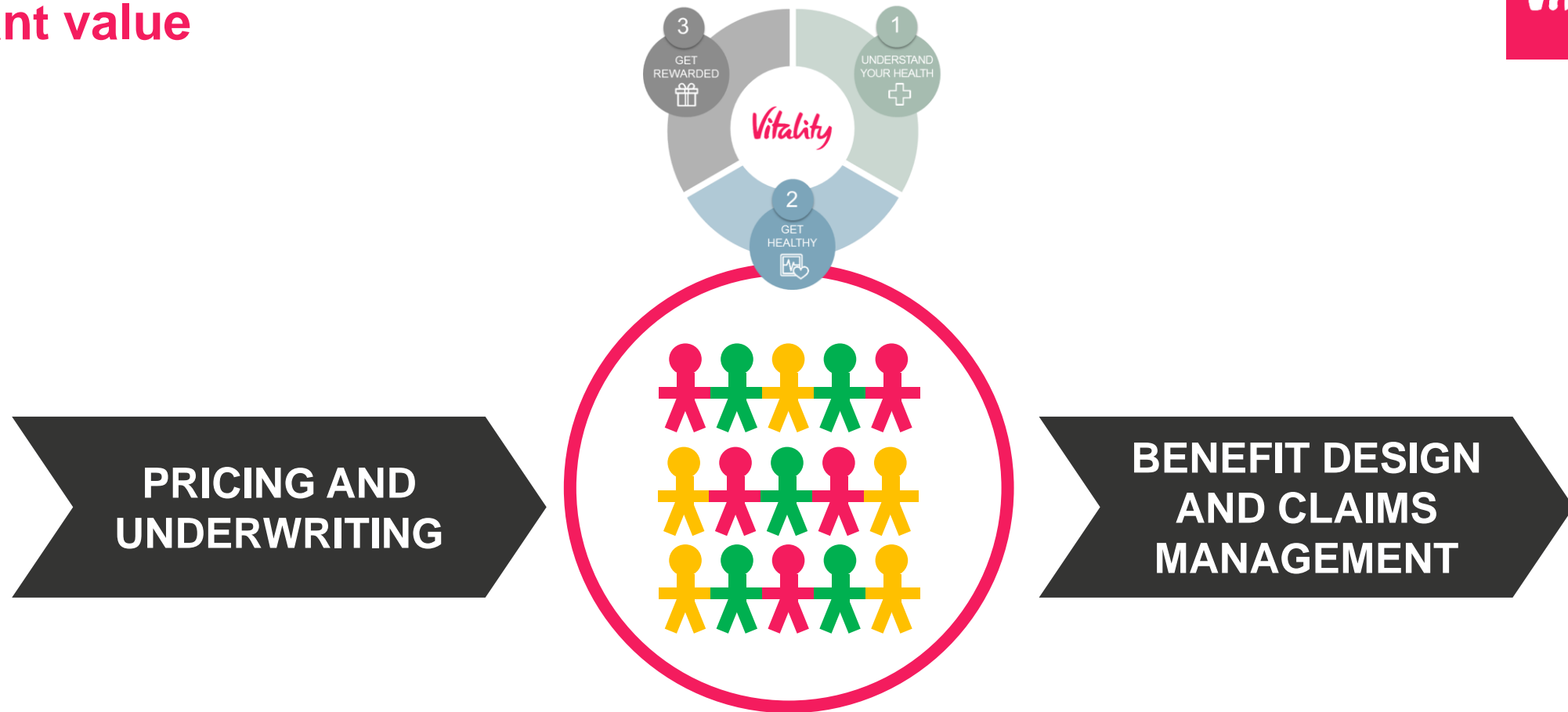
# Traditional PMI models are fundamentally based on the balance between premiums and claims



The Vitality model changes the profile of the risk pool, and unlocks significant value



# The Vitality model changes the profile of the risk pool, and unlocks significant value



# Value is channelled into better pricing and richer benefits...



**PRICING AND UNDERWRITING**

**BENEFIT DESIGN AND CLAIMS MANAGEMENT**



A box containing three colorful blocks labeled 'A', 'B', and 'C'. To the left is a circular icon with the text 'STATUS-LINKED EXCESS'. To the right is a circular icon with the text 'EMPLOYER CASHBACK' and a hand holding coins.

