



# Discovery Capital Markets Day

November 2024

# Agenda



## 1 Discovery Group and creation of Vitality

*Adrian Gore*  
Group CEO

## 2 Vitality Shared-value model

*Emile Stipp*  
Vitality Chief Actuary

*Q&A and break*

## 3 Vitality Network

*Shaun Matisonn*  
Vitality Network CEO

## 4 Ping An Health Insurance

*David Ferreira and Candy Ding*  
Vitality China CEO and Ping An Health Insurance CFO

## 5 Vitality Health International

*Jonathan Broomberg*  
Vitality Health International CEO

*Q&A and break*

## 6 VitalityHealth UK

*Neville Koopowitz*  
Vitality CEO

## 7 VitalityLife UK

*Justin Taurog*  
VitalityLife Managing Director

*Q&A and closing*



# Discovery Group

Adrian Gore

# Discovery Group FY24 performance overview



Normalised operating profit  
**+17%**  
to R11 604m

Core new business  
**+18%**  
to R26 667m

Total income from non-insurance  
**+16%**  
to R6 191m

Normalised headline earnings  
**+15%**  
to R7 329m

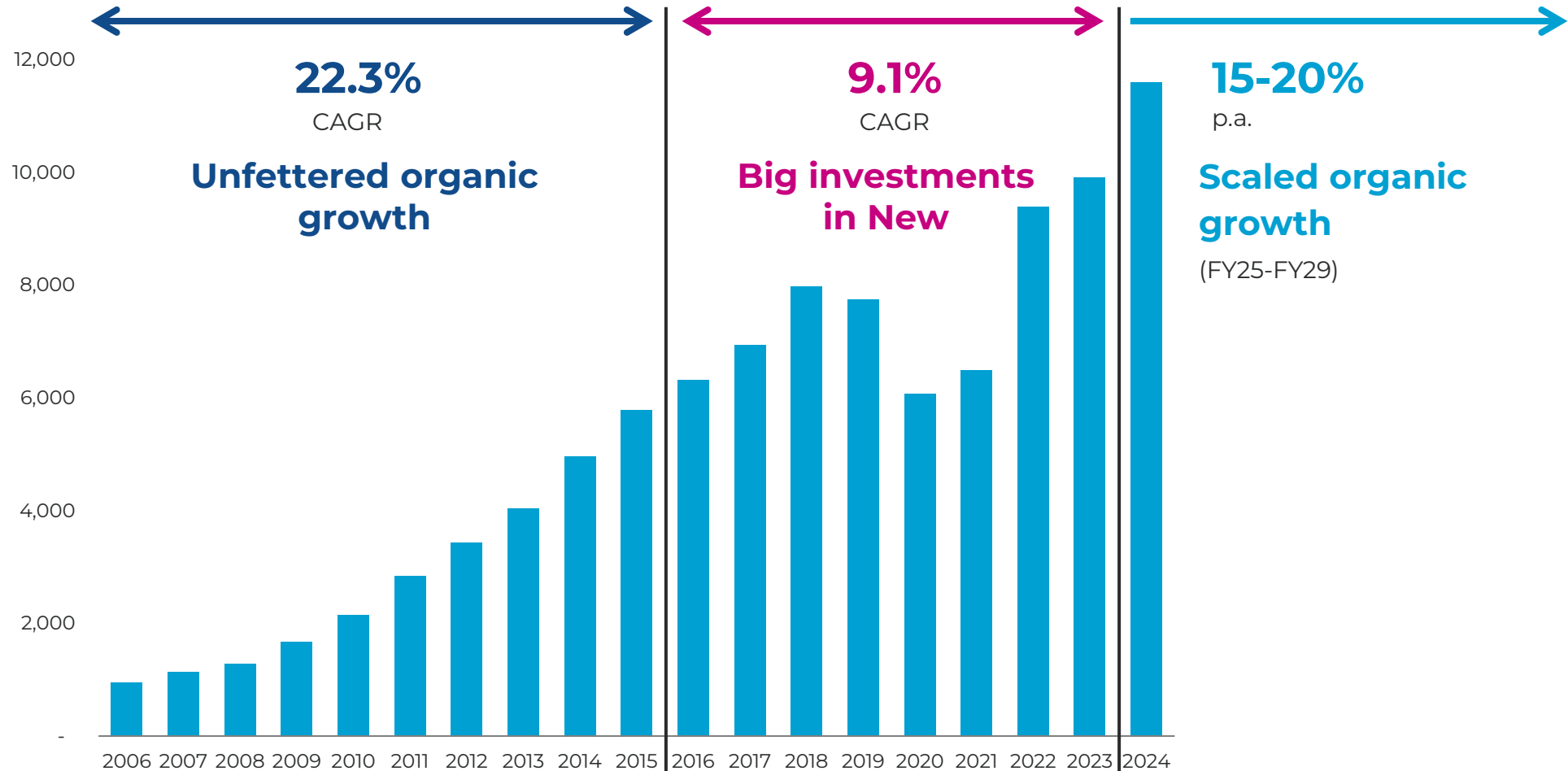
Headline earnings  
**+7%**  
to R7 202m

Excluding discontinued products like VitalityInvest and DBI and Ping An Health Insurance reinsurance business

# Entering a new phase in the lifecycle of the Group



Operating profit by phase of growth, Rm



# Positive impact across financial metrics

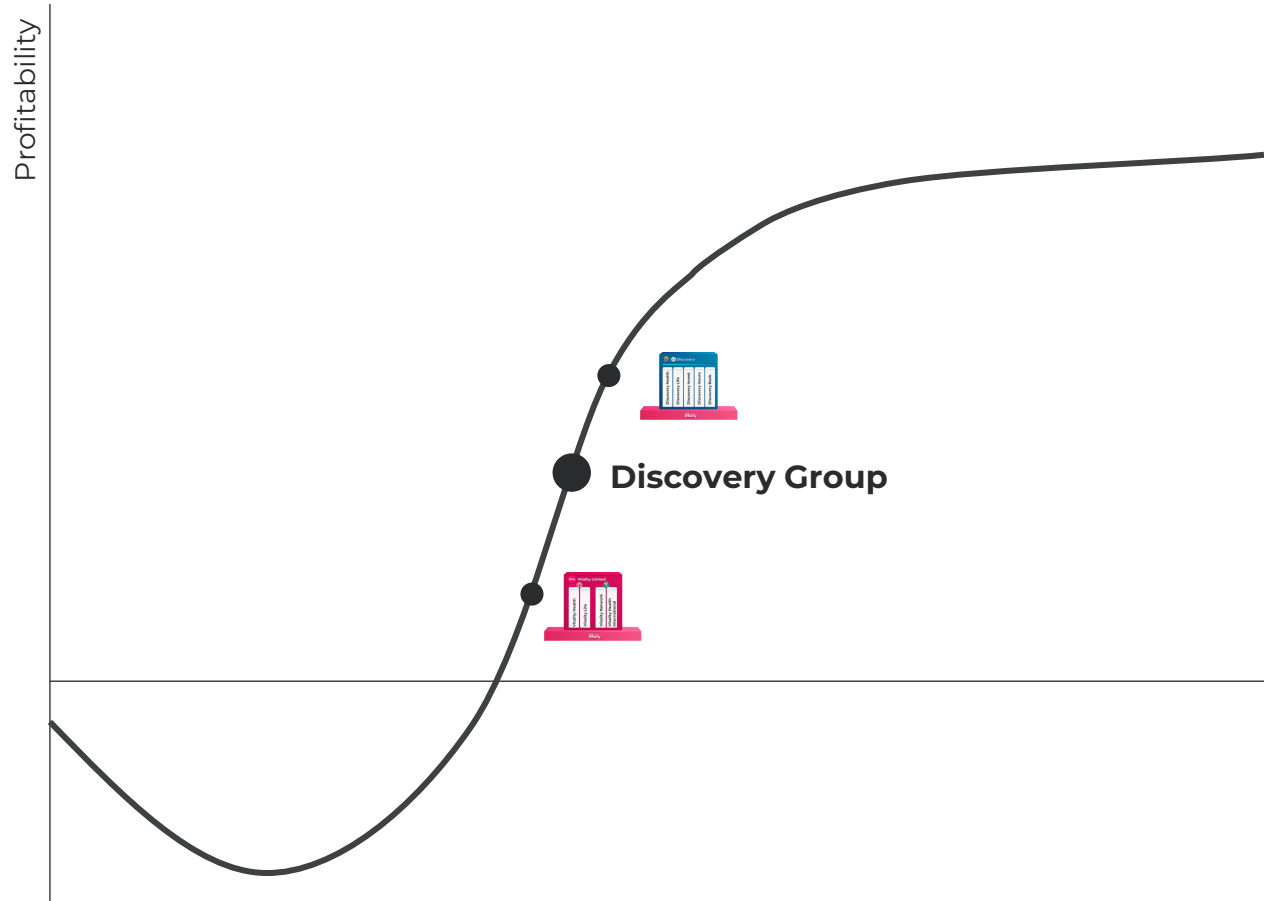


Average	Where we were (FY16-FY23)	Where we are today (FY24)	Where we are headed (FY25-FY29)
Earnings growth	<b>9%</b> CAGR	<b>17%</b>	<b>15-20%</b> CAGR
% spend on New	<b>15%</b> (maxed at 25%)	<b>8%</b>	<b>c5%</b>
Cash conversion	<b>56%</b>	<b>66%</b>	<b>60-70%</b>
RoE	<b>13%</b>	<b>13%</b>	<b>15-20%</b>
FLR	<b>22%</b>	<b>20%</b>	<b>10-20%</b>
Dividend cover	<b>5.7x</b>	<b>5x</b>	<b>&lt;5x</b>

# Well positioned for future growth



## Expect continued organic growth



Inherent organic growth from Bank and Vitality Limited:



**12.5% to 17.5%**  
average earnings  
growth p.a.  
(FY25-FY29)



**20% to 30%**  
average earnings  
growth p.a.  
(FY25-FY29)



# Discovery SA



# Strong focus and ambition for Discovery South Africa



*Discovery SA will be the leading financial services group in South Africa via the **consistent application of the Vitality Shared-value Insurance model, ensuring every business is a market leader in its category and integrates with other businesses in the Group to benefit customers; and a best-in-class bank that enables the composite via its unique payment systems, ecosystems and shared currency***

## Focus areas:



Ensuring each business is **market leader** in terms of a market share, margin, product innovation and enhanced customer value



**Scale Discovery Bank** to achieve 2m clients and R3bn in profits by FY29 and entrenching the **DB.OS platform** across the Discovery SA products – **driving growth, integration and efficiencies**



Utilising data and AI to **hyper personalise advice, products and service**

**12.5% - 17.5% p.a.**

Earnings growth  
FY25-FY29

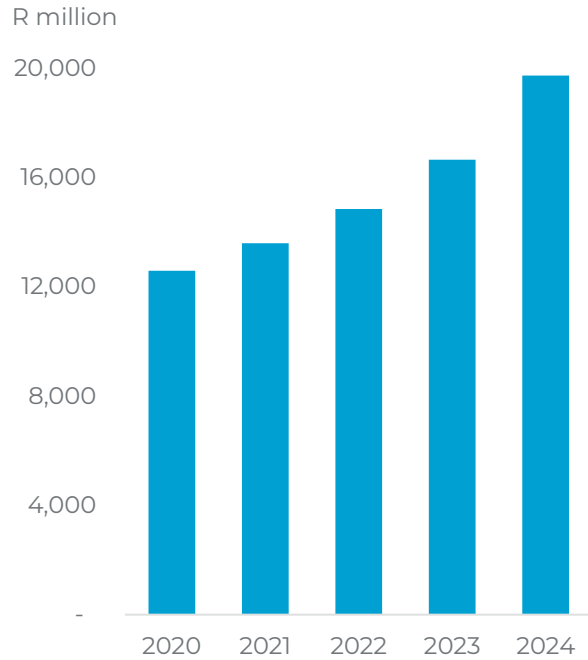
# Strong SA performance



## Gross new business API

**R19.7bn**

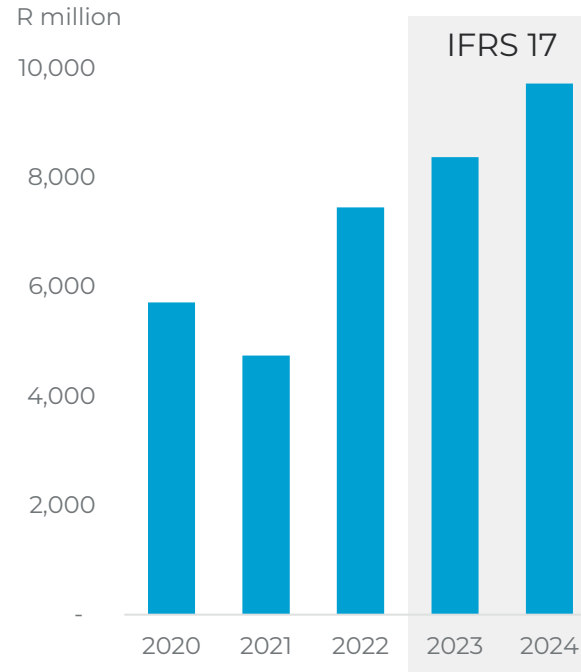
**19% growth**



## Operating profit

**R9.7bn**

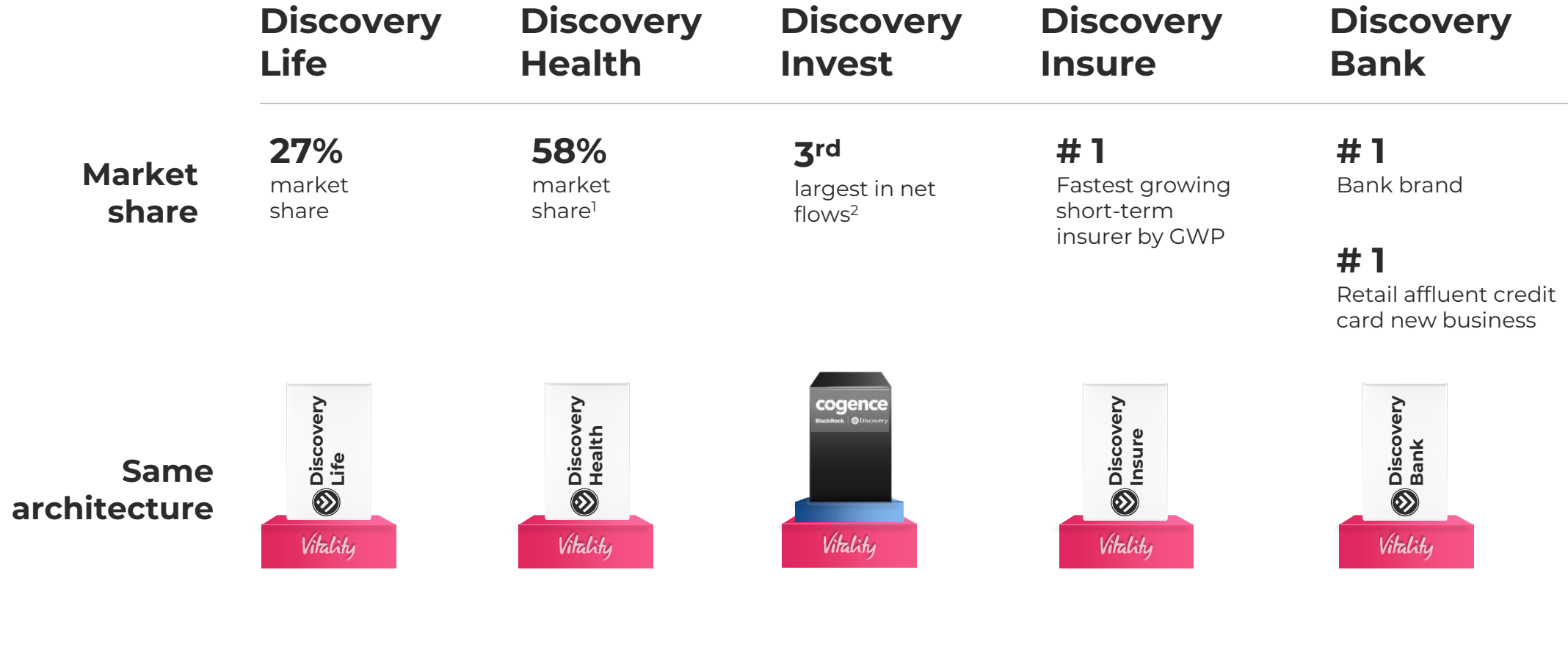
**16% growth**



## Capital position

	Jun 23 Cover	Jun 24 Cover
Life	1.8x	<b>1.8x</b>
Insure	1.6x	<b>1.6x</b>
Bank <sup>1</sup>	1.3x	<b>1.3x</b>
DHMS solvency (unaudited)		<b>30%</b>

# Ensuring each business is a market leader



<sup>1</sup> DHMS open scheme market share, overall market share including DHMS 39%

<sup>2</sup> Excluding white labelled funds

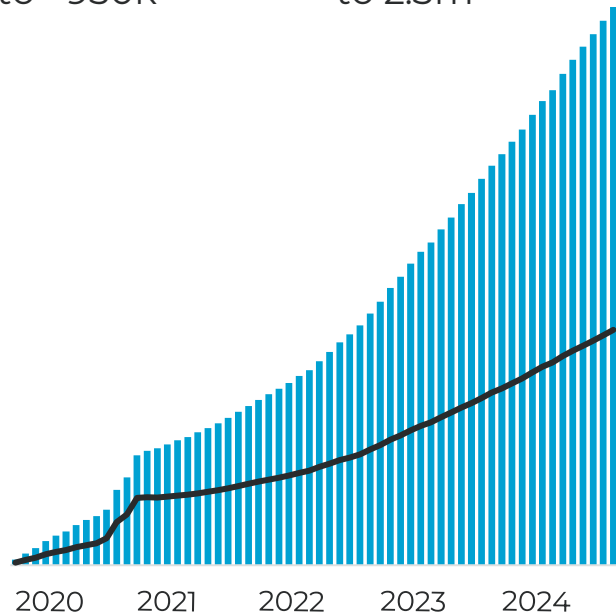
# Discovery Bank robust growth and profitability



## Strong client and account growth

Total clients  
**+36%**  
to >950k

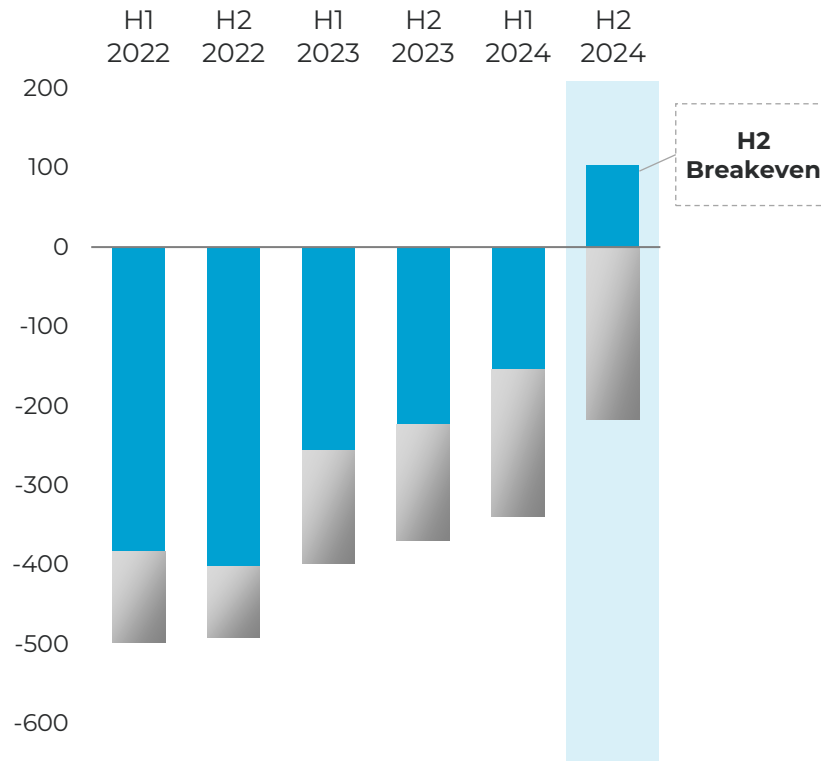
Total accounts  
**+40%**  
to 2.3m



■ Total Accounts    — Total Clients

## Progress towards breakeven

Profit (Rm)



■ Loss before NBAC    ■ NBAC

## Bold ambition

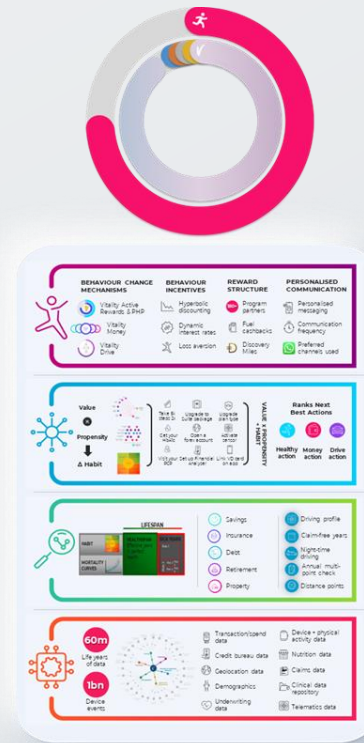
**R400m**

operating profit growth p.a.