A box containing the text 'Vitality GP' and a circular icon with the text 'Vitality FULL COVER PROMISE'.



... and significant savings for members

**£76m**  
of additional value

October 2017 – September 2018



**PRICING AND UNDERWRITING**

**BENEFIT DESIGN AND CLAIMS MANAGEMENT**

STATUS-LINKED EXCESS

EMPLOYER CASHBACK

A B C

Vitality GP

Vitality FULL COVER PROMISE

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## Make it happen! WORKPLACE WELLNESS PLANNER JULY - DECEMBER 2018






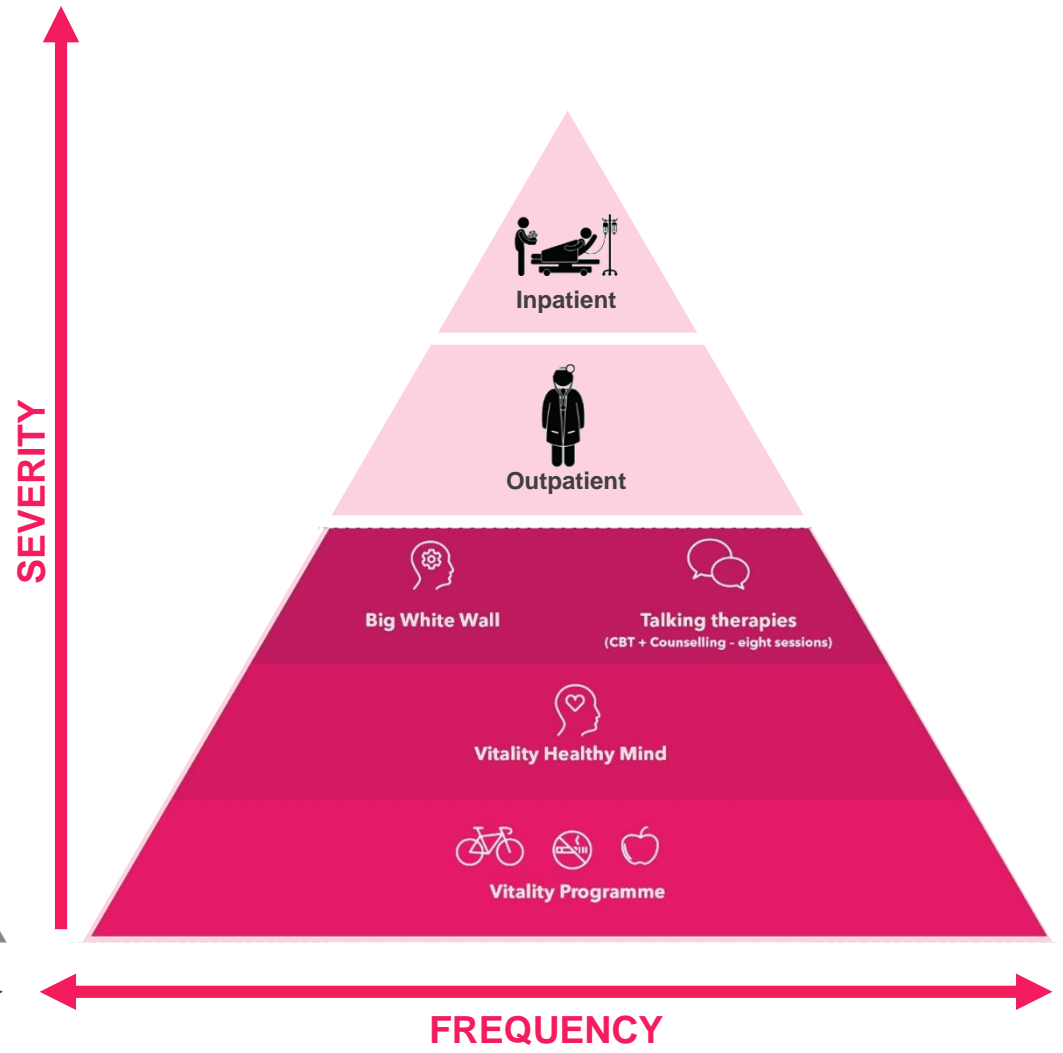
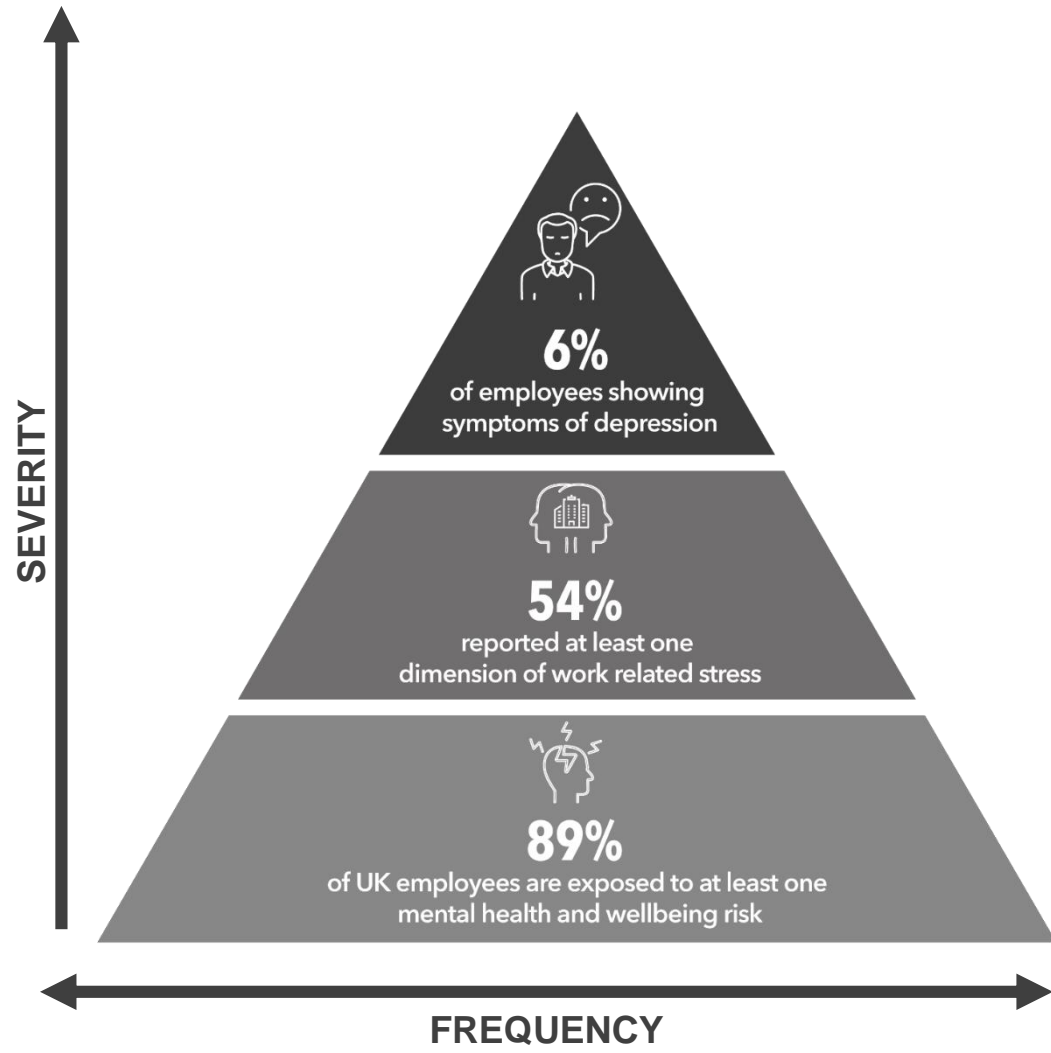
**900+**  
Wellness Days and  
Workshops