Targeting

**2m clients and R3bn in profits**

in FY29

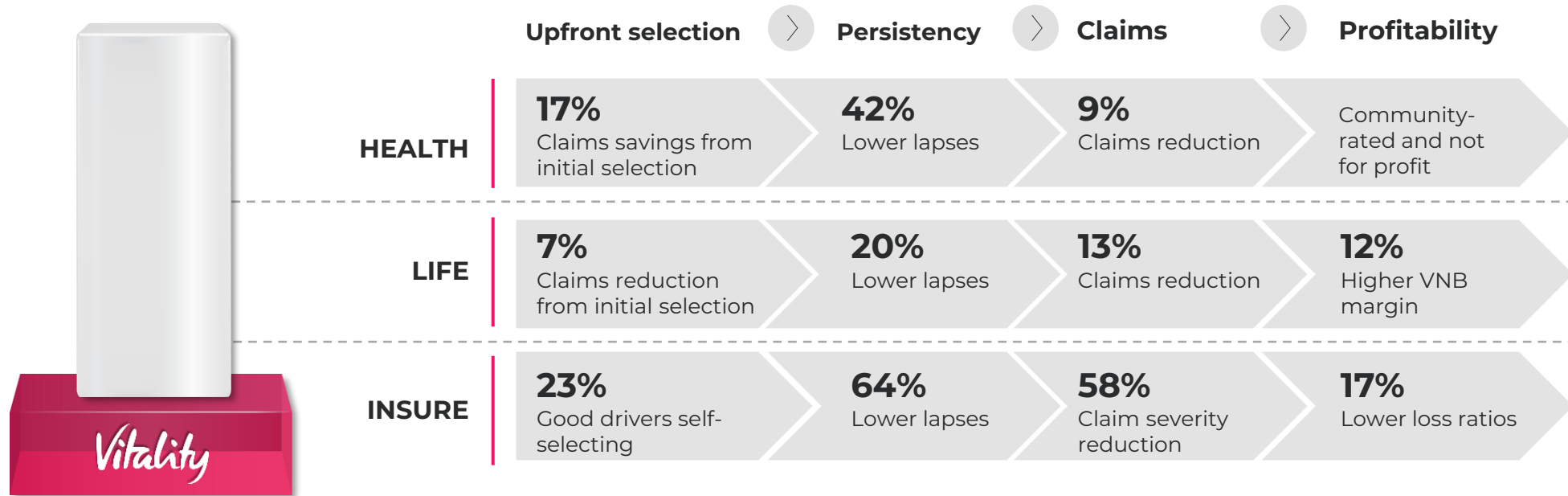


# Vitality Shared-value model

# Vitality Shared-value business model



Consistent value drivers across the business yielding superior outcomes relative to traditional insurance books



# Global intersecting trends have amplified the importance of the Vitality model



## Nature of risk

- **Risk due to modifiable behaviours:** 37% of healthcare expenses are due to modifiable behaviours
- **Causality of behaviour change:** mortality, sickness and healthcare costs are significantly impacted by behaviour change. This impact is universal; it holds across age, gender, and health status; and is elastic - so even more significant for people who are older and sicker

This requires a deep understanding of risk and how to manage it

## Demographic

- **Ageing populations impact on healthcare:** there is a corresponding rise in the incidence of chronic diseases as populations age, leading to a surge in healthcare expenses. Ageing demographics also contribute to a growing demand for long-term care services, further straining financial resources
- **Heightened obesity levels:** obesity rates are increasing and the impact on healthcare costs is substantial

This requires preventative measures, interventions and disease management programmes to improve population health



## Technology

- **Artificial intelligence and machine learning advances:** new tools are revolutionising diagnostics, treatment planning, and patient care
- **Benefits and costs of drug innovations:** rapid advances in areas like precision medicine, targeted therapies and advanced pharmaceuticals like GLP-1s bring promising breakthroughs, yet the costs associated contribute to the overall financial burden on healthcare systems

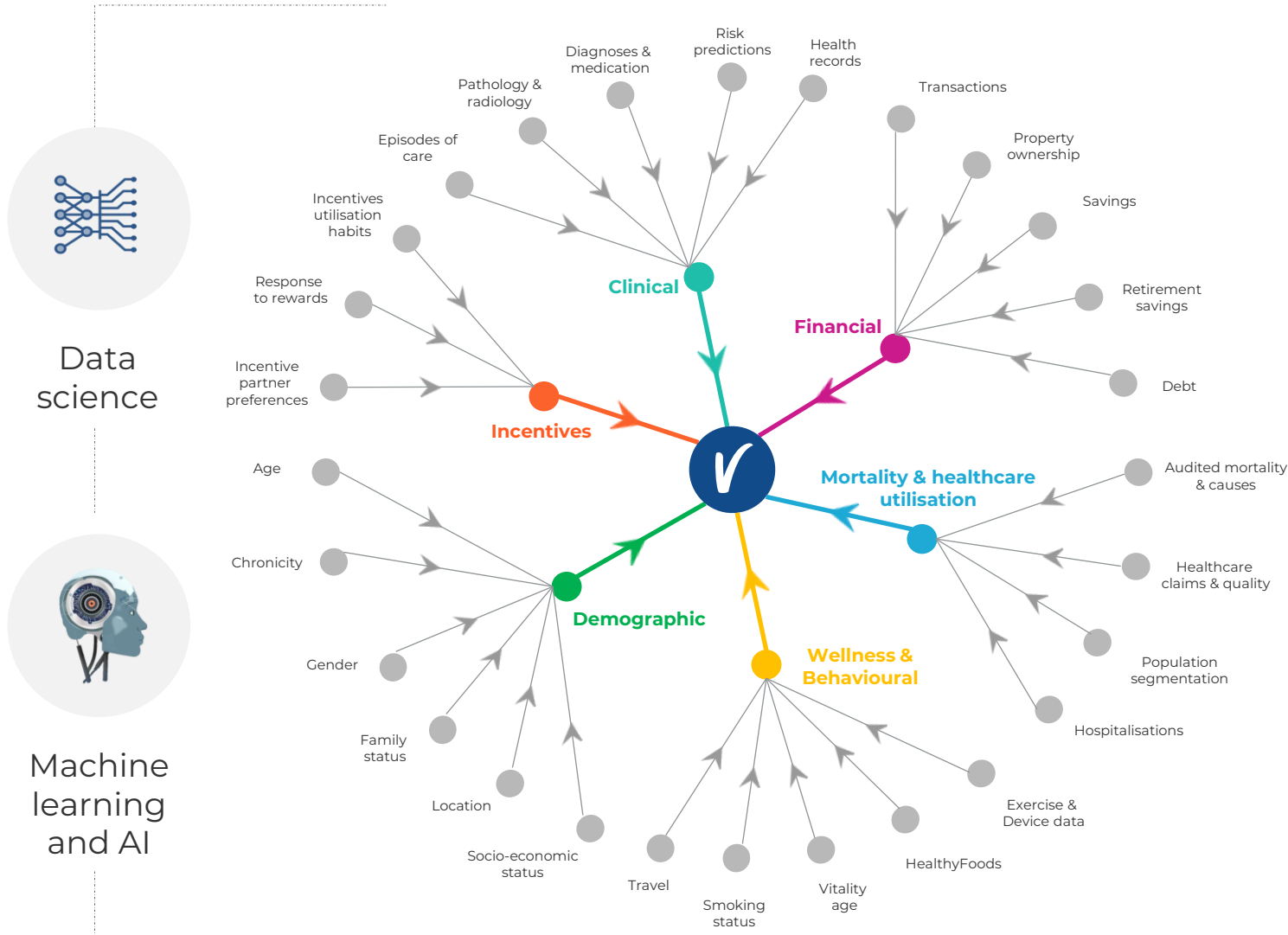
This requires sophisticated analytics to deliver hyper-personalised solutions

## Social responsibility

- **Stakeholder needs are more widely defined:** businesses face pressure to create value for all stakeholders through their products, services and client journeys
- **Evolution of value-based care:** accelerated pressure on stakeholders to improve quality of care and decrease costs, through a patient-centric approach

This requires a shared-value business model

# Discovery's data set is verifiable, comprehensive and longitudinal, enabling effective data science and machine learning



## Clinical and wellness data linked longitudinally

Using data from 2008 until 2024



### Wellness

**Device data | 1.1bn events**

*All step and heartrate data gathered by devices from the Vitality program*

**Vitality engagement | 26.5m life-years**

*Data from health checks and assessments, enrollment into Vitality programs such as healthy weight and smoking cessation*



### Clinical

**Demographic | 48.7m life-years**

*Member information, e.g. age, gender, health-related test results, chronic conditions, and programs etc.*

**Health utilisation | 48.7m life-years**

*Claim lines, hospital admissions, benefit details,*

**Conditions | 11.7m life-years**

*Chronic registrations, pathology results, health related test results*



# The effect of behaviour change exceeds expectations



## Significant causal impact

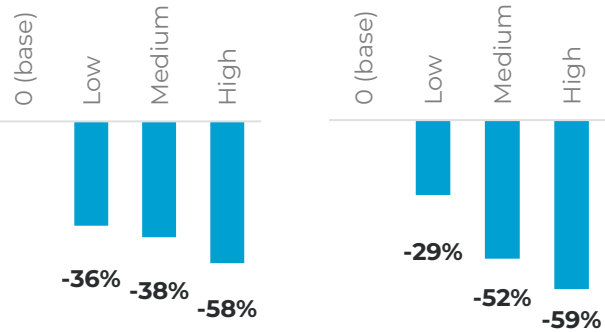
## Increases with age and chronicity

## Highly elastic

Mortality reduction by physical activity level

45-65 age group

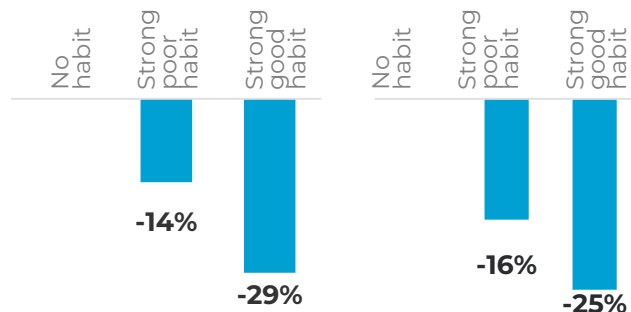
65+ age group



Healthcare cost reduction by habit level

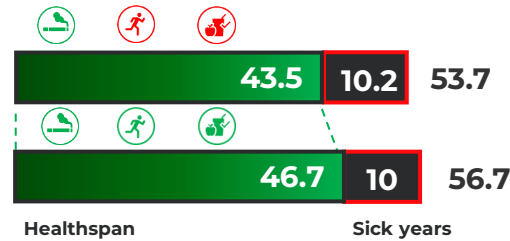
45-65 age group

65+ age group



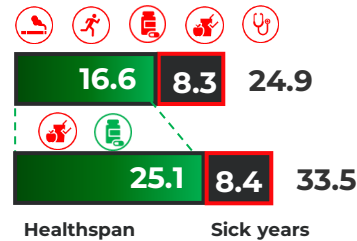
**Young moderately healthy 30-year-old**

**+7%**  
increase in healthspan



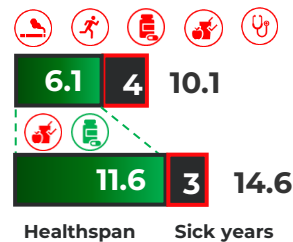
**Middle age unhealthy 50-year-old**

**+51%**  
increase in healthspan

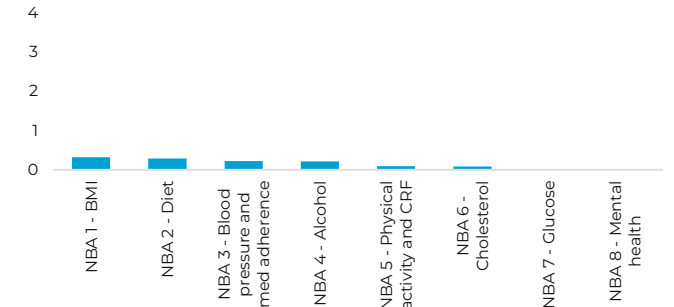


**Advanced age unhealthy 70-year-old**

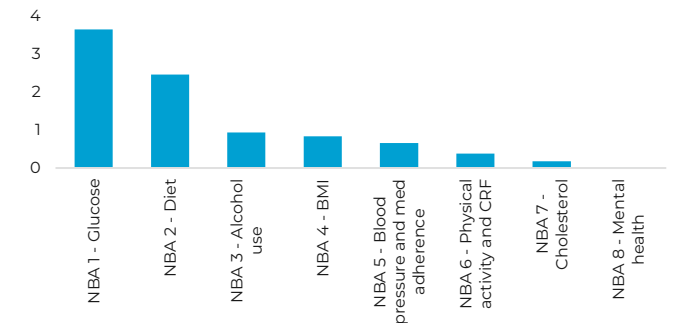
**+90%**  
increase in healthspan



Change in healthy life span for a 40-year-old healthy male from changes in behaviour



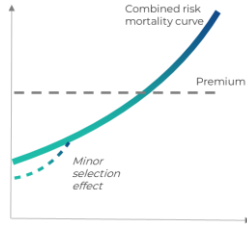
Change in healthy life span for a 40-year-old unhealthy male



# Traditional models are inefficient; significant value to be gained from causality, elasticity and alignment

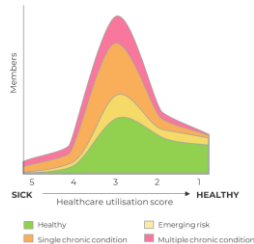


## Life insurance



Actuarial pricing of life assurance is based on underwriting data at contract inception and the premiums payable fixed at that point. It ignores the customer's behaviour over the term of the contract, in effect it therefore pools controllable risk because behavioural choices that the customer makes which effects the mortality risk is controllable. A bedrock principle of insurance is to only pool uncontrollable risk. This manifests in adverse selection and economic waste.

## Health insurance



While the causality of behaviour is well understood in health insurance, customer engagement with their health insurers is low, and health interventions (from wellness, prevention to disease management) are disjointed and reside in different industries, despite that a customer is an individual with changing needs on a continuum of risk factors, which requires a personalised continuous approach.

## Retirement savings

Replacement ratio:

$$\frac{\text{Savings } \times \overline{S_{R-x}} \text{ @ } i}{\text{Projected income at } R}$$

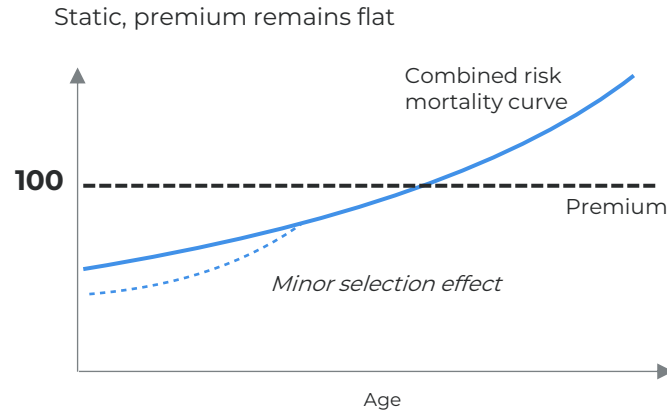
With the move from Defined Benefit systems to Defined Contribution systems globally, all the risks of retiring with adequate savings (the Replacement Ratio) have been shifted to the customer, and while behavioural and the resulting expected life and health spans are as important as asset management returns to the resulting Replacement Ratio, they are largely ignored.

# Dynamic pricing aligns risk and premiums, and results in a larger book over time

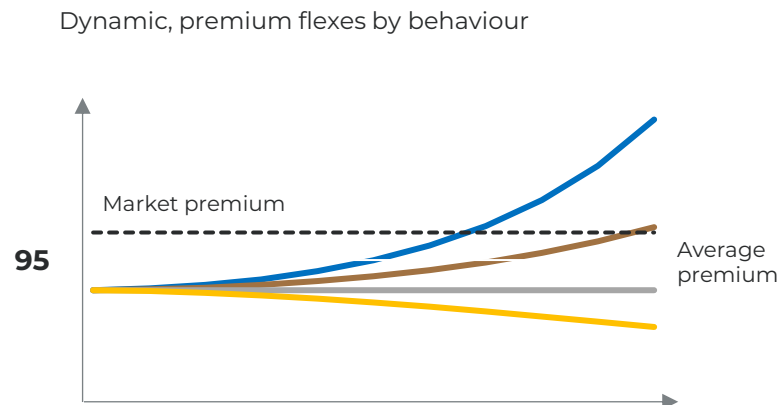


## Pricing of risk

### Traditional

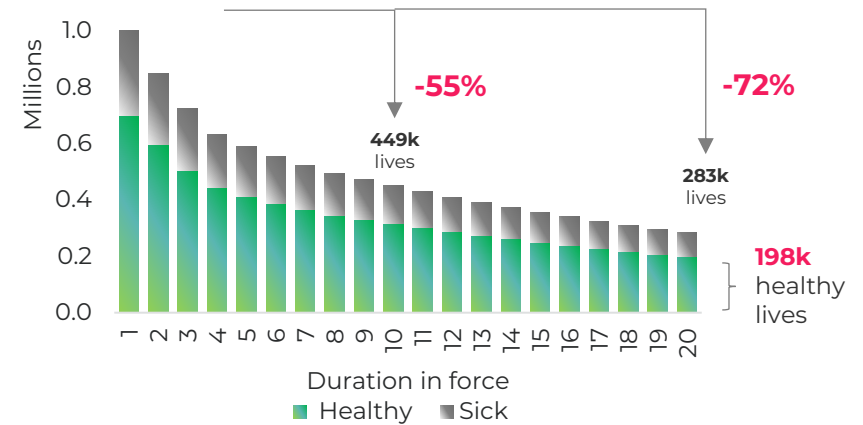


### Insurance embedded with Vitality

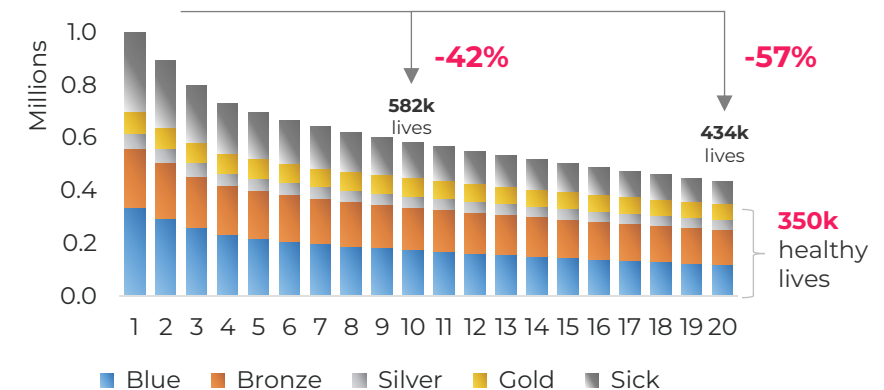


## Portfolio of customers over time

Healthy members lapse, risk status of book deteriorates



Unengaged members lapse, healthy members derive value and stay

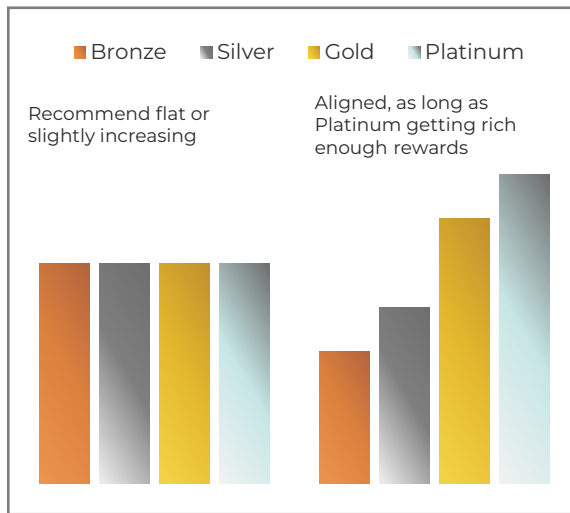


# Significant value creation in life insurance



## VoNB is flat or increasing by Status

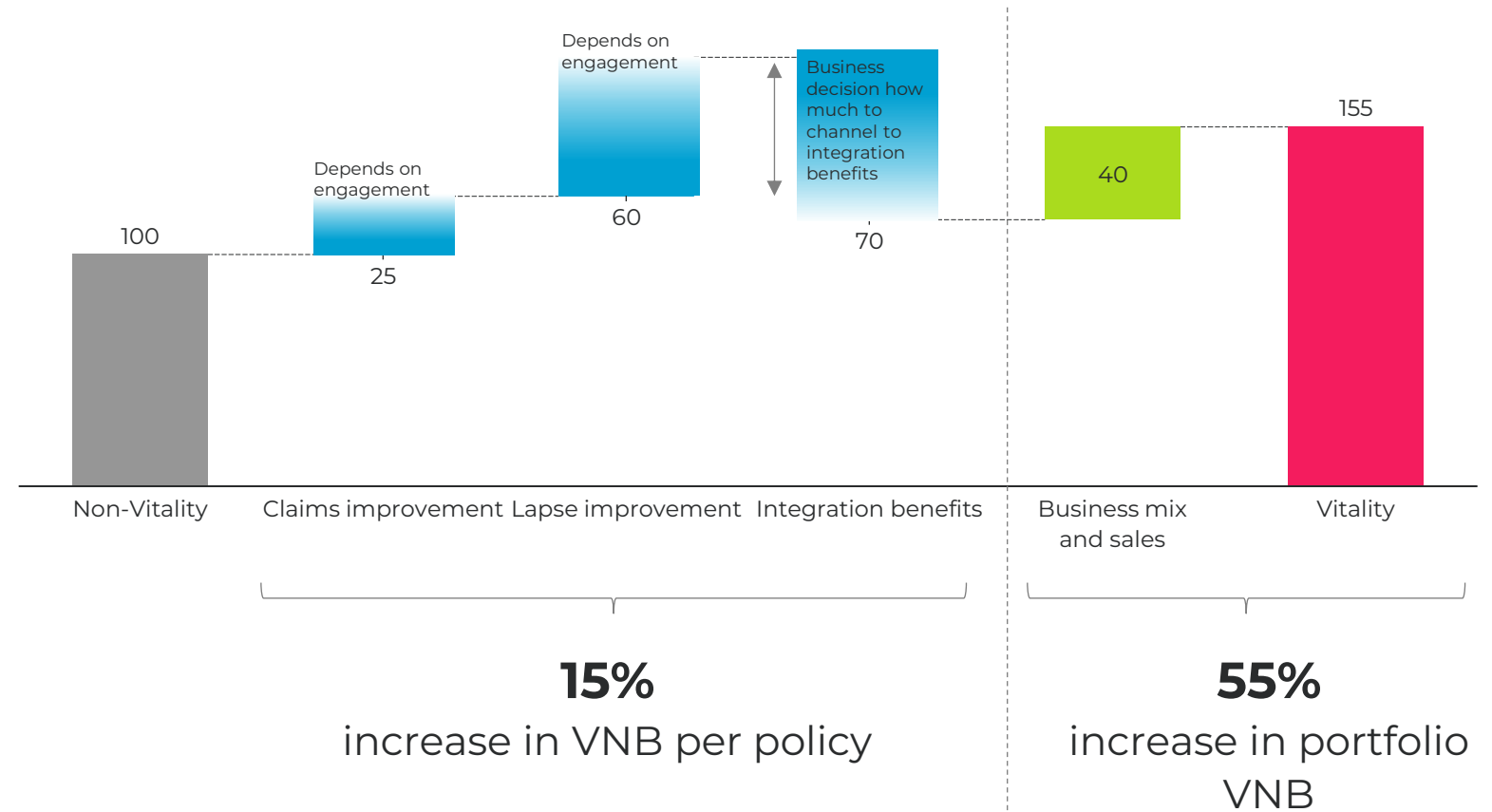
VoNB by status



Ensure portfolio stability

## Results in positive value creation

Indicative Vitality value creation, VNB per unit of premium

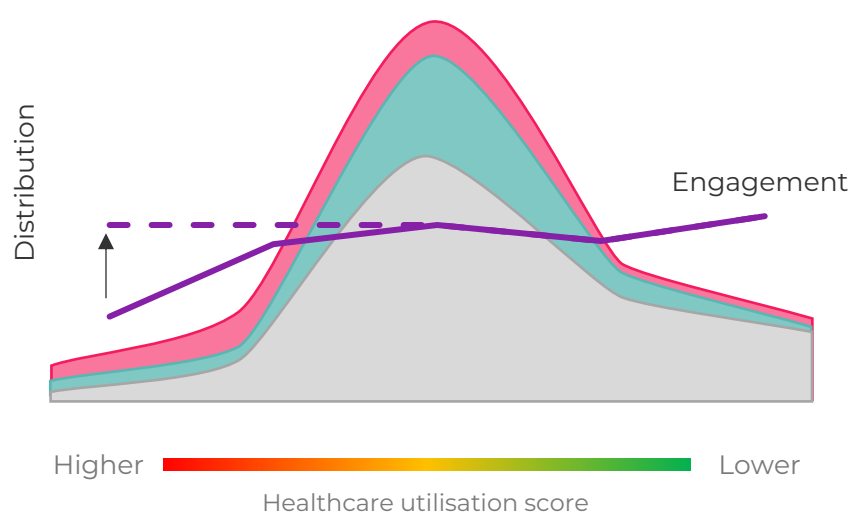


# The impact on health insurers is significant on all measures



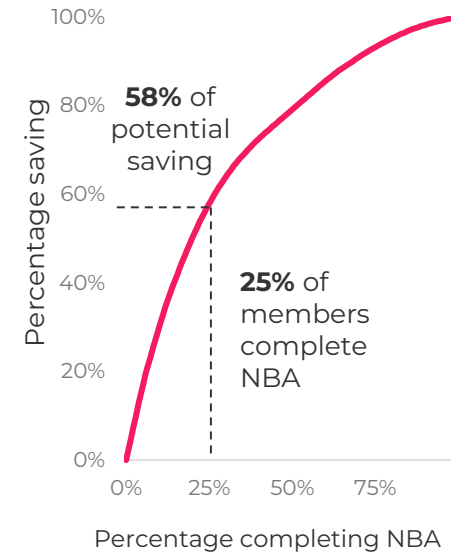
## Distribution of clients by healthcare costs