**6** Vitality Coaches | **6**  
Performance Champs  
**150** Vitality Champions

# We are applying the incentive mindset to drive the prevention agenda in the mental health space

-   
**Treatment**
-   
**Early intervention**
-   
**Prevention**





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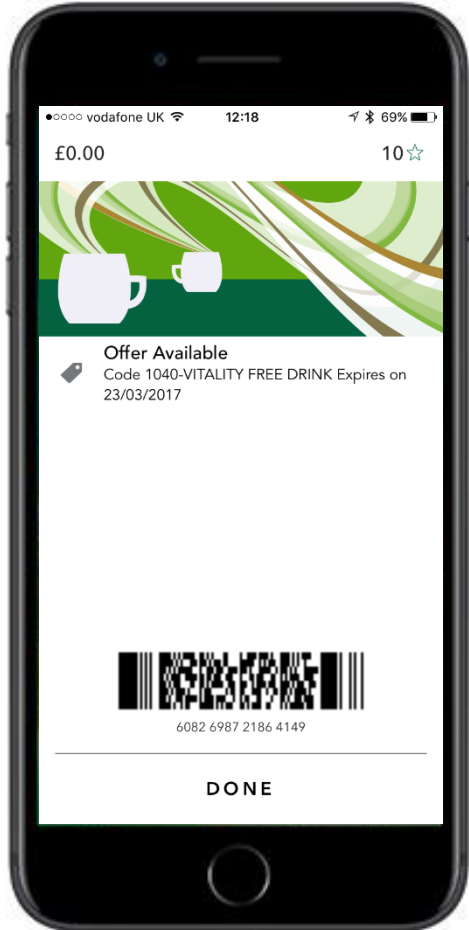
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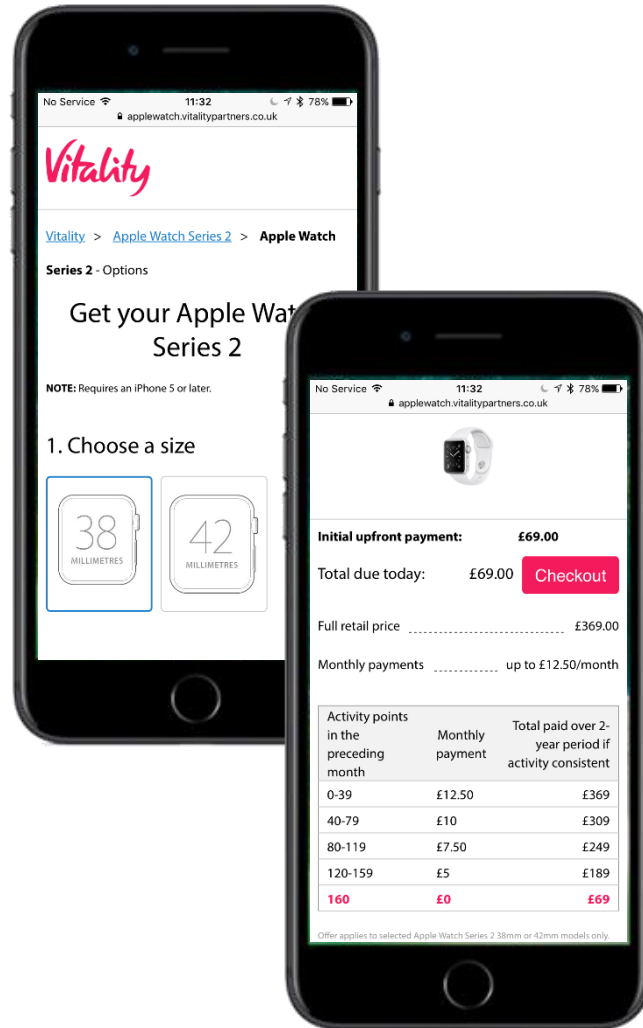
*Make the customer experience intuitive and real-time through brilliant, seamless journeys that are deeply integrated with Vitality's health and care partners*