Member base by different healthcare utilisation scores

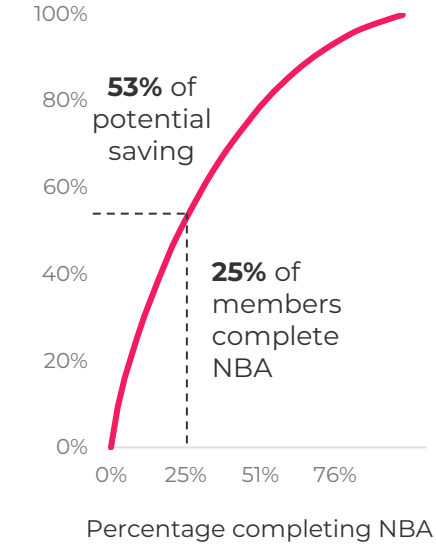


## Impact of doing Next Best Action | Net savings to health funder

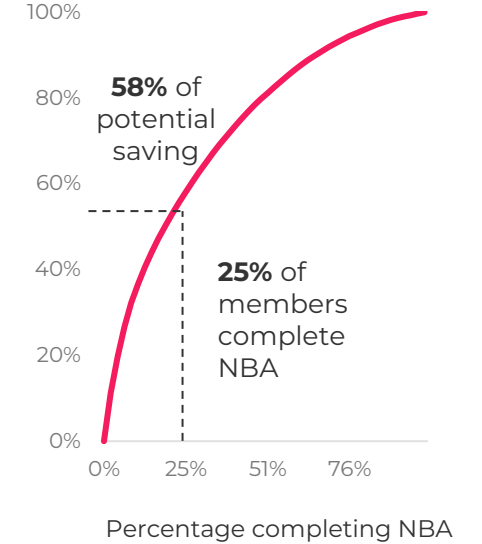
Diabetes



Hypertension



Combined hypertension and diabetes

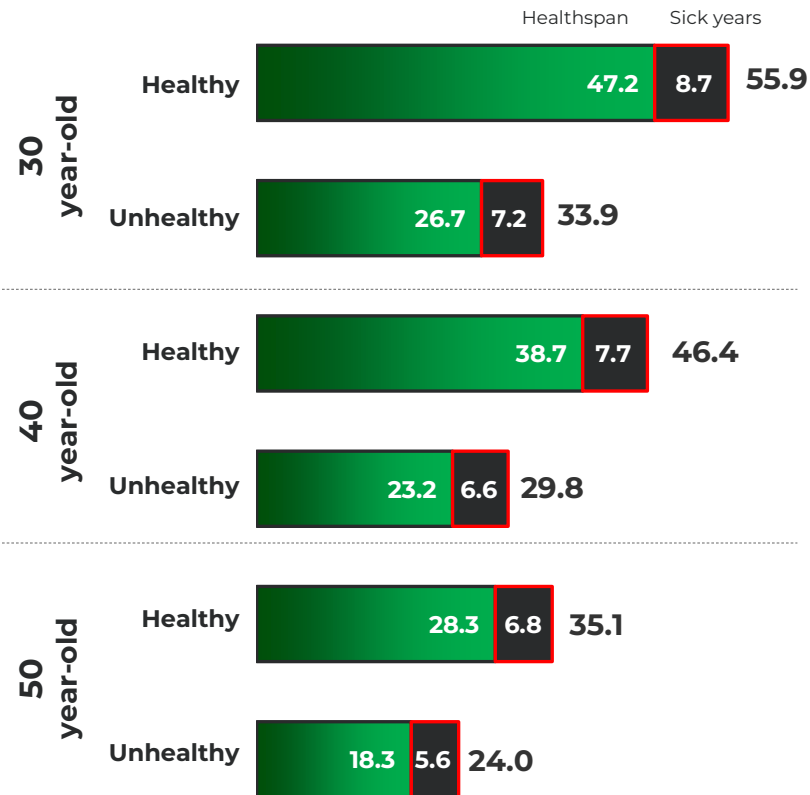


- Top 25% of clients within chronic cohorts with highest *value x propensity* to target with NBA
- At-risk or unhealthy clients
- Other

# Leveraging Aladdin Wealth™ and Vitality to create a pathway to a quality retirement



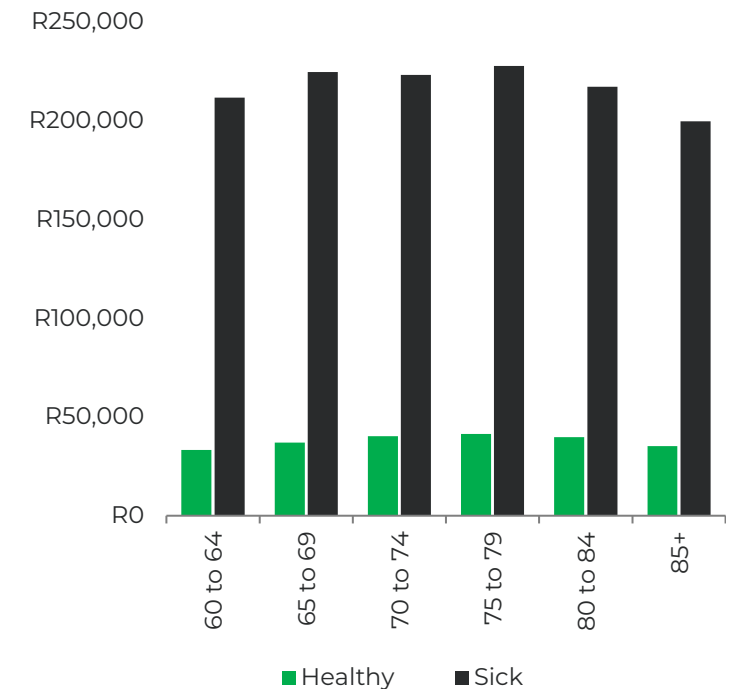
## Controlling health is key for affordability in retirement



## Cost associated with being sick in retirement

Retirees in poor health spend **3x more on out-of-pocket expenses** than those in good health

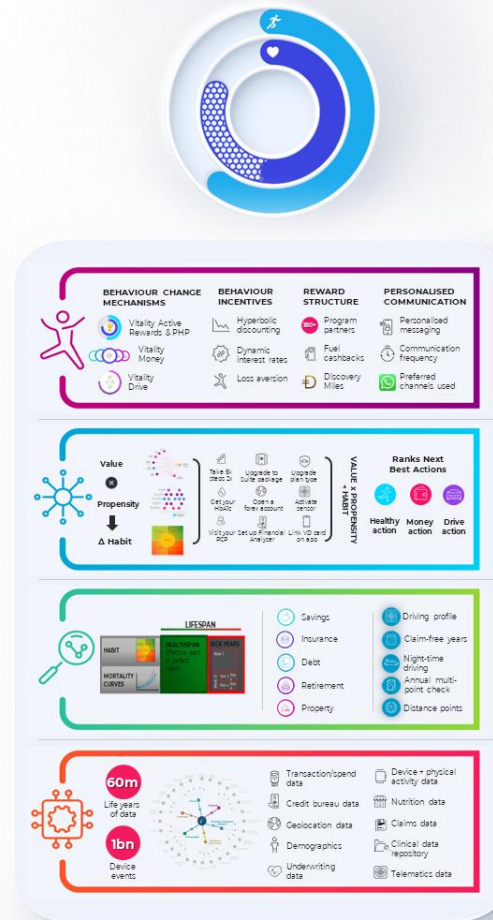
Average claim





# Personal Health Pathways

*Digital health platform combining data, actuarial and behavioural science to engage members in a personalised program that drives members towards healthier habits and behaviour change*

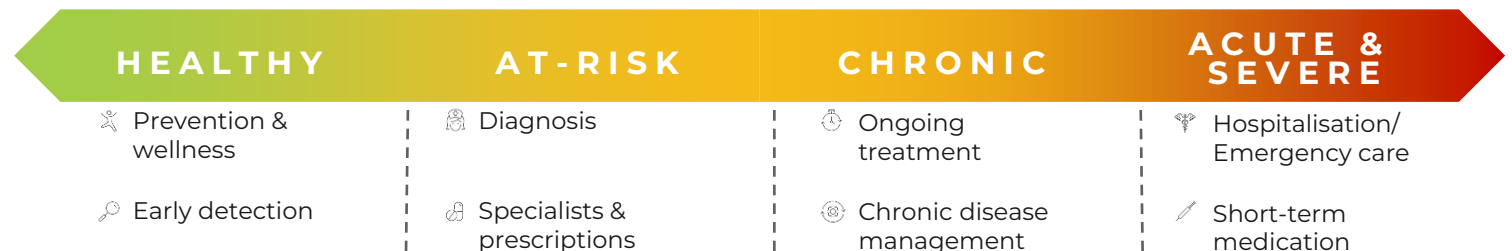


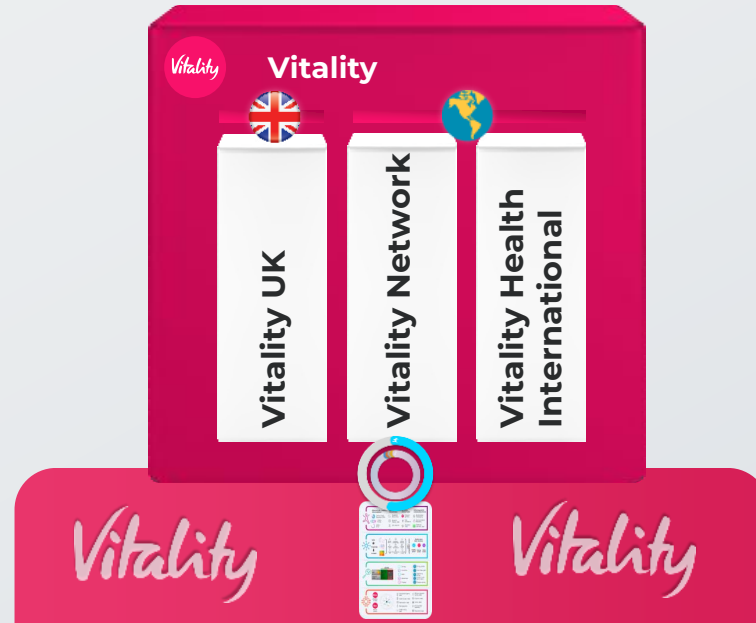
**Incentivised engagement** - behaviour change through actuarially-matched, compelling incentives, communicated in a personalised way, manifesting as 2 rings

**Next generation AI recommendations** - combined utilisation of behaviour & data to suggest hyper-personalised next best actions that will improve the member's risk outcomes

**Most accurate dynamic risk assessment** - understands the member's context through a personalised risk vector leveraging the power of the Discovery dataset

**Powerful and rich dataset** - trained on lifestyle, behavioural & clinical data, learning customer preferences & habits

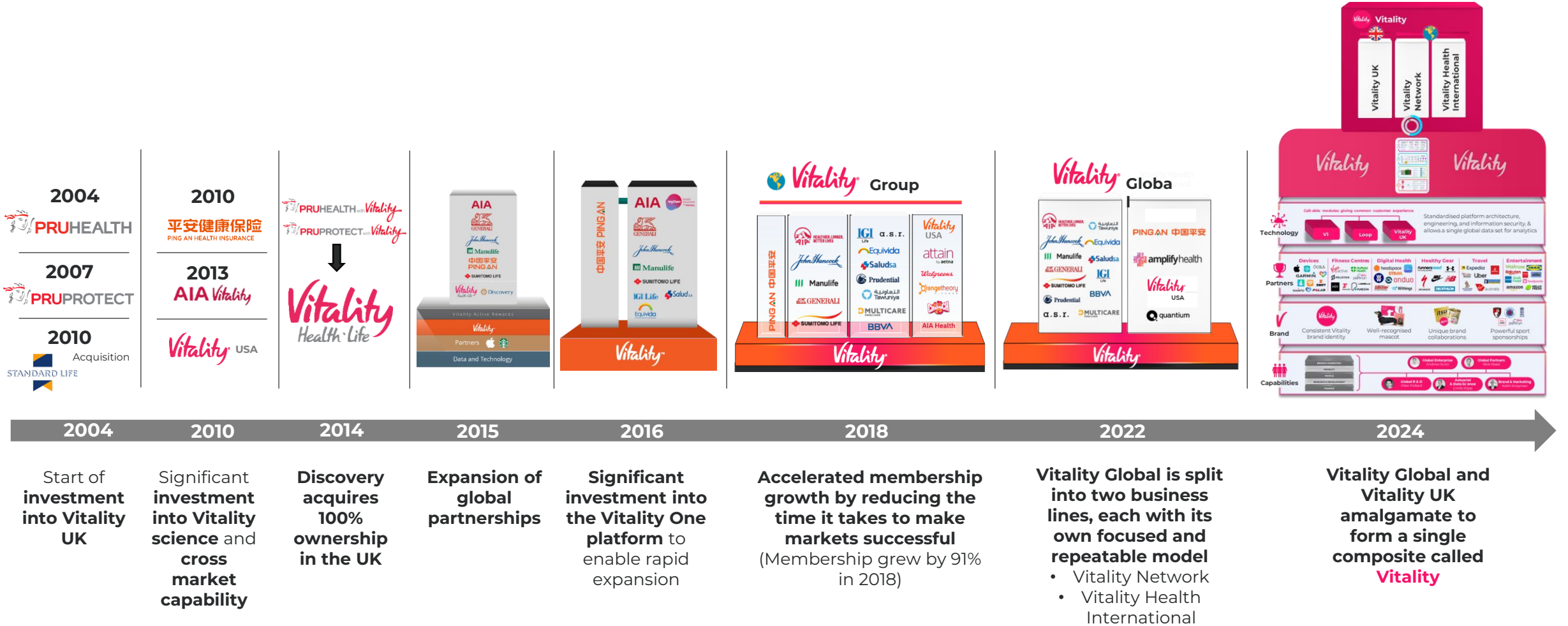




# Vitality



# Diverse market opportunities have grown into a well-established international business





## A single global composite:

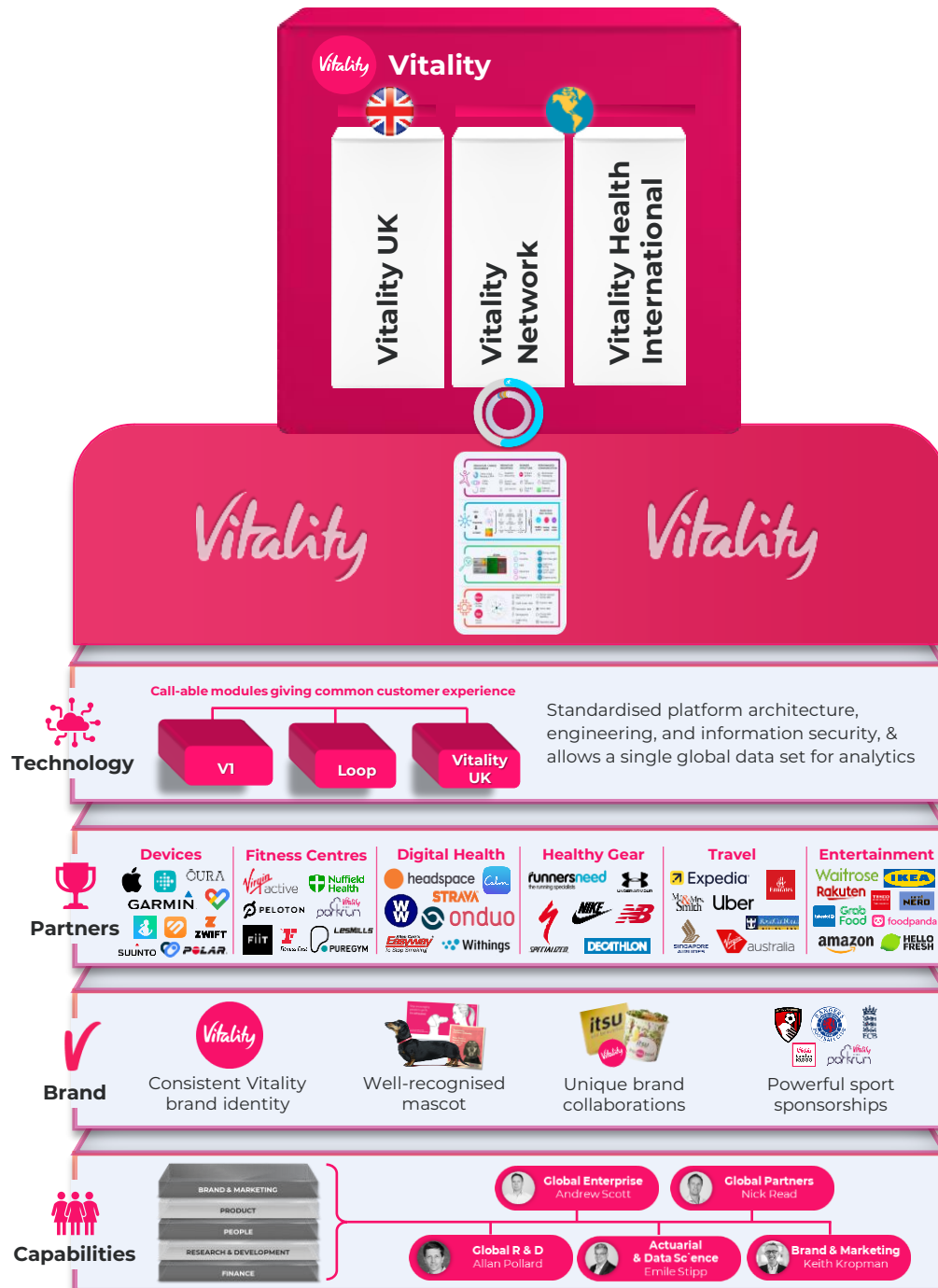
**Single Vitality chassis** to establish a unified approach to personalisation across markets, enhancing customer engagement and loyalty

**Inter-operable technology platforms and consistent global enablement** to achieve operational efficiencies, improved systems integration, scalability and reduce costs

**Unified partner network** to maximise benefits to our members while driving efficiencies globally.

**Single, more prominent brand** to achieve greater brand recognition and market differentiation

**Five centres of excellence** to share best practice and ensuring an appropriate level of alignment across the business



# Strategic structures resulting in competitive advantage



*Full insurance company, centre of excellence and epicentre for R&D*

**Growth ambitions**

- >10%** Premium growth (GBP)
- >RF+5%** Life new business IRR
- c7.5%** Health gross margin



*Partnership model, with the best insurers globally*

- c15%** Revenue growth (USD)
- c50%** Operating margin



*Equity stakes, portfolio of health tech and data science businesses*

- >5%** Premium growth above market
- PAHI** Preserving quality profit growth
- >RF+10** Hurdle return on capital
- VHI-other** **FY27** Vitality USA break-even



**20-30%**

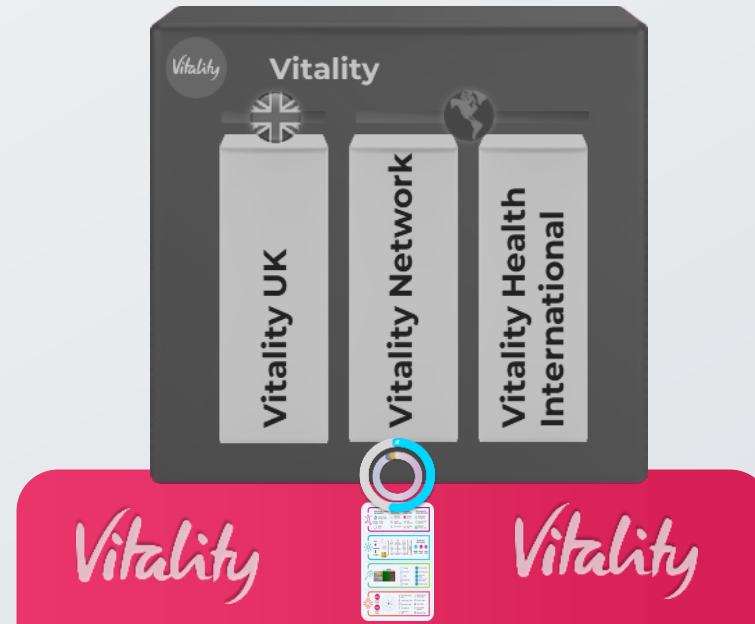
Earnings growth p.a.

FY25-FY29

*Revolutionises insurance through the scaling of the Vitality Shared-value Insurance model*

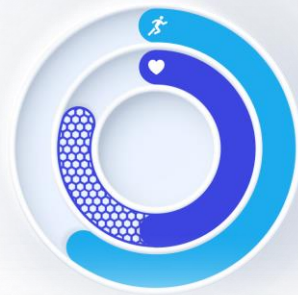
**Underpinned by a consistent shared-value model**

Increases VoNB, reduces the cost of insurance, covers more people, demonstrably makes people healthier and enables a more attractive product proposition, and significantly greater upsell potential



# Vitality Shared-value model

Emile Stipp



**BEHAVIOUR CHANGE MECHANISMS**

- Vitality Active Rewards & PHP
- Vitality Money
- Vitality Drive

**BEHAVIOUR INCENTIVES**

- Hyperbolic discounting
- Dynamic interest rates
- Loss aversion

**REWARD STRUCTURE**

- 180+ Program partners
- Fuel cashbacks
- Discovery Miles

**PERSONALISED COMMUNICATION**

- Personalised messaging
- Communication frequency
- Preferred channels used

Incentivised engagement

**Value**

**Propensity**

**Δ Habit**

**VALUE + PROPENSITY**

**Ranks Next Best Actions**

- Take 5k steps 2x
- Upgrade to Suite package
- Upgrade plan type
- Get your Habit
- Open a forex account
- Activate sensor
- Visit your PCP
- Set up Financial Analyst
- Link VO card on app

**Healthy action** **Money action** **Drive action**

AI recommender

**LIFESPAN**

**HABIT**

**MORTALITY CURVES**

**HEALTHSPAN**

**SICK YEARS**

- Savings
- Insurance
- Debt
- Retirement
- Property
- Driving profile
- Claim-free years
- Night-time driving
- Annual multi-point check
- Distance points

Dynamic risk assessment

**60m**

Life years of data

**1bn**

Device events

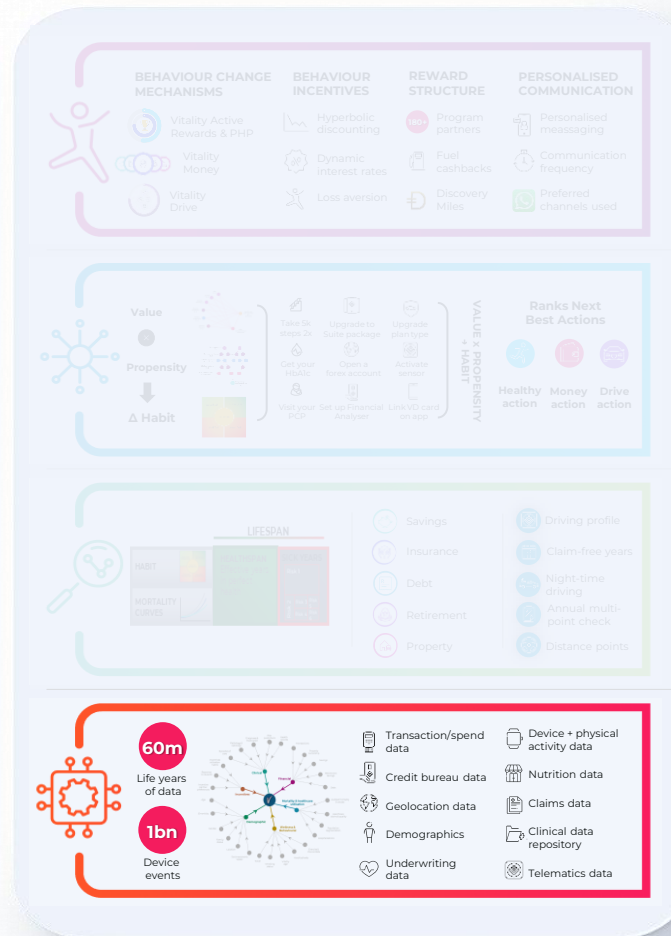
- Transaction/spend data
- Credit bureau data
- Geolocation data
- Demographics
- Underwriting data
- Device + physical activity data
- Nutrition data
- Claims data
- Clinical data repository
- Telematics data

Data



# Data

Trained on lifestyle, behavioural and clinical data, learning customer preferences and habits





Exercise makes people healthier



We make people exercise



**WE MAKE PEOPLE  
HEALTHIER**

# Quantifying the impact of behaviour change

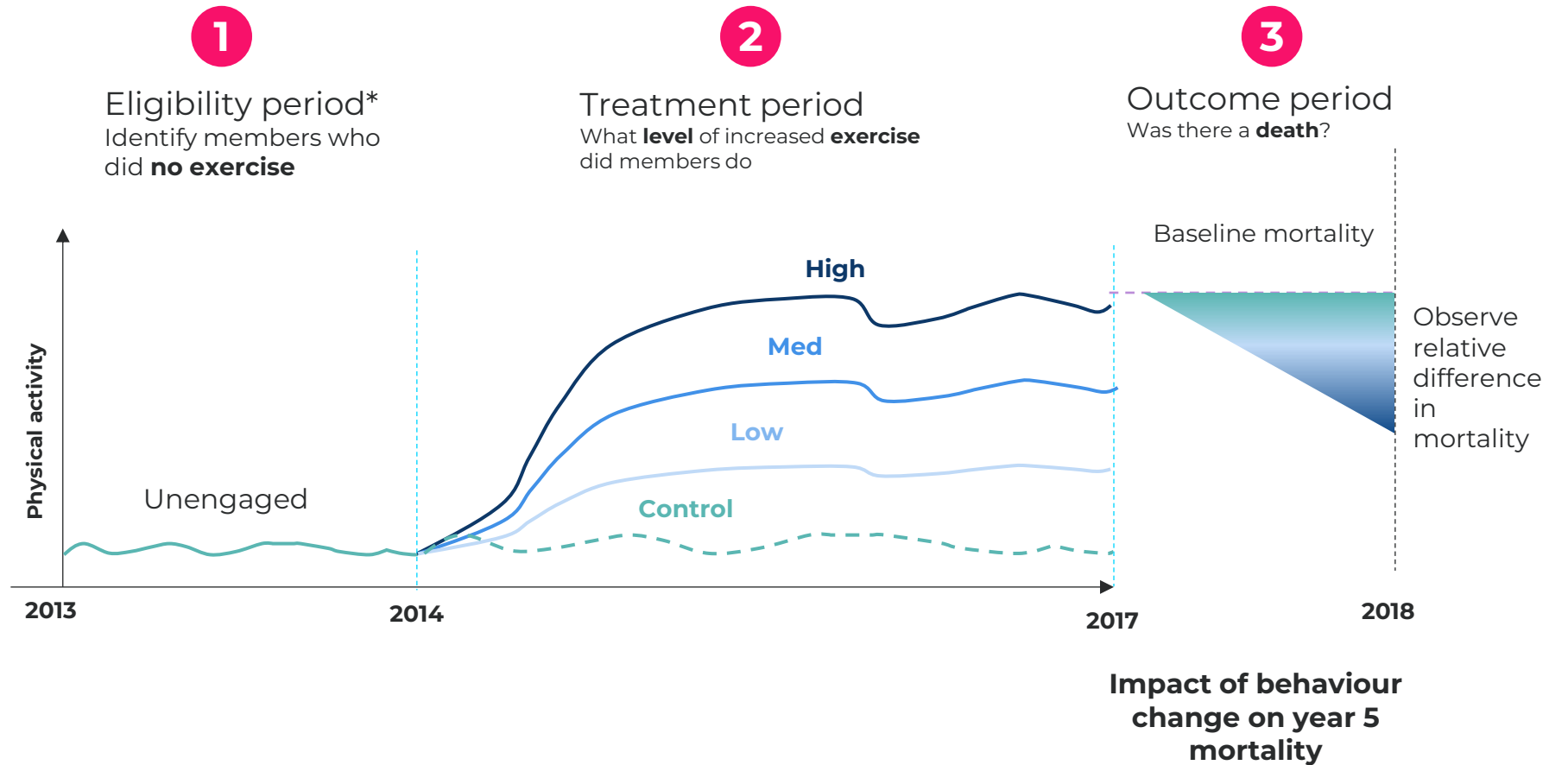


Participants  
**502 062**

Period  
**5 years**

Gender split  
(female)  
**51%**

Period  
**6 721**



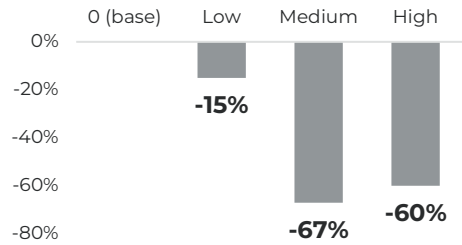


# The causal effects of behaviour change are profound

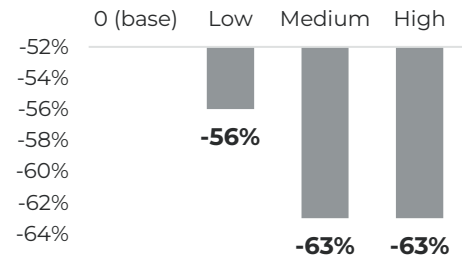


## Unadjusted mortality

### Age 45-65

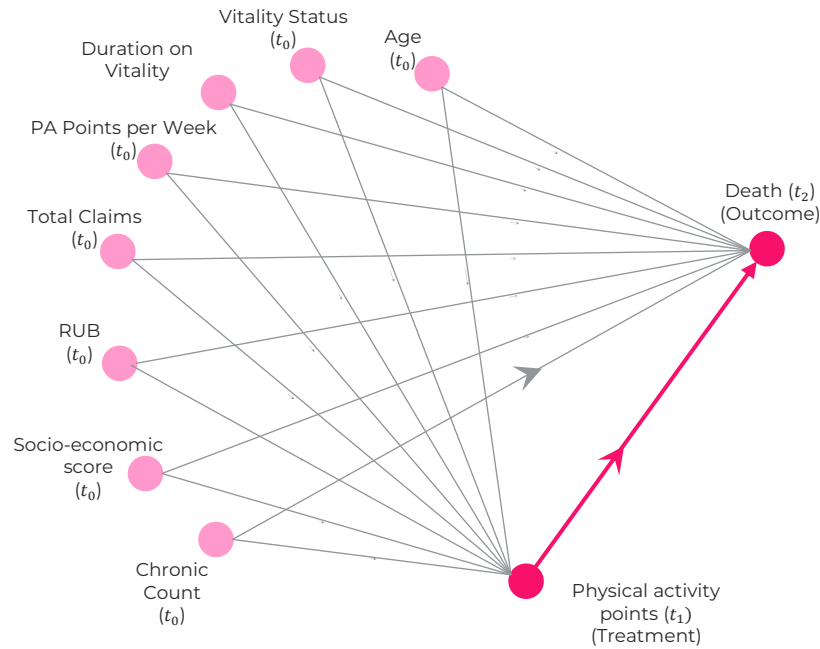


### Age 65+



Includes selection and behaviour change

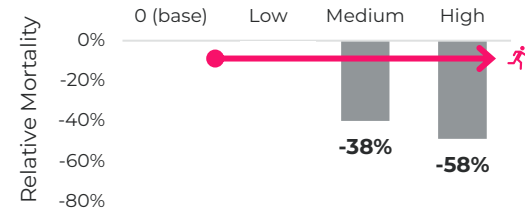
## Isolating the impact of exercise



502 062 members    2013 – 2019 period of study    36.6bn exercise points earned    Causal forest

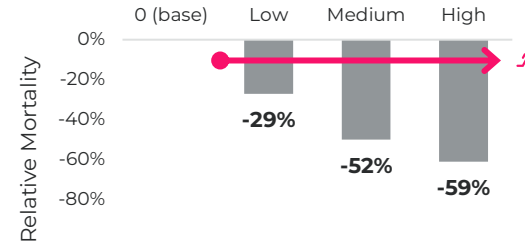
## Key insights: how exercise reduces risk

### Age 45-65



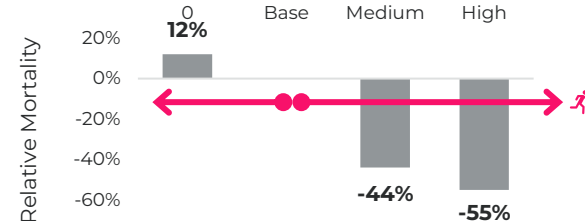
Significant improvements as PA increases

### Age 65+



Impact of PA increases as you get older

### Age 45-65

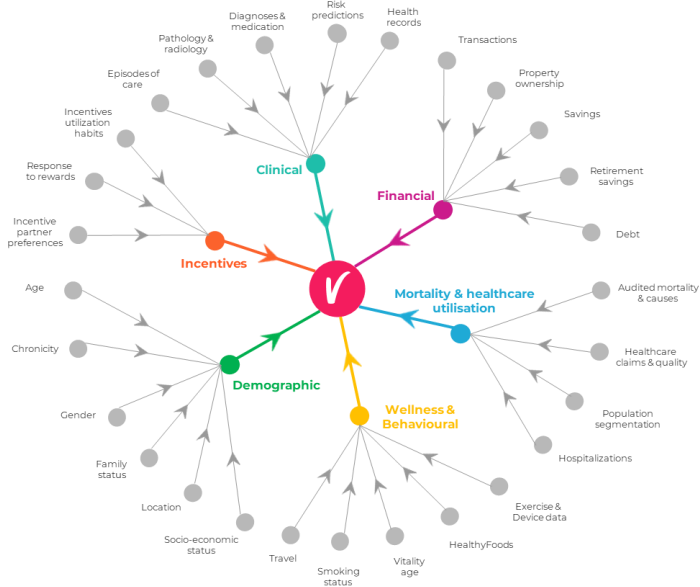


Maintenance is important for already active members

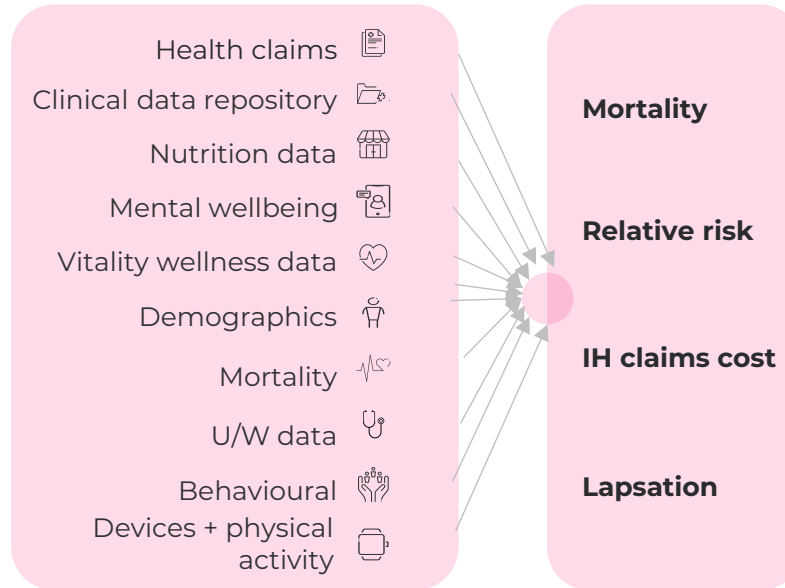
# Rich data asset in Life and Health insurance



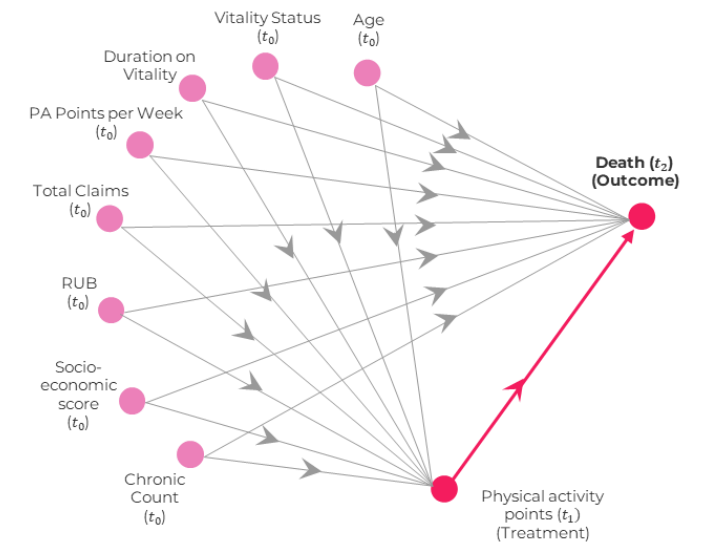
## Multi-dimensional data



## Data subsidisation



## Longitudinal and causal



Device data | **1.1bn events**  
 Vitality engagement | **26.5m life-years**  
 Demographic | **48.7m life-years**  
 Health utilisation | **48.7m life-years**  
 Conditions | **11.7m life-years**  
 Incentives | **\$250m rewards a year**

Use SA and UK data insights to adjust for all relevant confounders, to enable extrapolation to international markets

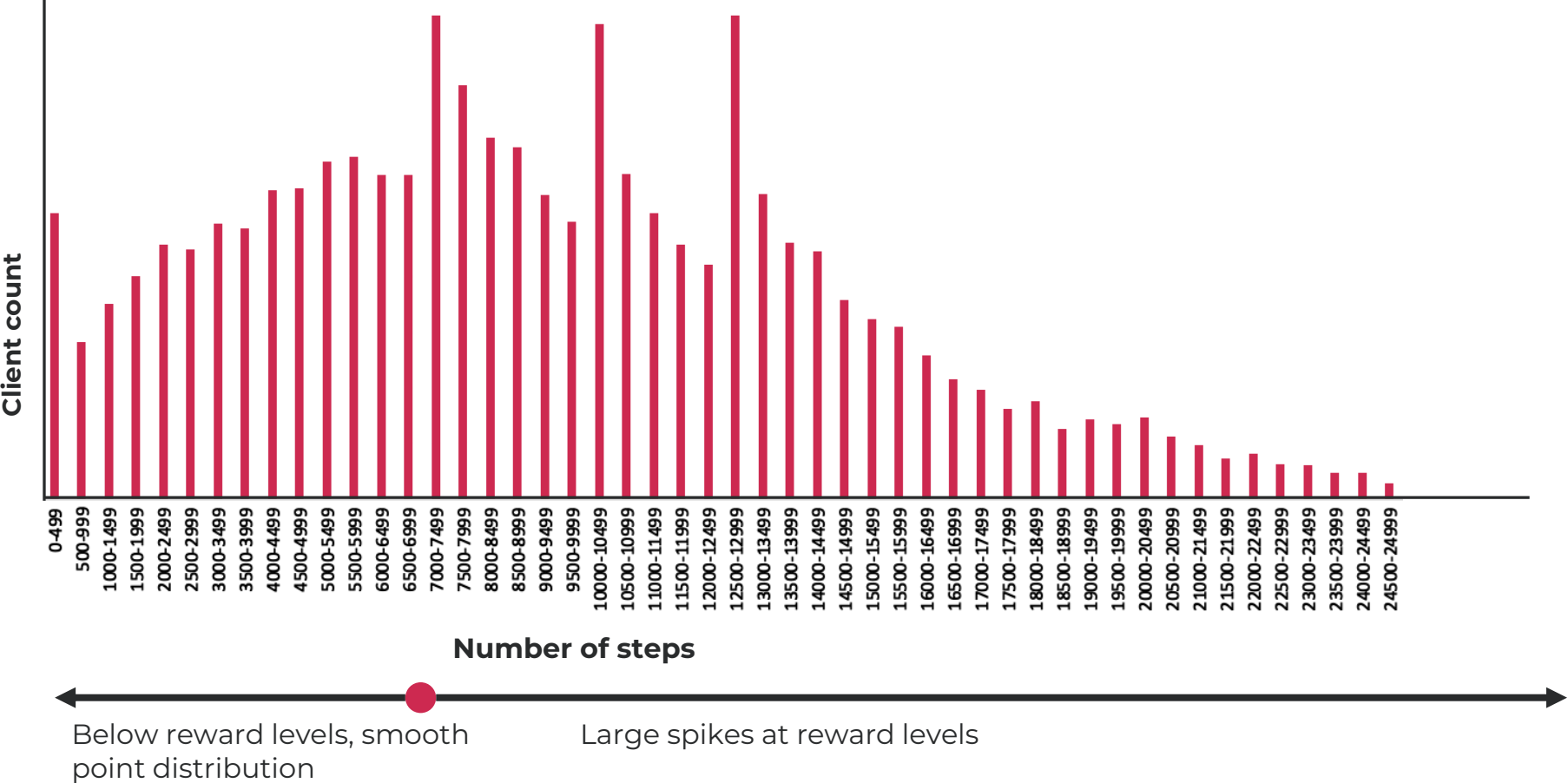
Longitudinal from 2008 until 2024

Physical activity has a significant impact on mortality and healthcare costs

Mortality | **up to 58% reduction**

Healthcare costs | **up to 29% reduction**

# Vitality incentivises people to exercise





# Personalised risk vector leveraging the power of the Discovery dataset, regardless of the data environment



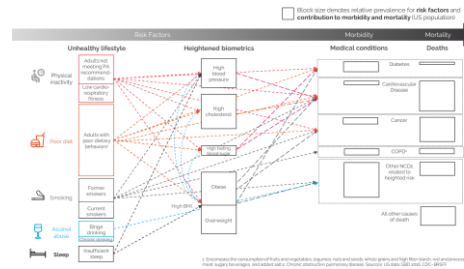
## Data required from different data environments

Fewer, More, Fuller data dimensions

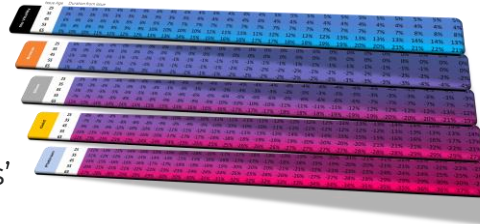


## Feed data into Discovery's risk algorithms

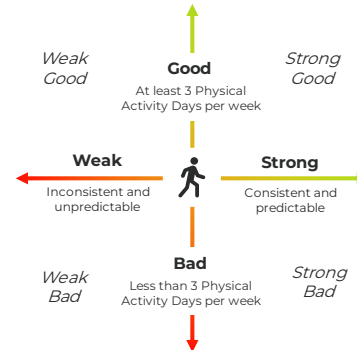
Personalised risk algorithm underpinned by Global Burden of Disease and Vitality data



Vitality differentiated mortality tables by adjusting the Society of Actuaries' mortality tables



Vitality's Habit index



## LIFESPAN



1. Lifespan
2. Healthspan
3. Lifespan and healthspan relativities
4. Prioritisation of lifestyle factors
5. Disease relativities
6. Individual mortality curves
7. Habit strength



# Using habits to understand behaviour change

## Action

- A **specific, intentional, and often conscious activity or task** that an individual engages in at a particular moment in response to a specific situation or goal.
- Determined by looking at event data.



Is there an event?



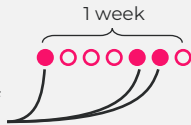
Did 5K steps

## Behaviour

- Determined by looking at a **pattern of an event or a series of events**.
- Influenced by emotions, thoughts, and environmental factors.



Is that event repeated?



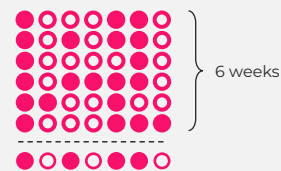
Pattern of 5K steps

## Habit

- Specific pattern of behaviours that become **ingrained & automatic through repetition**.
- Performed regularly and are typically formed through consistent practice.