# The success of Vitality depends on seamless integration with partners – no effort or barriers to engagement

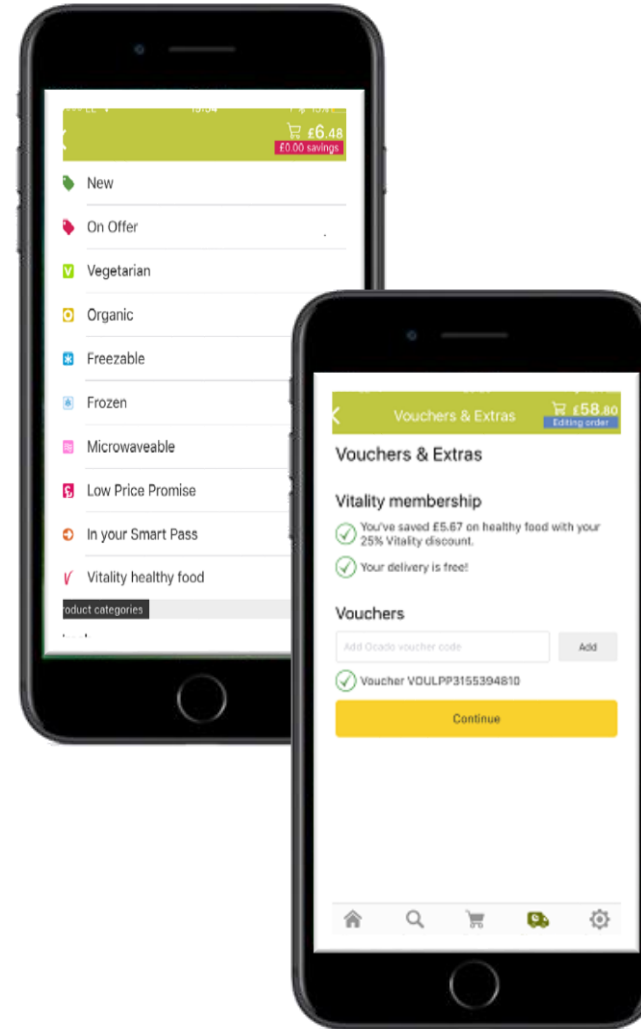
Starbucks



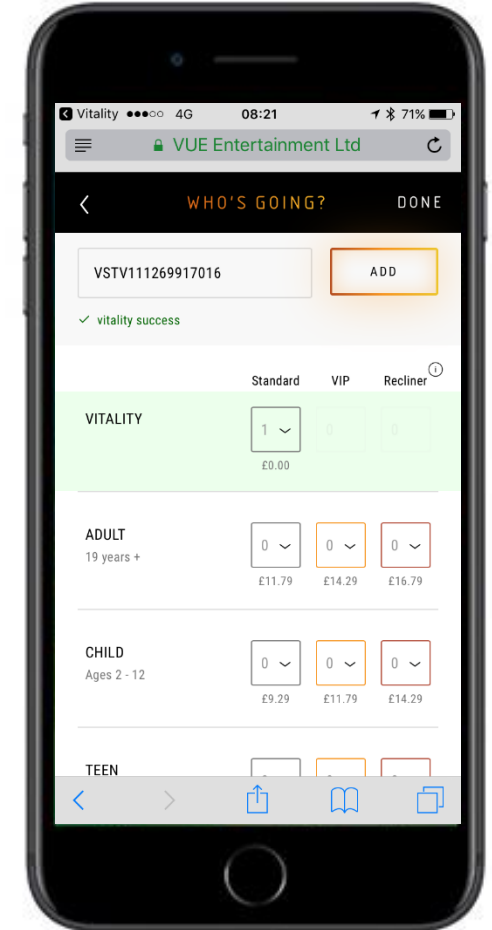
Apple



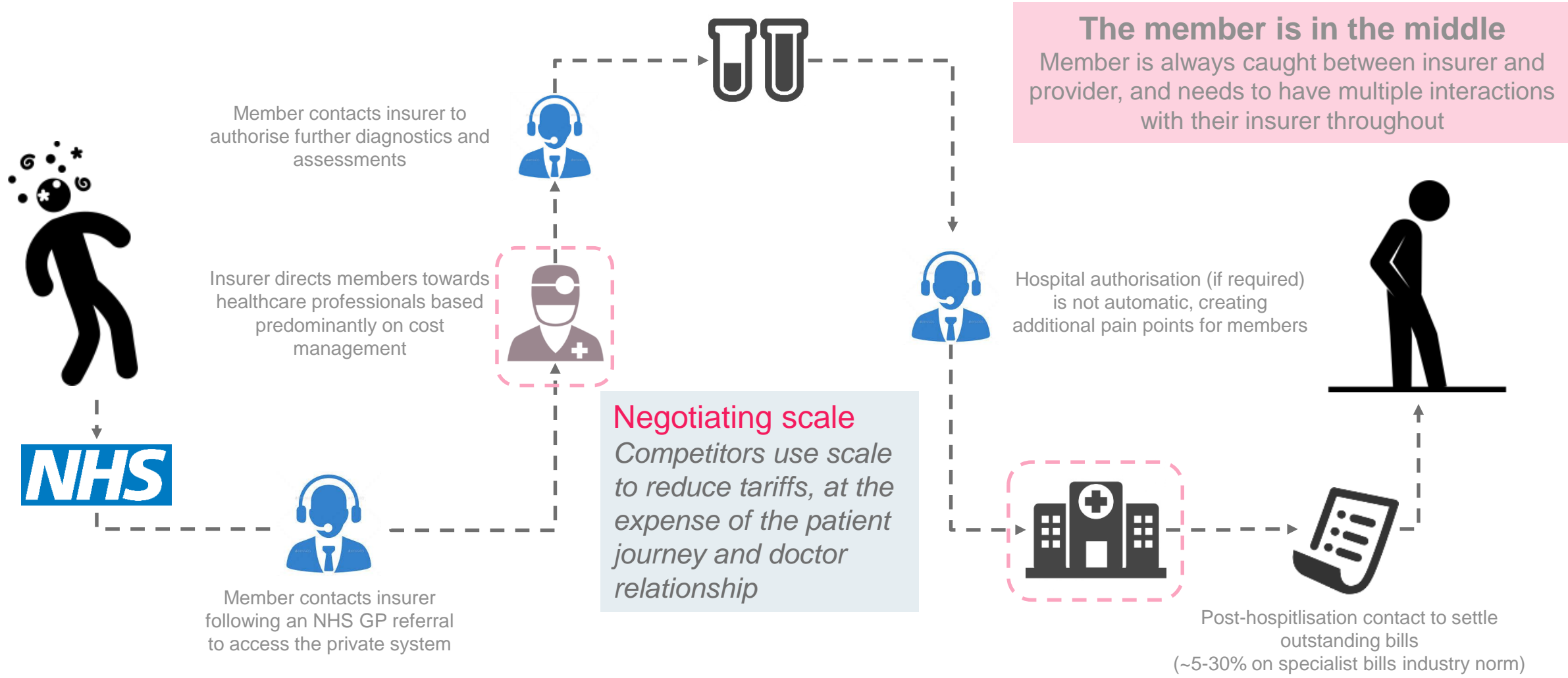
Ocado