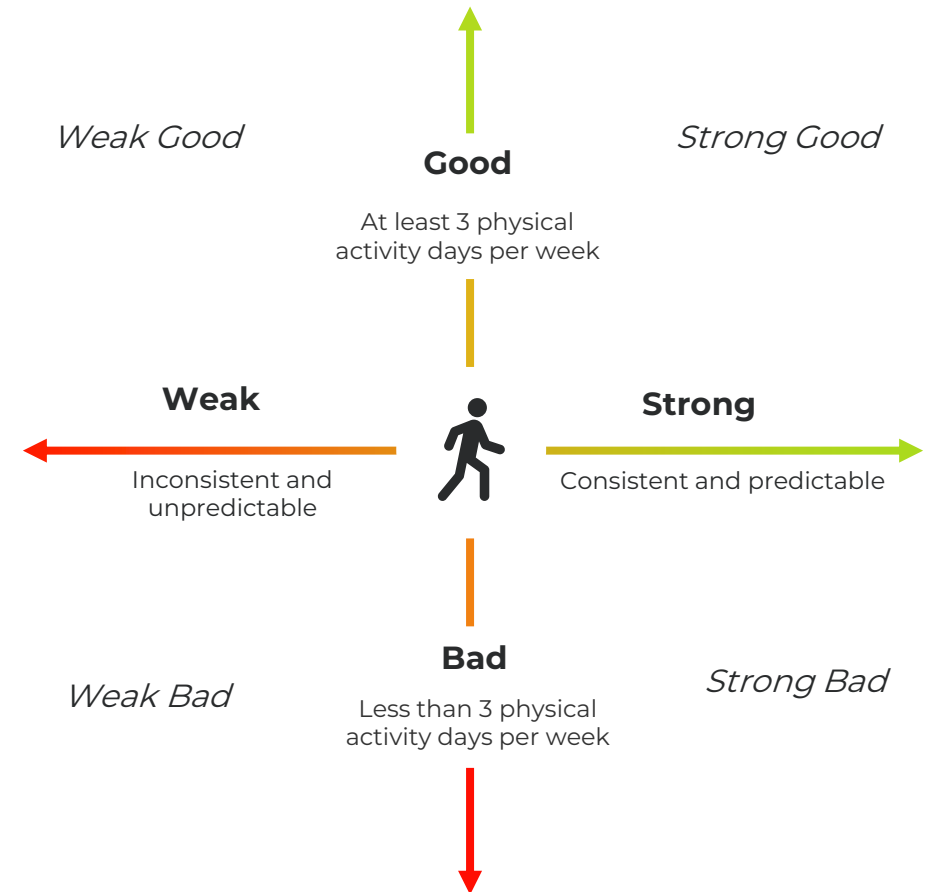


Is that repetition predictable?



Repeated and predictable pattern

## Exercise habits can be categorised based on their intensity and predictability

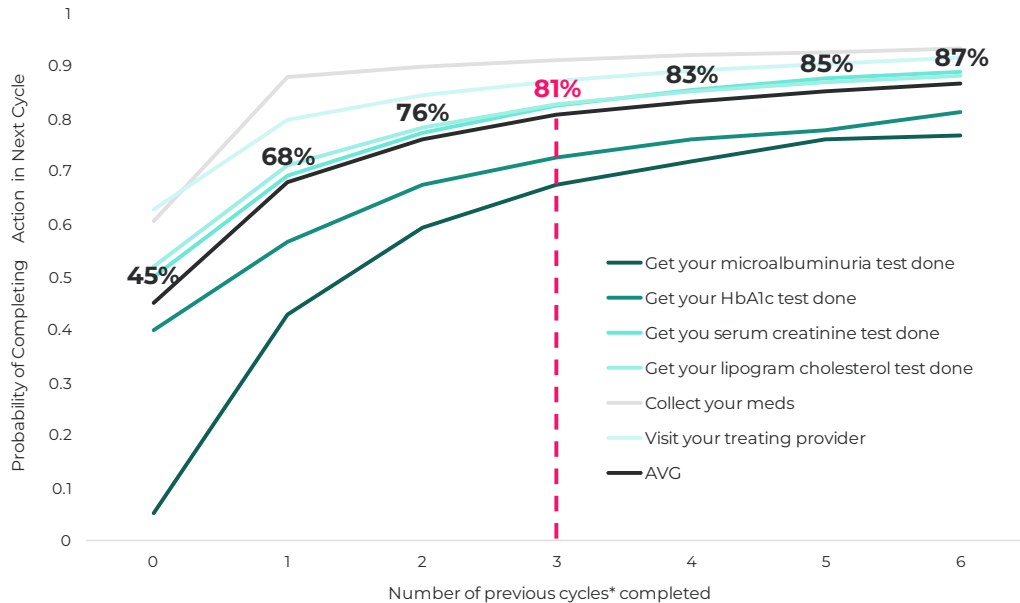


# The theory behind clinical habits



## Is health-seeking behaviour predictable?

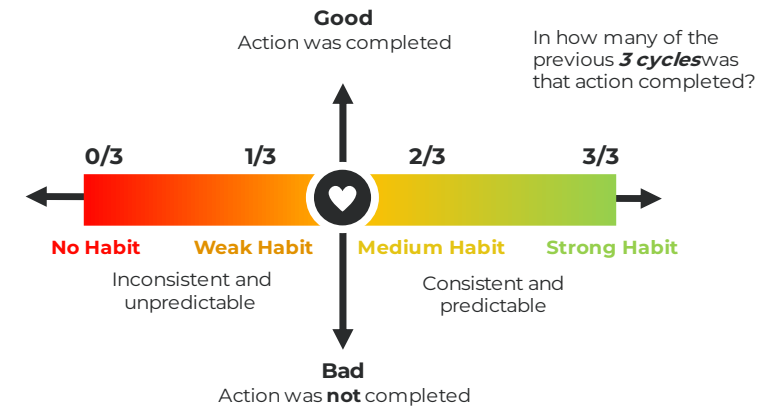
Data shows that if someone completes an action in 3 cycles, they have **80% chance** of doing it again



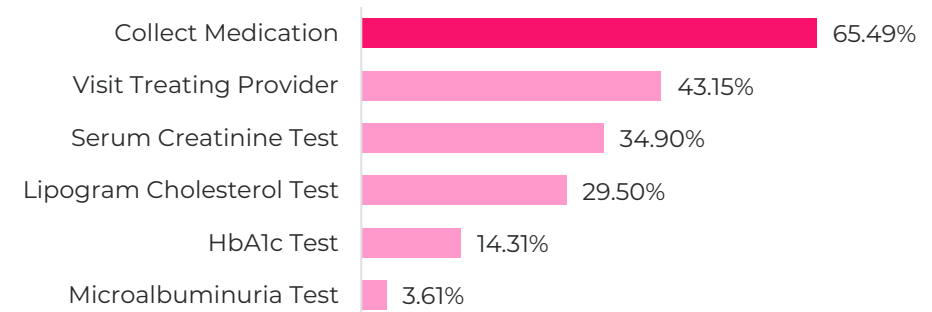
\*Different clinical actions have different cycles lengths depending on the clinically-relevant desired completion frequency

## Clinical habits

A measure of the consistency with which clinically relevant actions are completed over a particular time-frame



Less than **5% of members** living with diabetes are in Strong Habits for all of their clinically relevant actions



# Example of 2 risk profiles for people who look the same on paper



## Person A:

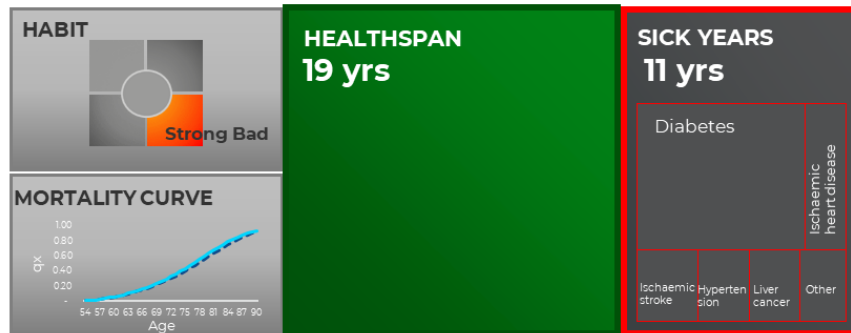
Age: 54

Gender: Male

**Diabetic**

**Physically inactive**

LIFESPAN



## Person B:

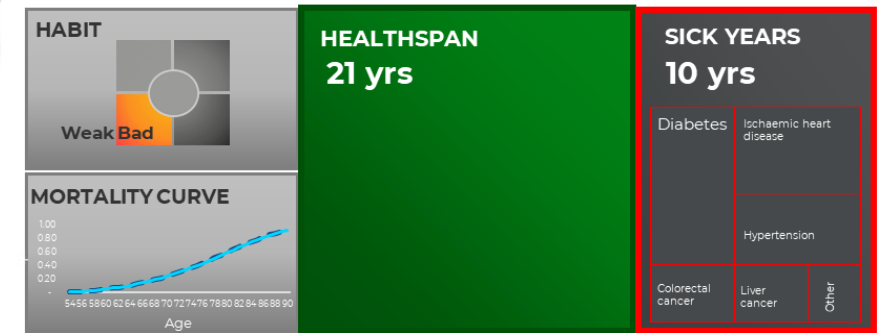
Age: 54

Gender: Male

**Diabetic**

**Low physical activity**

LIFESPAN

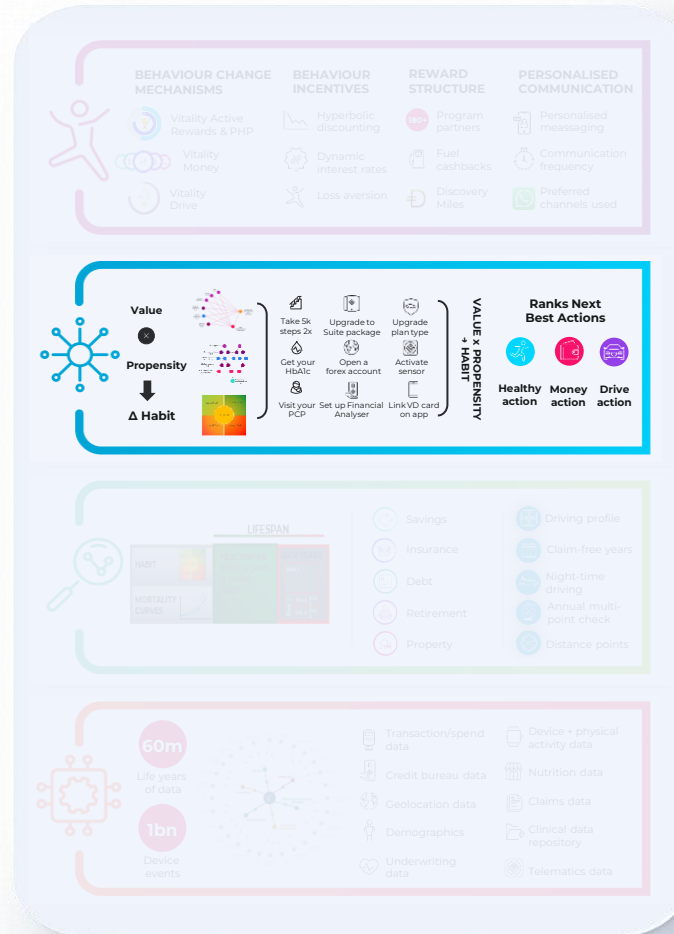






# AI Recommender

Use behaviour science along with member insights on propensity and value to suggest hyper-personalised and real-time next best actions that will improve the member's risk outcomes

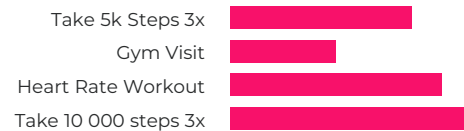
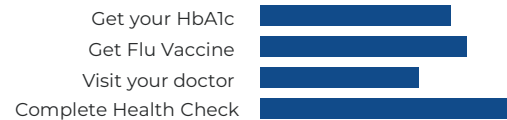
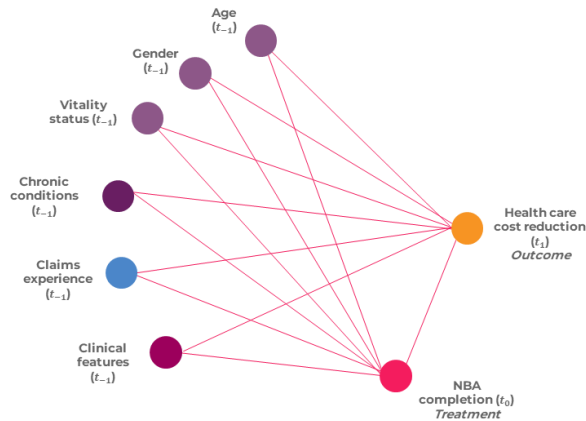


# Building a personalised health pathway



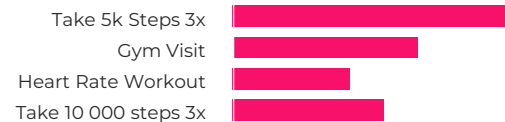
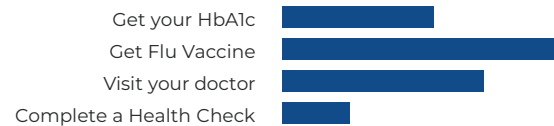
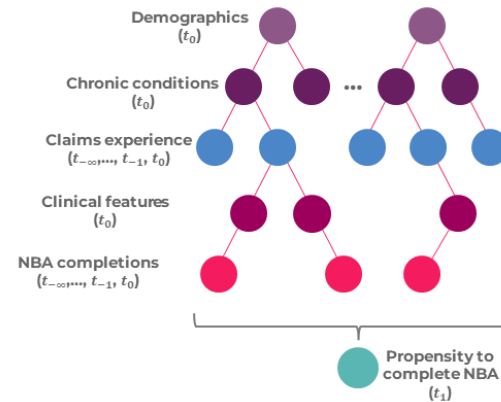
## Value data science models

Sophisticated causal model to determine the contribution of each action to long-term health improvement



## Propensity data science models

Machine learning model incorporating prior engagement data to estimate the probability of a customer to complete an NBA



## Personalised Health Pathways

Using Value and Propensity to create a personalised and responsive pathways that respond to changing preferences, health status and life stage.

- Get Flu Vaccine (1)
- Get your HbA1c (2)
- Visit your doctor (3)
- Complete VHC (4)
- Colon Cancer Screening (5)
- Podiatrist (6)
- Vitality Age assessment (7)
- Mental wellbeing assessment (8)

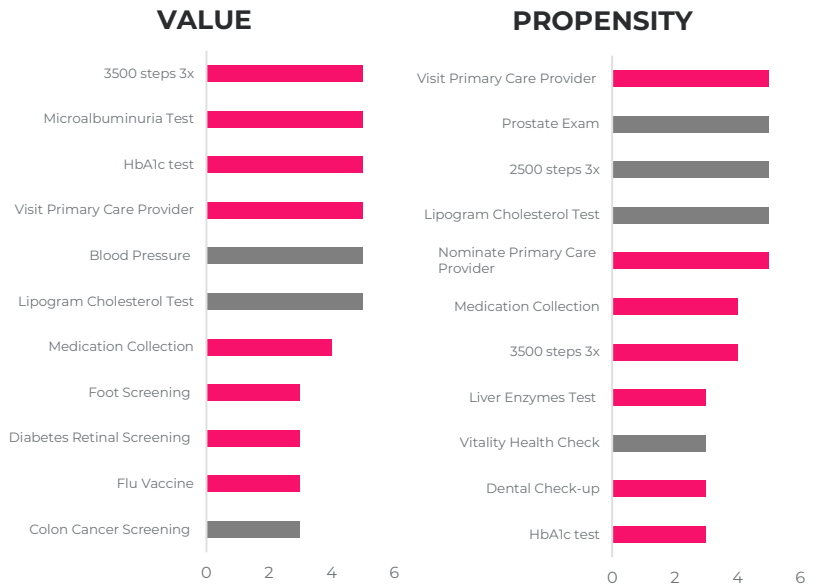
- Take 5k Steps 3x this week (1)
- Take 10k Steps 3x this week (2)
- Complete heart rate workout (3)
- Visit the gym (4)

----- Shown to member

# Ranked top 3 next best actions differ based on value, propensity and current habits



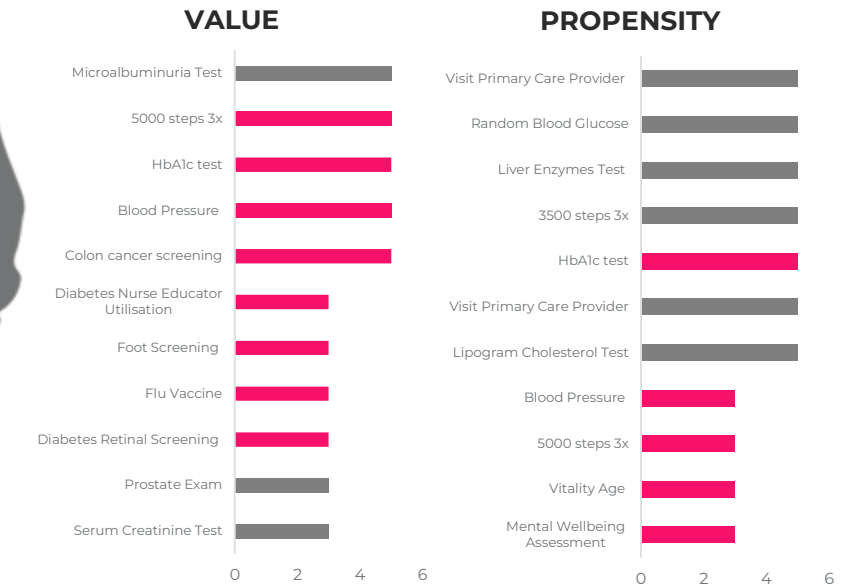
## Person A:



1. 3,500 steps 3x this week **\$160 savings p.a.**
2. Visit primary care provider **\$37 savings p.a.**
3. Collect medication **\$125 savings p.a.**



## Person B:



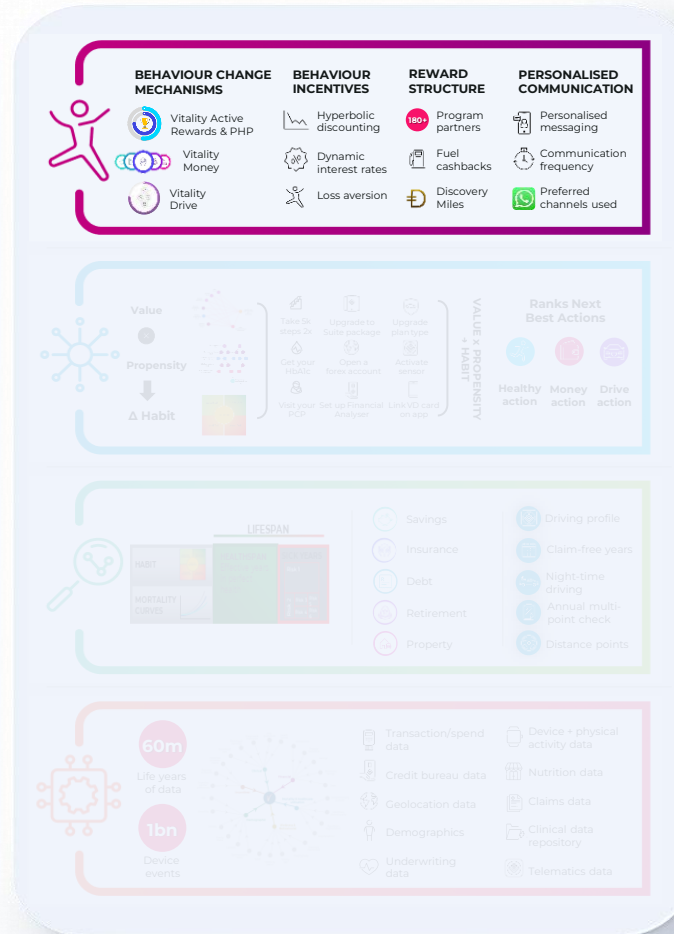
1. 5,000 steps 3x this week **\$195 savings p.a.**
2. Test HbA1c **\$66 savings p.a.**
3. Monitor blood pressure **\$316 savings p.a.**

Strong habit (does not get recommended)
  Poor habit (eligible for rewards)

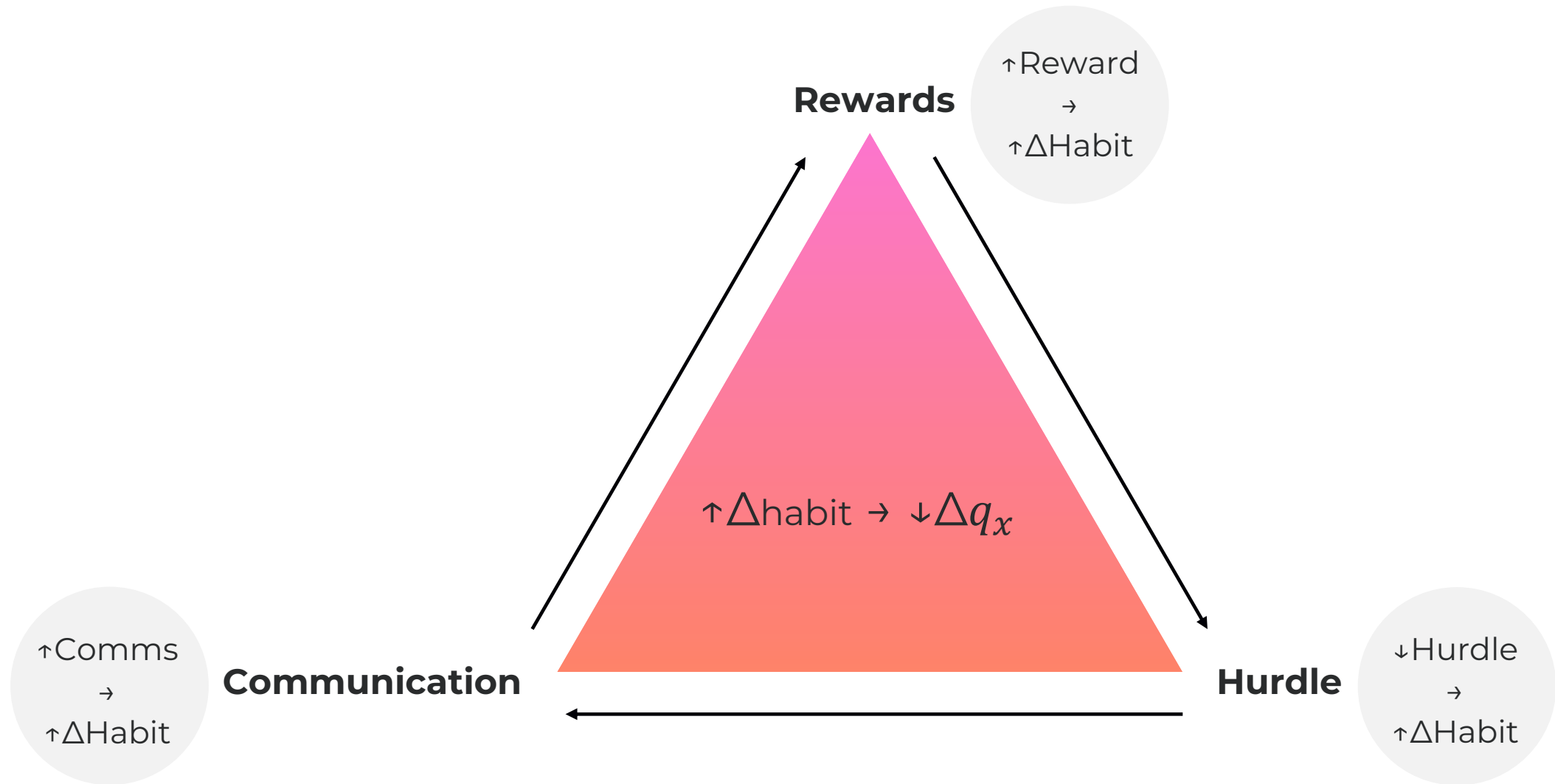


# Incentivised engagement

Behaviour change through actuarially-matched, compelling incentives, communicated in a personalised way, manifesting as two rings, with personalised next best



# Optimisation of rewards, hurdles and communication



$$\Delta\text{habit} \rightarrow \text{Reward cost} \leq \text{Value}_{\Delta\text{habit}}$$

# Optimisation of rewards, hurdles and communication



*Iteratively test, learns and adapts the actions we send, how we communicate and how we reward based on engagement.*

## Action/Hurdle

*Which NBA are we sending, with which hurdle to access the reward?*

## Communication

*How are we communicating the NBA to the member?*

## Reward

*How are we incentivising completing the NBA?*

## Reinforcement Learning Agent

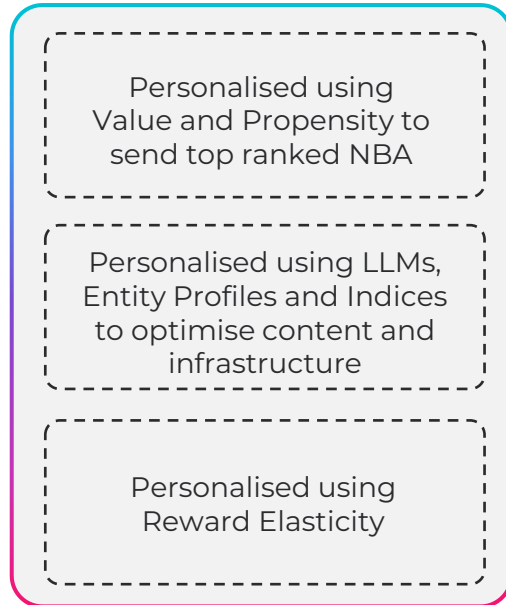
### Leverage

The agent leverages known information to maximise estimated engagement.

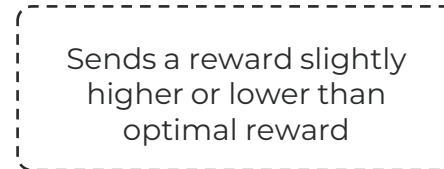
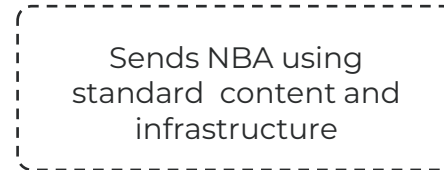
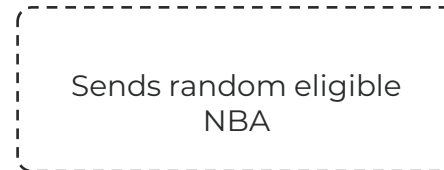


### Learn

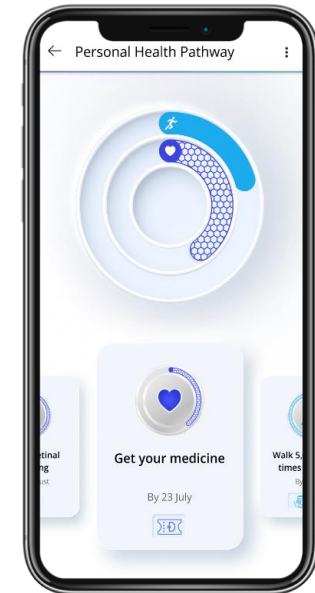
The agent experiments with different approaches to refine engagement estimates



## Personalisation



## Control Group



## Engagement Continuum

*Used as a feedback signal for learning*



Not Activated

Highly Engaged

# Personal Health Pathways | Personalised Rewards



A **reinforcement learning model** that is exportable and will drive engagement and optimise spend at an individual level

**Vision**  
Output - Rewards elasticity:  
What is the change in engagement propensity for a given change in reward

**Current**  
Starting with clinical rewards.  
Build up history

**Considerations**

- Rewarding streaks/habit formation
- Preferred partners
- Tolerance for reward > value of NBA
- Instant reward vs game play
- Relation to ring closure percentage

Important to collect data to calculate rewards elasticity

**DATA PIPELINE** | in place

**PLATFORM** | RL model on platform

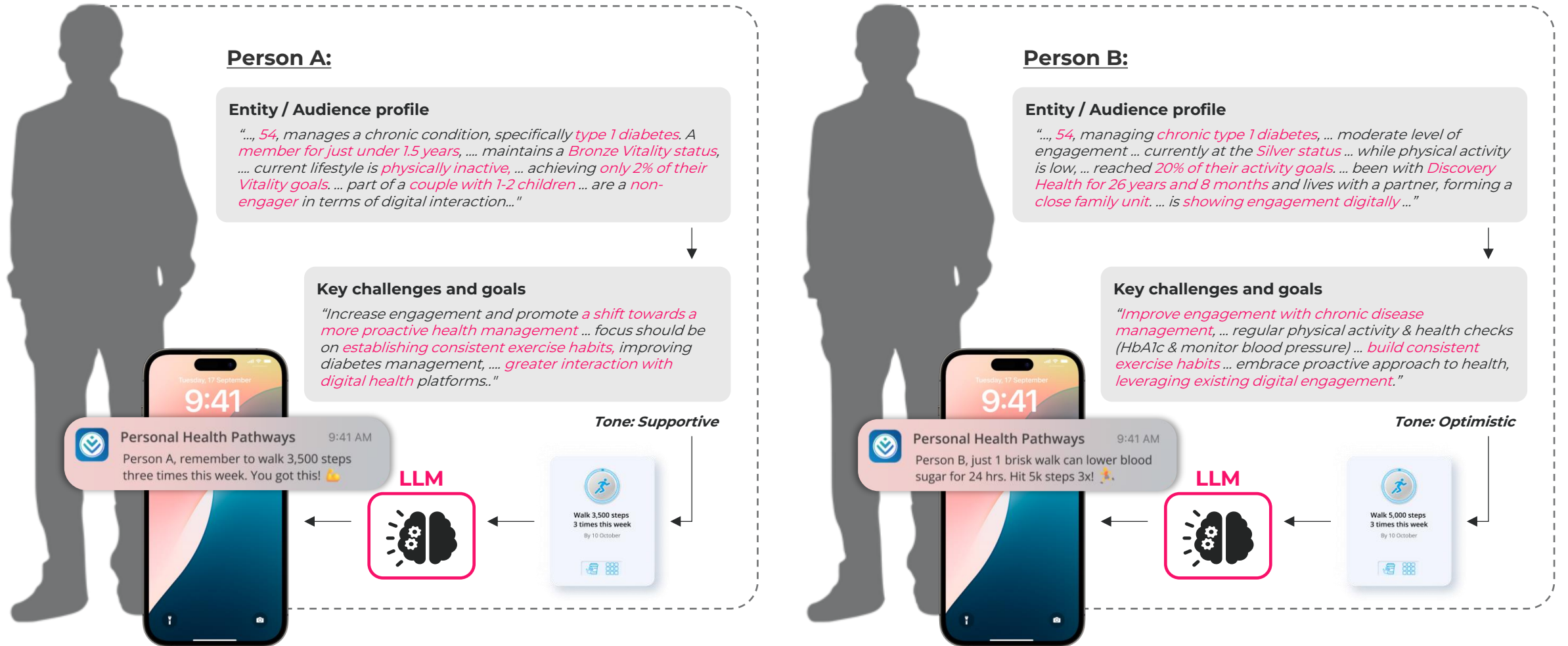
## Personalisation

The ability to engage members in a manner that is **relevant** and easily **adaptable** to different life stages.

## Testing

Test different reward levels using A/B testing at cohort level

# Communication of the next best actions differ





# How hyper-personalisation manifests for the member



**Person A:**



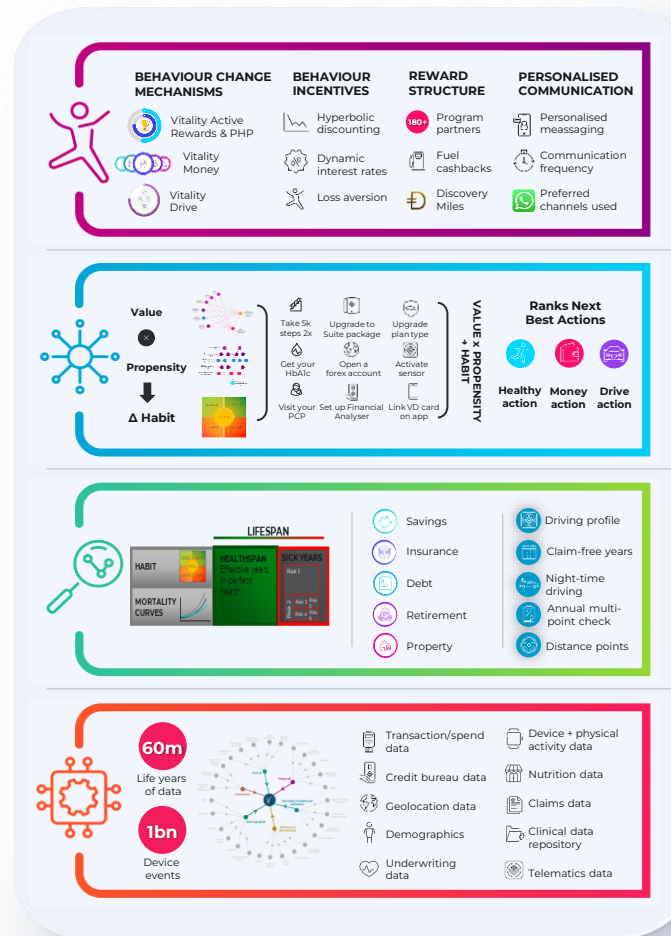
**Person B:**



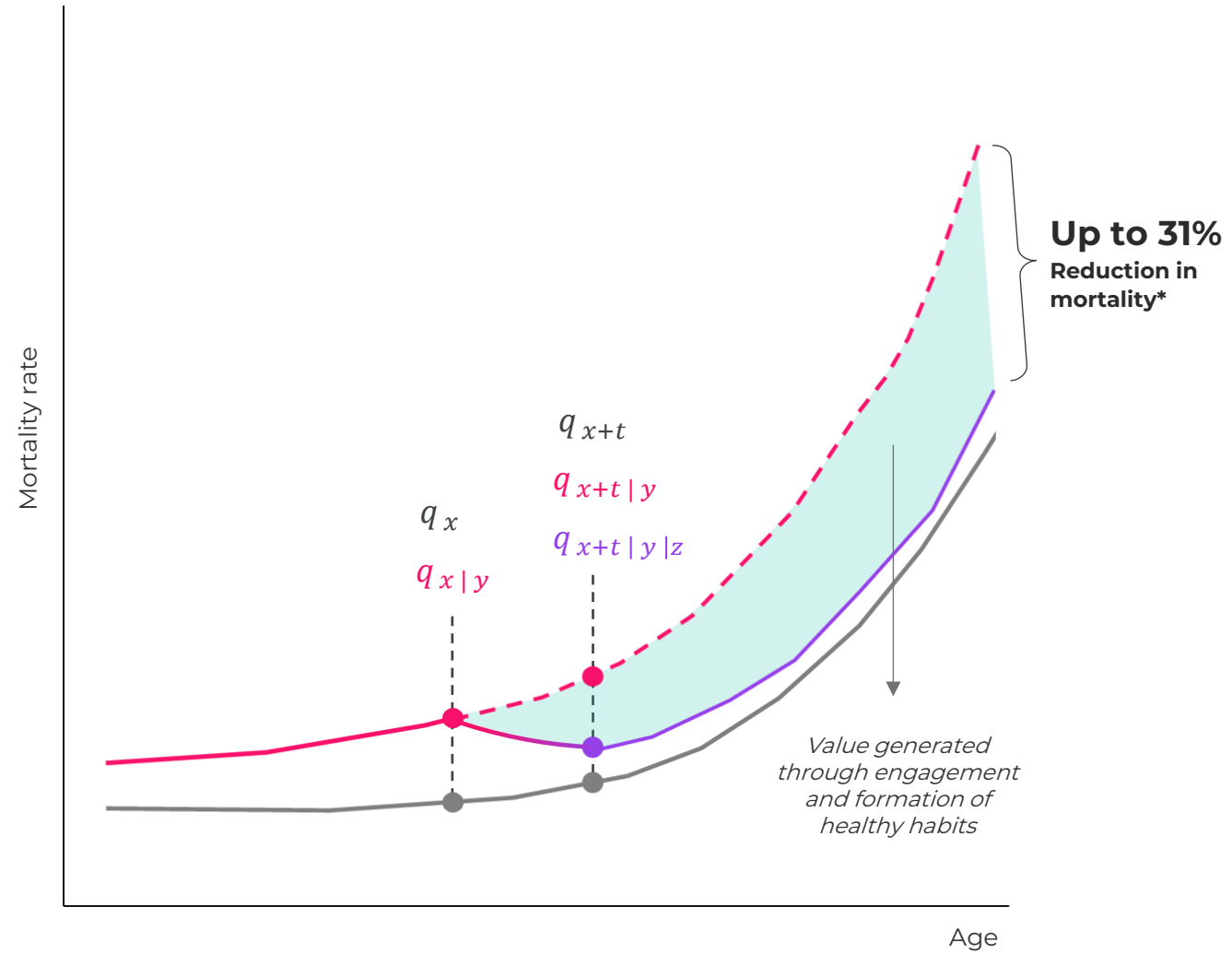


# Value generated

Value generated through the utilisation of Discovery's powerful data asset and IP



# Deep understanding of how mortality changes based on behaviour



$x = \text{age}$

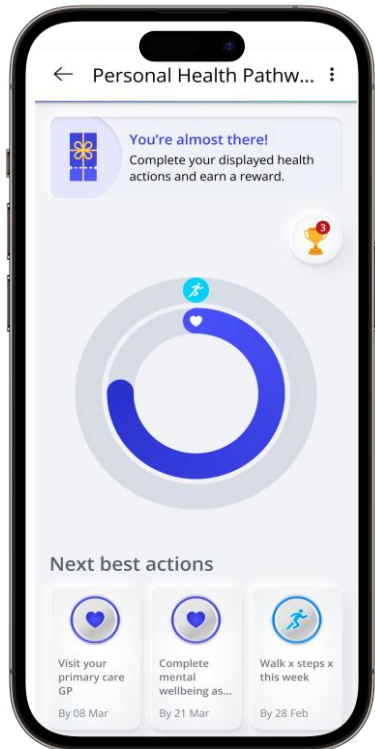
$y = \text{lifestyle and clinical habits up to age } x, \text{ and state of health at age } x$

$z = \text{formation of new lifestyle and clinical habits from age } x \text{ onwards}$

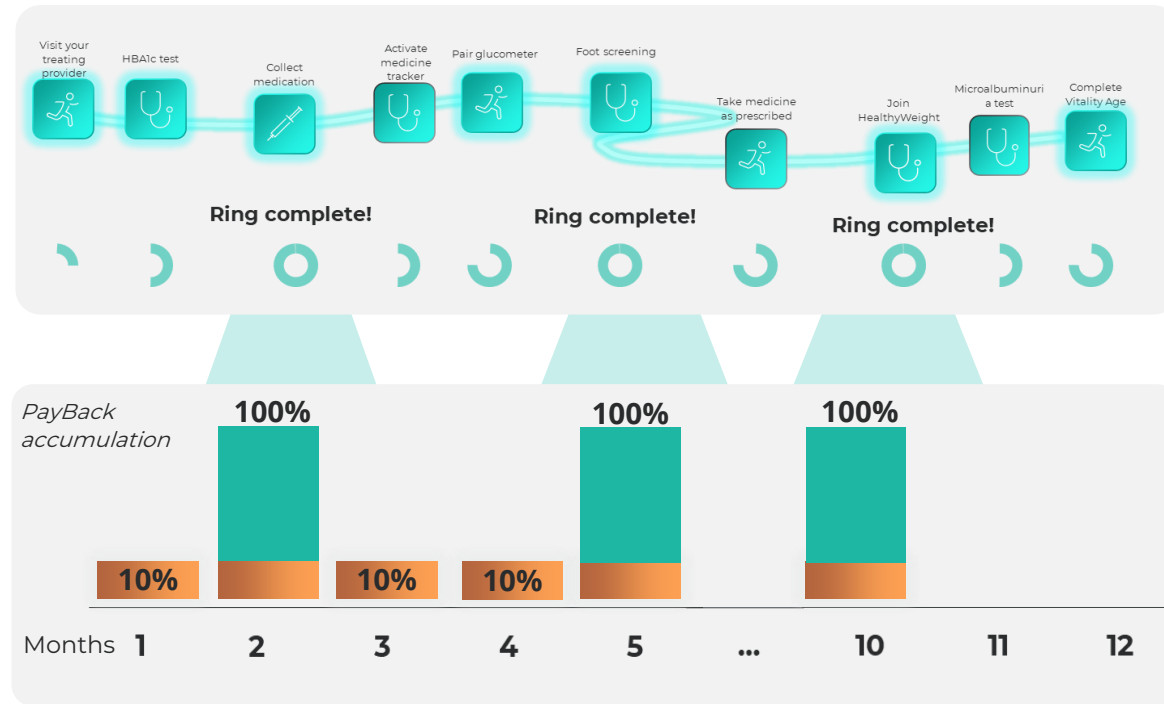
# Product structure and journey in Life insurance



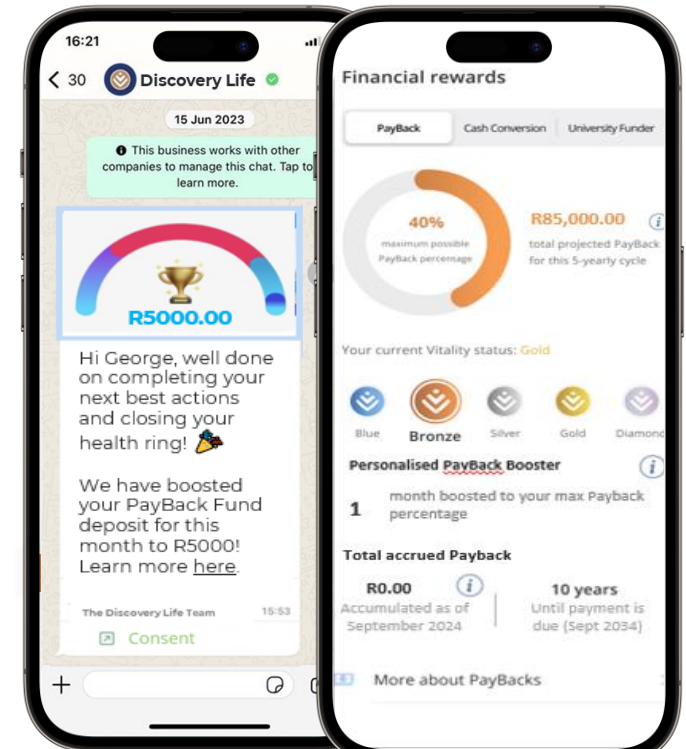
Personalised PayBack Boost for unhealthy, unengaged Bronze client (5<sup>th</sup> health claims band), R5000 premium, double PayBacks, 100% max Double PayBack



Complete your actions



Enhance your Shared Value



Get your reward

\* Up to 3 rings per year

# Personalised shared value model in the context of Life insurance

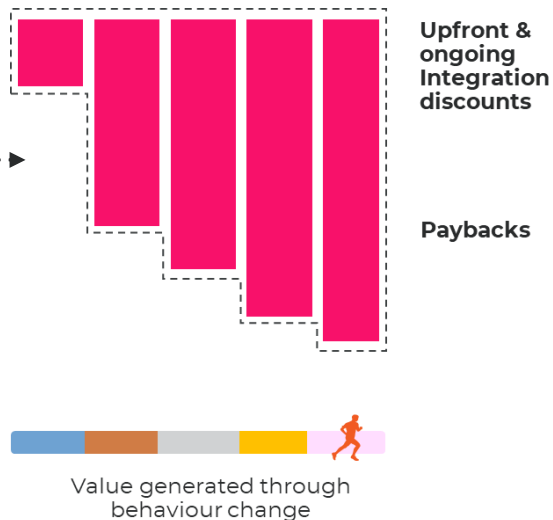
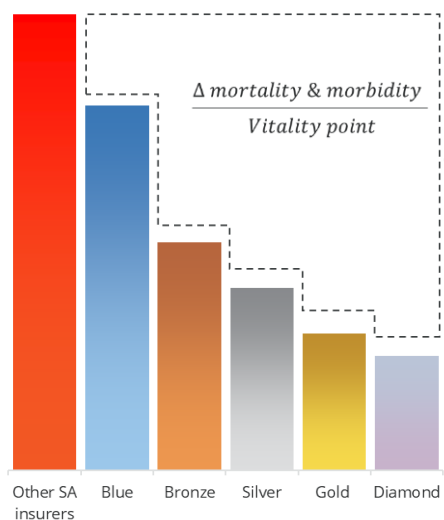


*Optimises mortality & morbidity saving generated per vitality point earned*

## Generalised Shared Value

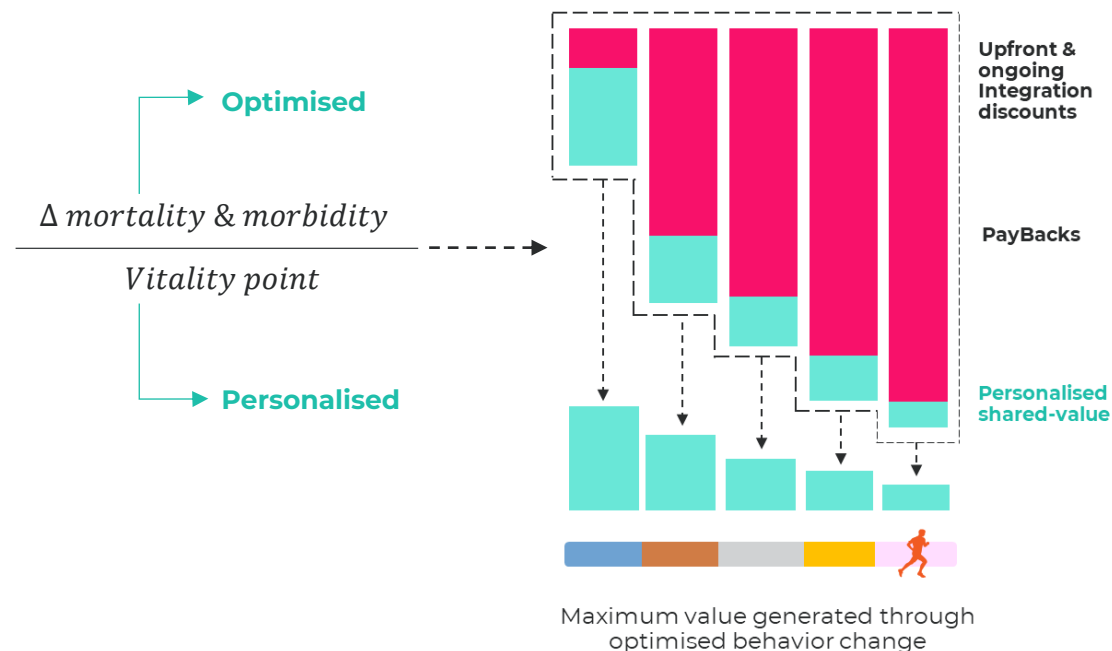
Mortality and morbidity outcomes correspond to Vitality status