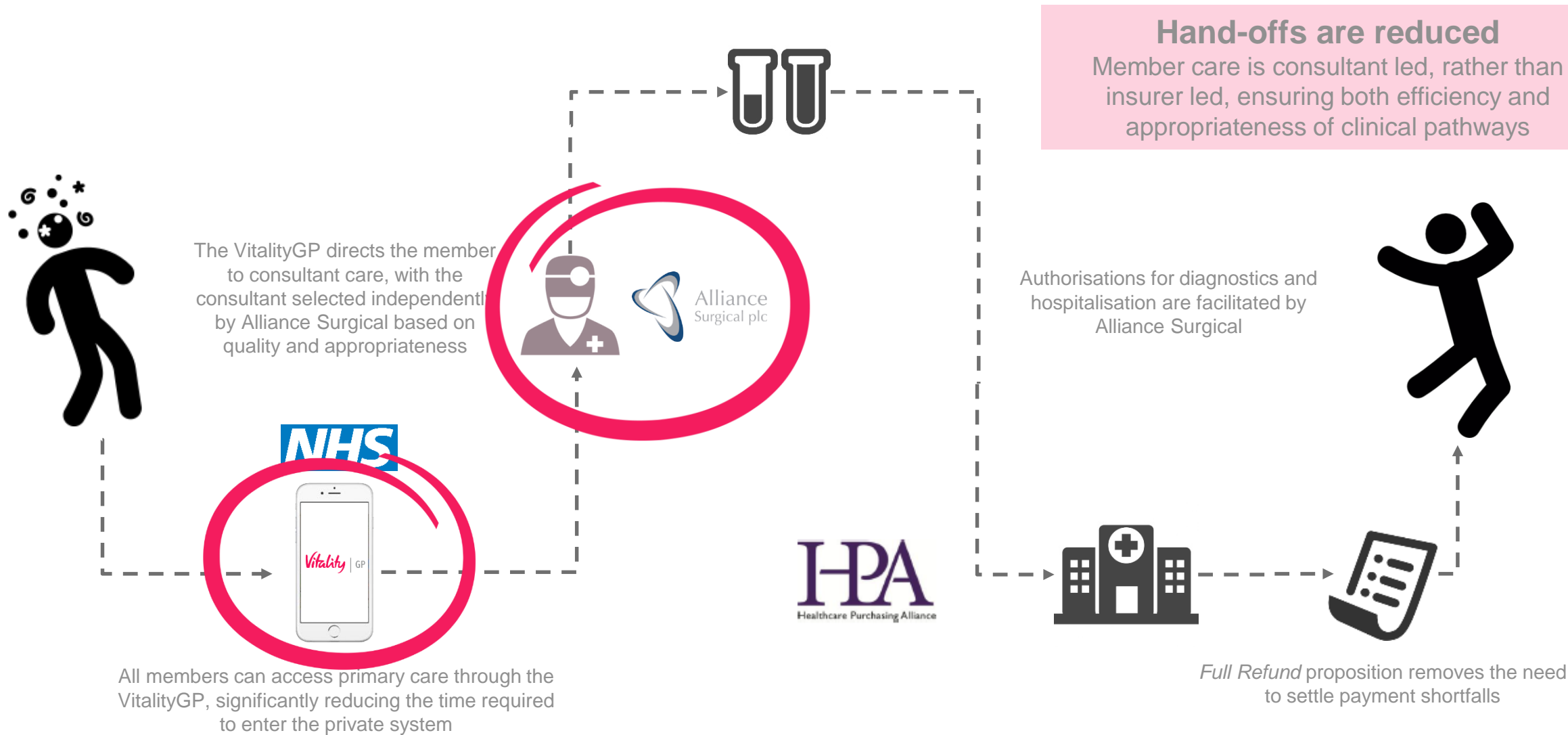
Cineworld / Vue



# More fundamentally, we have redefined the healthcare journey in the UK – TRADITIONAL JOURNEY



# More fundamentally, we have redefined the healthcare journey in the UK – VITALITY JOURNEY



# Customer satisfaction is at an all-time high

**70%**  
of all Trustpilot scores in  
the past year are  
**5 Star**

**94%** claims satisfaction

**87%** feel that Vitality has a positive impact on their health

**66.7** – Group Secretary NPS (Q4 2018)

| Member Survey

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