Relative mortality improvements by status



## Personalised Shared Value

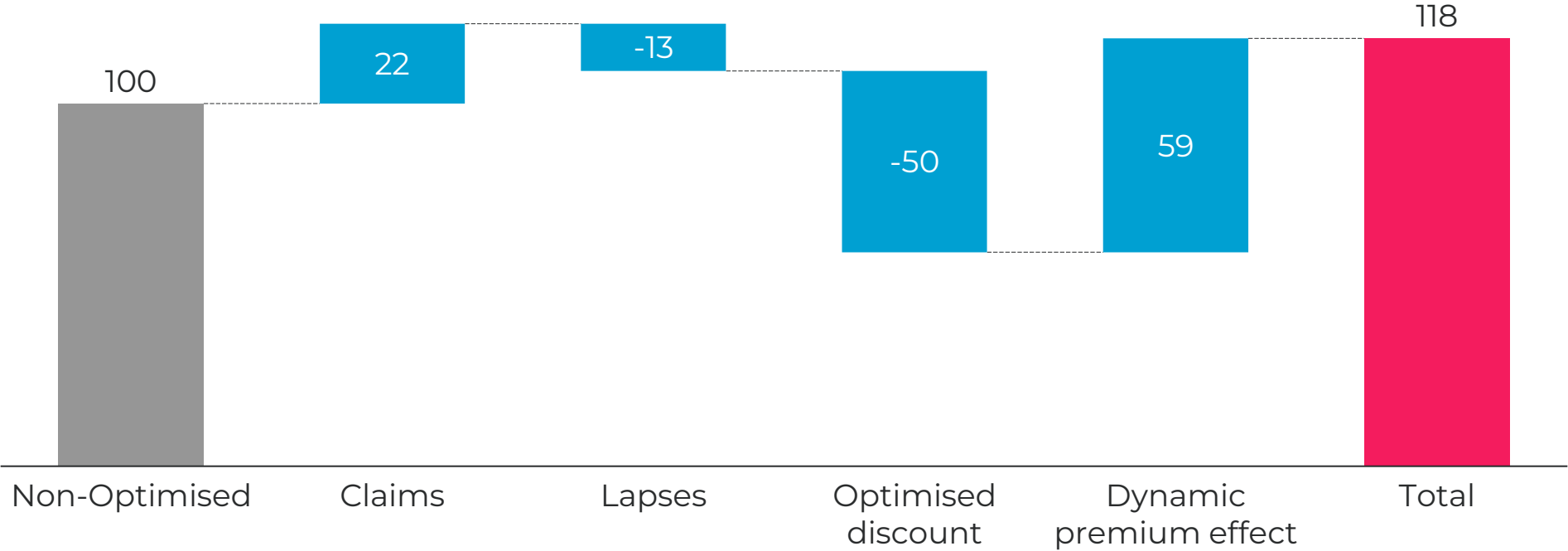
Every personalised action within status results in a more valuable health outcome



# Value of Vitality Life Optimised Products: different activity levels



## Low physical activity

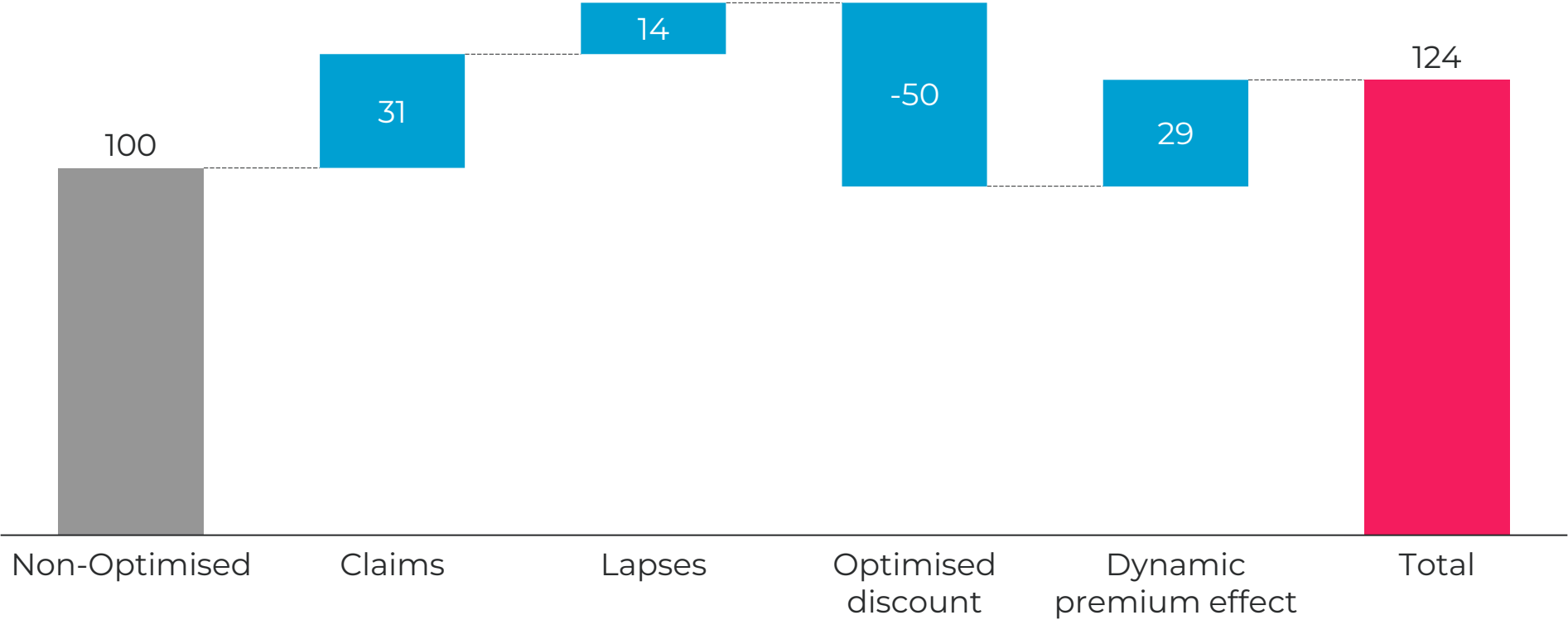


Point of sale gross of reinsurance BEL if a policyholder remains on this activity level throughout the policy term. Assumes 18% upfront premium discount

# Value of Vitality Life Optimised Products: different activity levels



## Moderate physical activity

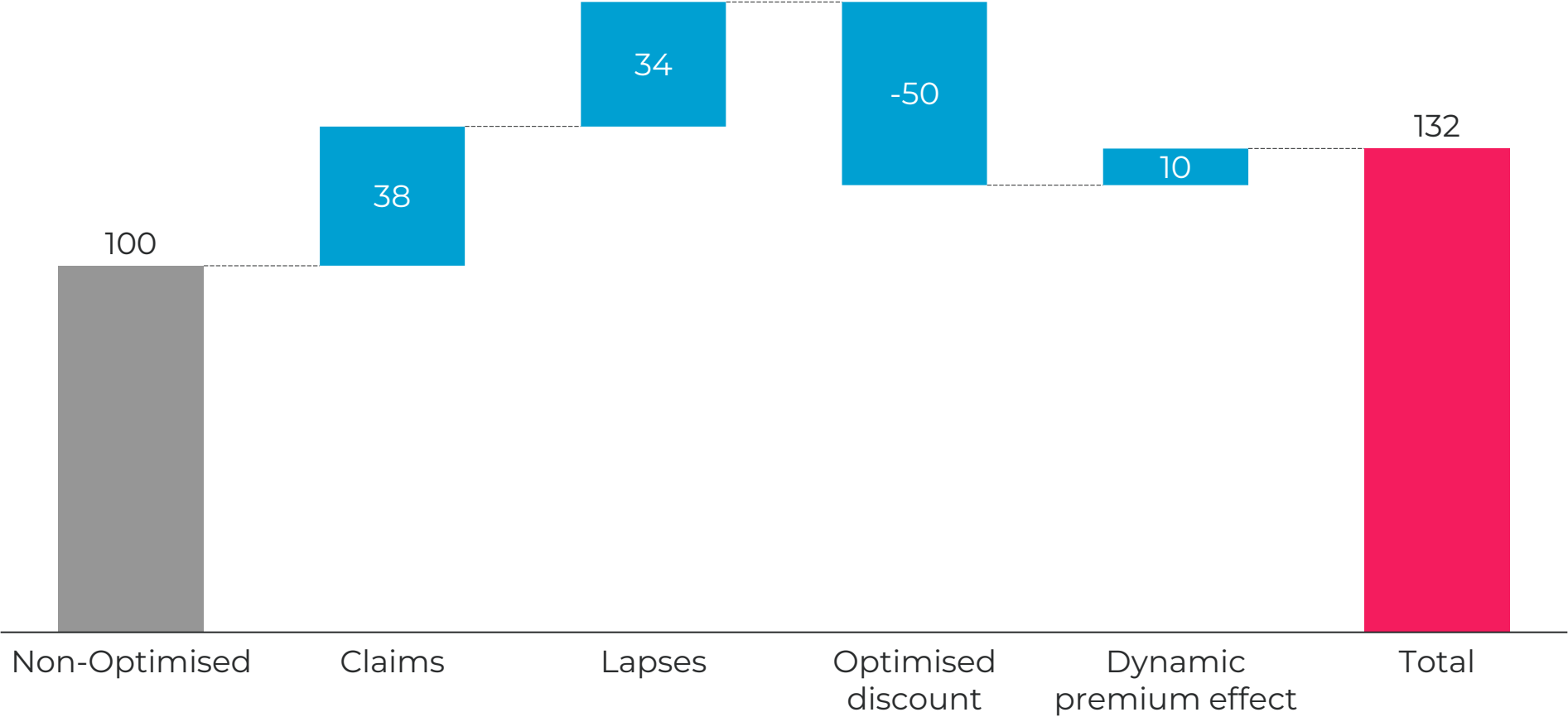


Point of sale gross of reinsurance BEL if a policyholder remains on this activity level throughout the policy term. Assumes 18% upfront premium discount

# Value of Vitality Life Optimised Products: different activity levels



## High physical activity



Point of sale gross of reinsurance BEL if a policyholder remains on this activity level throughout the policy term. Assumes 18% upfront premium discount

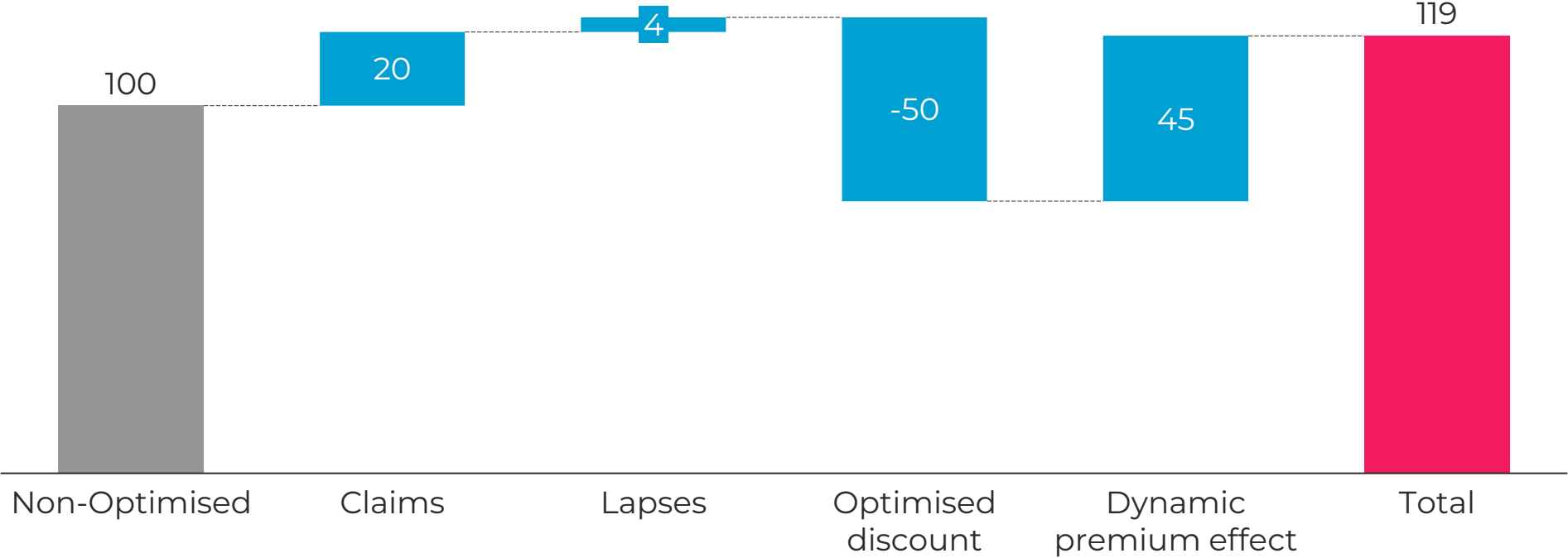


# Value of Vitality Life Optimised Products

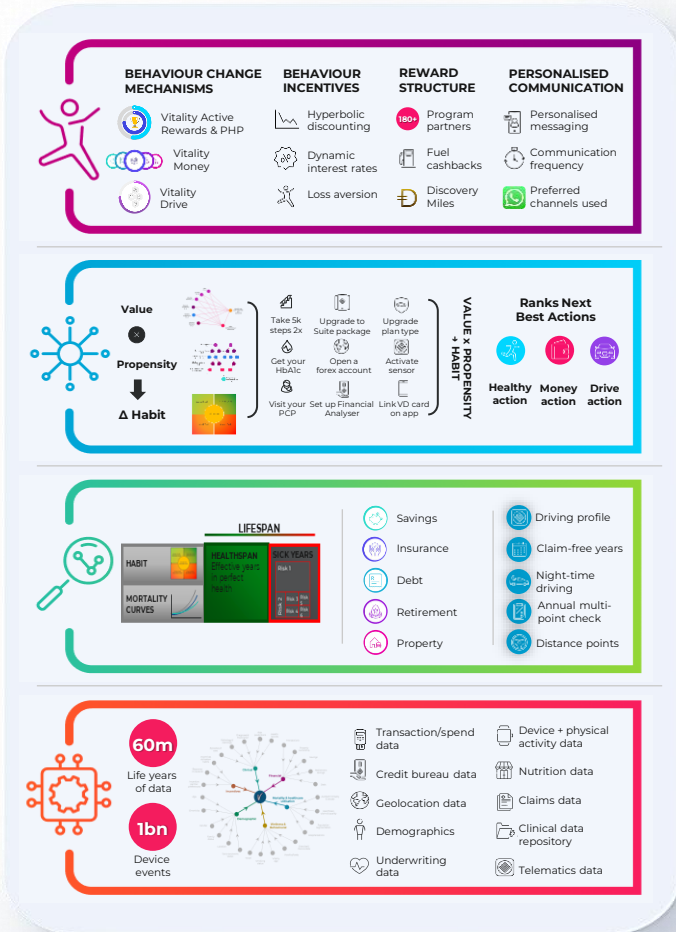


Portfolio view given likely transitions between different activity levels over and average portfolio, after hyper-personalisation and specific rewards for building habits

Indicative Vitality value creation



Point of sale gross of reinsurance BEL if a policyholder remains on this activity level throughout the policy term. Assumes 18% upfront premium discount and 20% increased engagement



Incentivised engagement

**Incentivised Engagement**

A/B Testing Framework.

Ability to influence model

Optimisation Model

AI recommender

**V.AI Recommender**

Propensity Model

Reward Elasticity Model

Next Best Action Model

Dynamic risk assessment

**Dynamic risk assessment**

Causal Inference Model

Habit Index

Value Model

Data

# Personal Health Pathways Components in Health



## Personalised Actions

Step Laddering Algorithm

Heart Rate Workouts

Gym workouts

Park Runs

V02 Max, Heart Rate Variability, Stress Levels, Sleep management

Physical Activity Habit Index

## Sustaining habits

## LLMs

## A/B Testing

Chronic Back Pain Management

Proactive Kidney functions tests

Mental Health

Oncology Management

Diabetes, Hypertension, Hypercholesterolemia Care Management Programmes

Clinical Habit Index

Provider Habit Index

Care Assistant and Health Coaches

## Personalised Rewards

<i>Type</i>			<i>Value</i>	
Miles	Vouchers	Points		
			Optimal to maximise engagement	Rewarding Habit Formation and Maintenance

## Personalised Communication

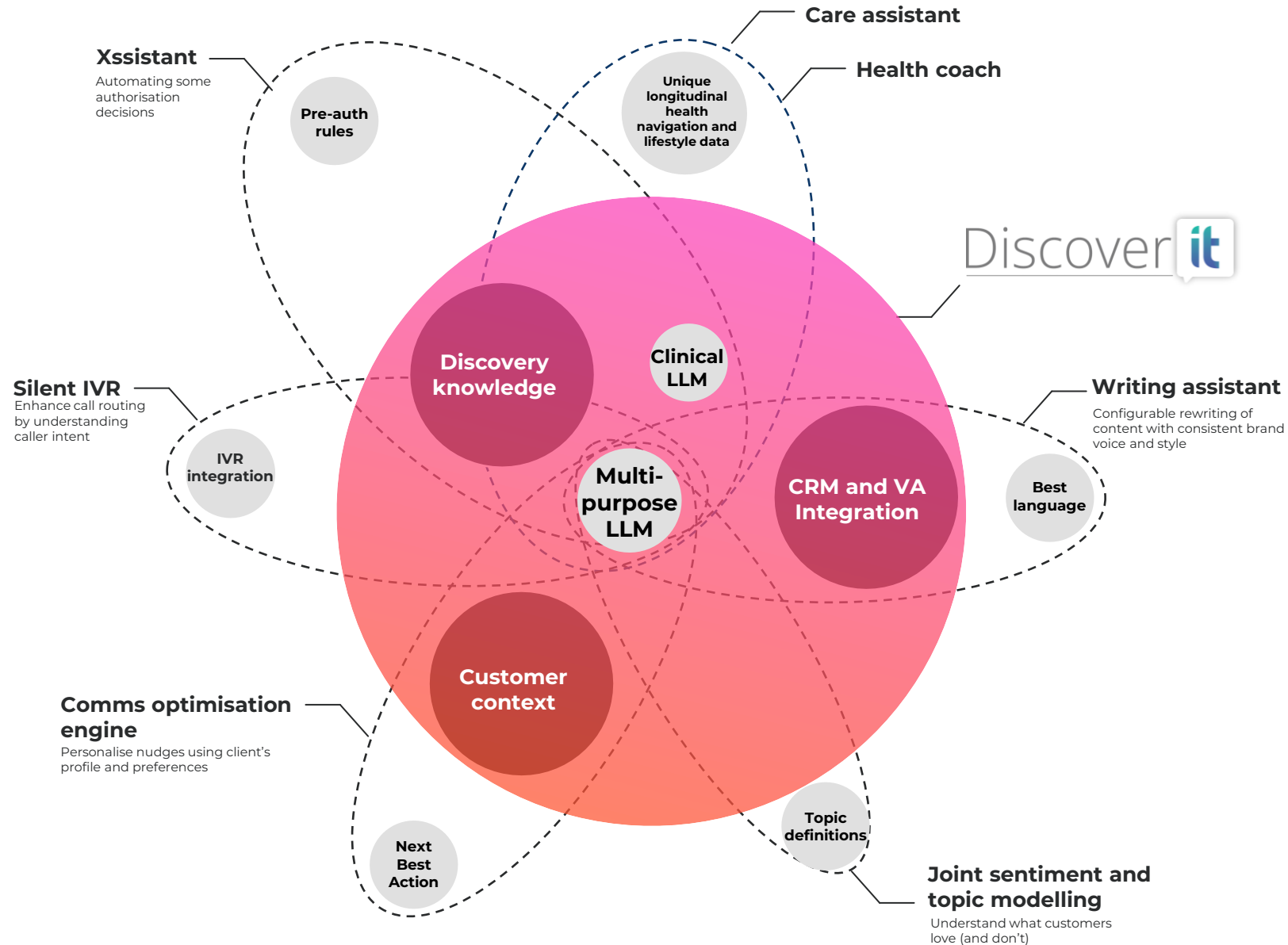
Channel	Style	Timing	Frequency	Entity Profile	Continuous Engagement Habit	Optimisation Engine
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Full Factorial A/B Testing

Adaptive Experimentation

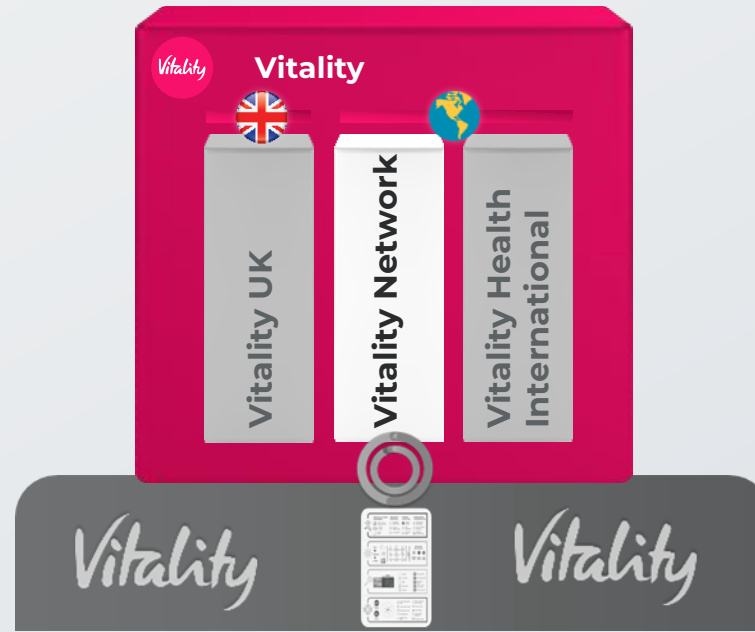
Ability to Influence

# The use of LLMs & GenAI Model Gardens within Discovery





# QUESTIONS



# Vitality Network

Shaun Matisonn

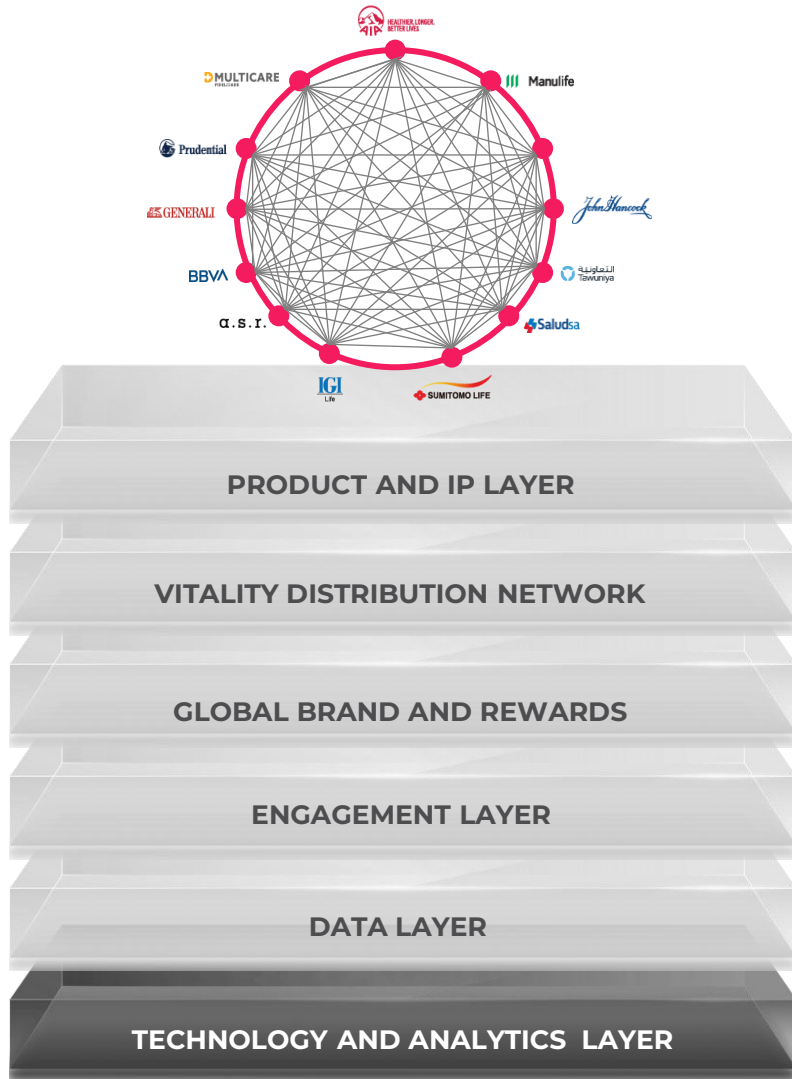


## VISION:

Transforming insurance to **protect, empower, and create** global Shared Value Insurance

Vitality Network is driving the **global expansion** of Shared Value Insurance, **partnering with leading global partners to deliver IP** and transform the future of insurance. Through our **innovative platform**, we enable insurers to deliver impactful health and financial outcomes for their business and their clients, elevating wellness, behaviour change and resilience across diverse markets. By embedding shared value principles within traditional insurance systems, we create sustainable value for individuals, Insurers, and key stakeholders. **Our vision is to create a global network of financial service providers** where insurance not only protects but empowers, **creating healthier lives** through meaningful engagement and partnership.

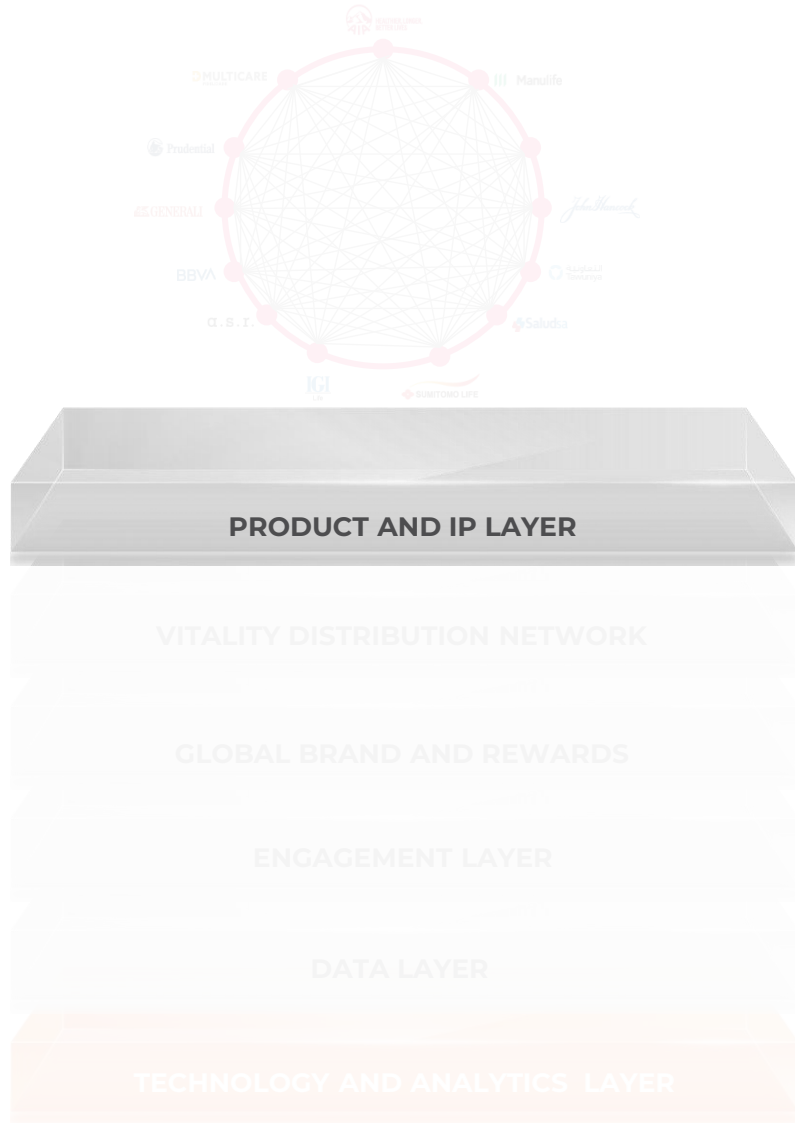
# Powerful assets which enable us to deliver on our shared-value vision



<b>INSURANCE PRICING</b> Device-led, Dynamic pricing, Wedge funding				<b>VITALITY PRODUCT</b> Healthy Futures Assessment, Healthy Actions Ring, Vitality Product playbook			
Vitality GLOBAL Academy		Vitality Vitality Marketing and training playbook		Vitality Go to Market with Vitality		Behavioural linguistics and Vitality Incentive construct Pre-commitment, Nudge theory, Loss Aversion	
Vitality Research Institute		Vitality Global Partner and Rewards Network		Communications platform Message Timing Channel		In-app push notification Vitality engagement toolkit	
<b>100k</b> New members every month		<b>&gt;50m</b> Life years of behavioural linked insurance data		<b>&gt;3.5m</b> Device tracking events a week		<b>13bn</b> km tracked	
<b>VITALITY 1</b> World-class technology platform Gateway connect				<b>PLATFORM ENABLEMENT</b> Transforms Vitality customisation		<b>VDP AND SDK</b> VDP and App Integration Activity Fraud Detection	
				<b>GLOBAL DATA ENGINEERING</b> quantum HEALTH, CAMBRIDGE MOBILE TELEMATICS			
				<b>MOBILE CONTENT MANAGEMENT</b> Enables instant multi-language launches			

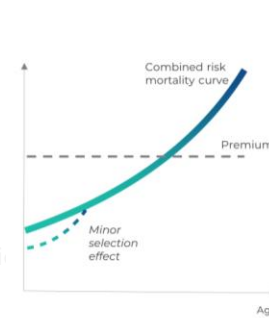


# Powerful assets which enable us to deliver on our shared-value vision

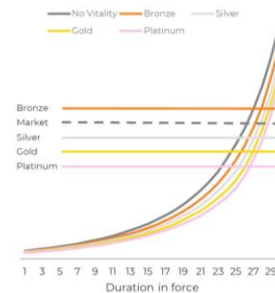


**Dynamic pricing aligns risks and premiums, and extra value can be funneled back to clients through cashbacks**

Traditional pricing model

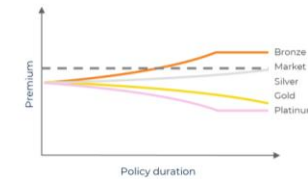


Theoretically correct premiums

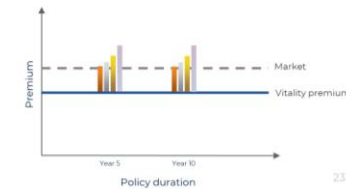


Dynamic pricing and/or cashbacks offers a pragmatic approach

Higher upfront discounts

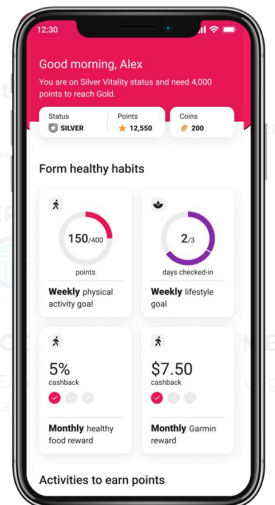


Upfront discounts & 5-yearly cashbacks



**Our product leverages hyper-personalisation to deliver a cutting-edge market solution to customers across the globe**

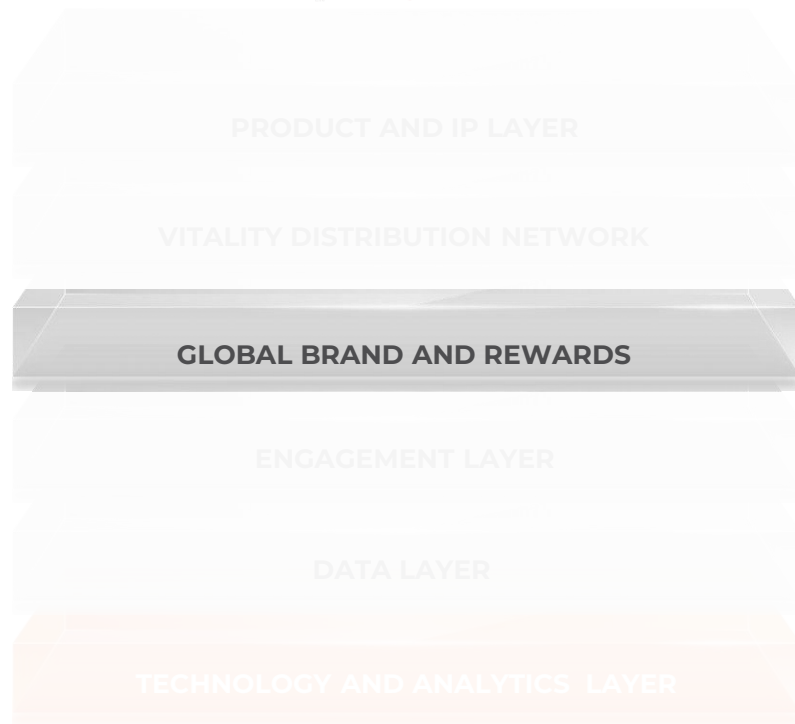
- *Scientifically driven, hyper-personalised product that drives behaviour change and healthy habit formation*
- *Improved user experience through enhancements across all aspects of our mobile app*
- *Backed by sophisticated, personalised communication across various channels to drive continuous member engagement*



# Powerful assets which enable us to deliver on our shared-value vision



***We are creating a constantly-evolving global partner network leveraging our unique internal expertise and footprint***



*Our cohesive, global partner vision makes rewards richer and more accessible than ever*



*Offering members aspirational travel benefits in partnership with Expedia*



*Removing barriers to access with upfront discounts on wearable fitness devices through Apple Watch benefit*

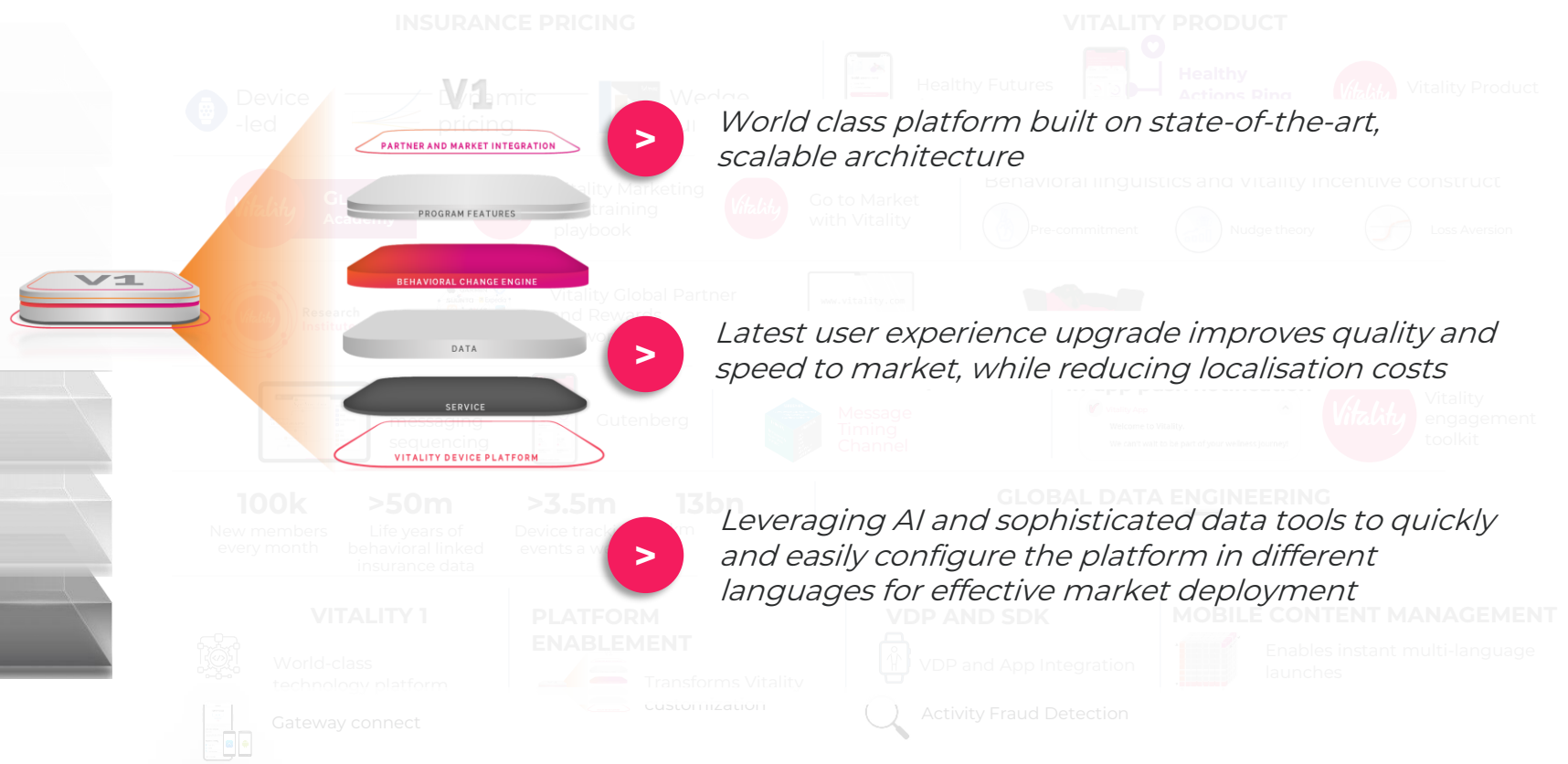


*Making personalised access to mental health support universal in partnership with HeadSpace*

# Powerful assets which enable us to deliver on our shared-value vision



***Our sophisticated platform allows us to effectively deliver IP across the globe, whilst maintaining a stable cost base***



*World class platform built on state-of-the-art, scalable architecture*

*Latest user experience upgrade improves quality and speed to market, while reducing localisation costs*

*Leveraging AI and sophisticated data tools to quickly and easily configure the platform in different languages for effective market deployment*

**100k**  
New members every month

**>50m**  
Life years of behavioral linked insurance data

**>3.5m**  
Device track events a week

**13bn**  
Annual revenue

**VITALITY 1**  
World-class technology platform  
Gateway connect

**PLATFORM ENABLEMENT**  
Transforms Vitality customization

**VDP AND SDK**  
VDP and App Integration  
Activity Fraud Detection

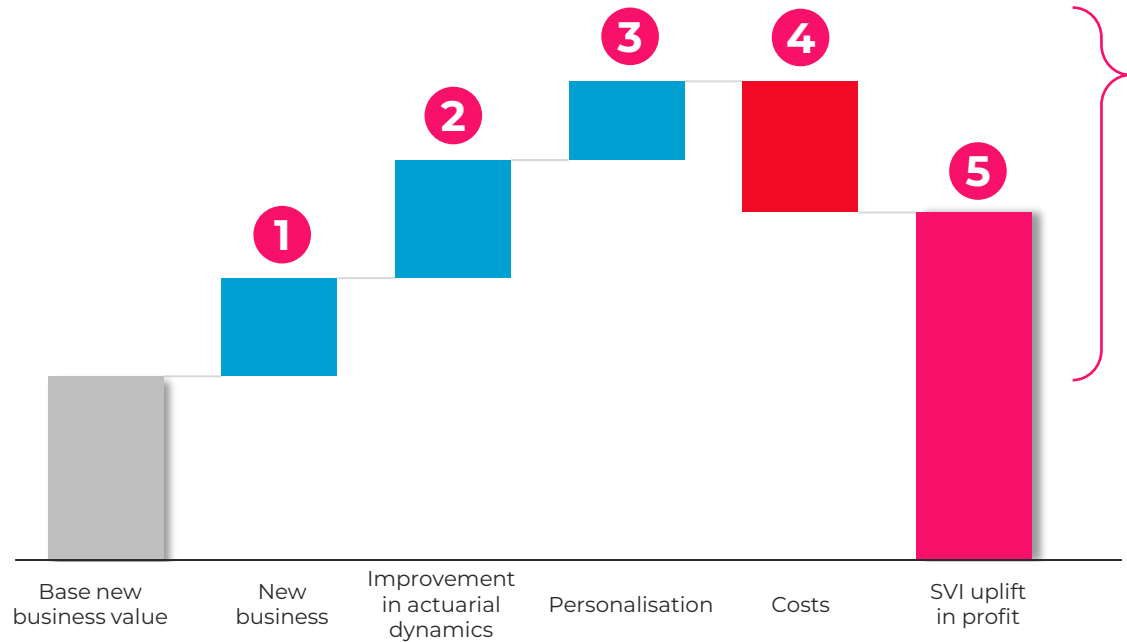
**MOBILE CONTENT MANAGEMENT**  
Enables instant multi-language launches

# The SVI model can be globalised to generate VONB uplift for insurance partners which partners and Vitality Network share in



SVI model brings **uplift in profit to partners business'** through:

- 1 Growing new business
- 2 Improvement in actuarial dynamics
- 3 Personalising the programme for every member
- 4 Reducing business costs
- 5 Growing business profits



**60%-100% VoNB uplift**  
generated by shared-value

## Vitality Network's Revenue Model:

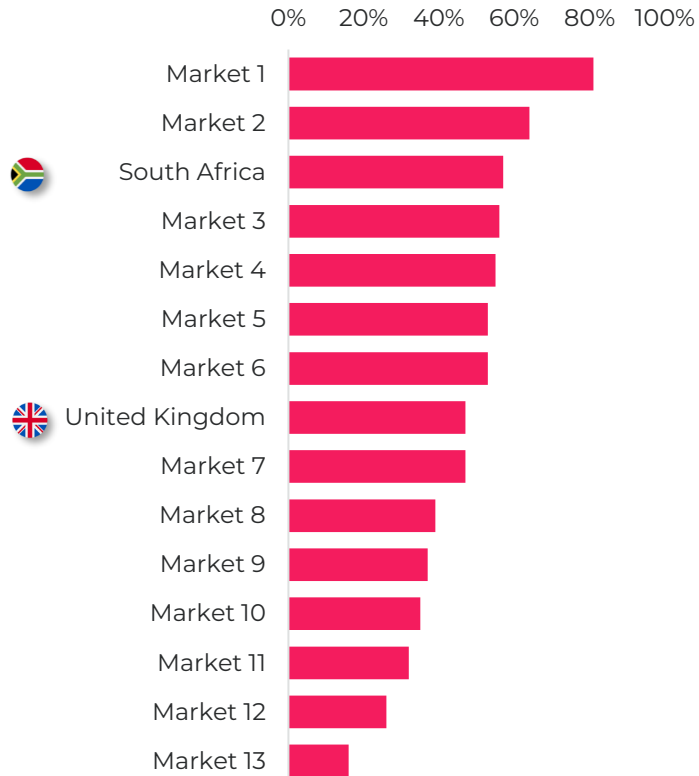
- VN takes a share of the revenue as a result of the uplift which SVI brings to partners business'
- Comes from the license fees and performance fees which partners pay to VN

# Vitality Network's success story



## Engagement

High engagement across markets



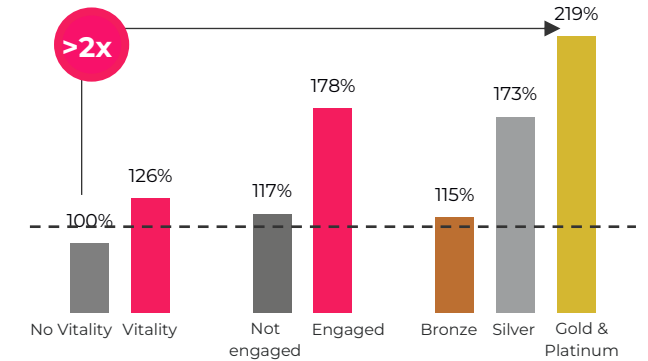
## Actuarial dynamics



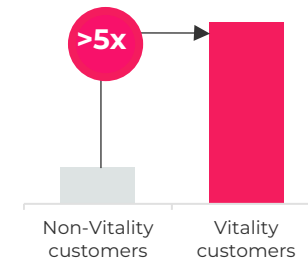
## Value uplift

Higher Vitality engagement correlated with greater up-sell and cross-sell

*Engaged Vitality members are >2x more likely to repurchase*



*Uplift in cross-sell ratio*



# Vitality Network

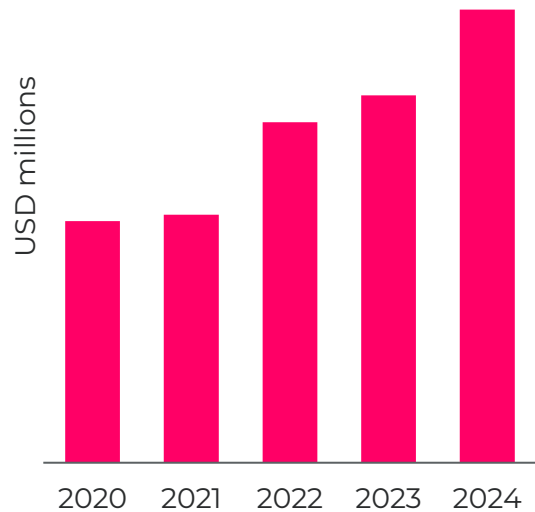


## Operating profit

2023- 2024:

**+23%** **+30%**  
to \$28.5m to R533m

**17% CAGR**  
(FY2020-FY2024)

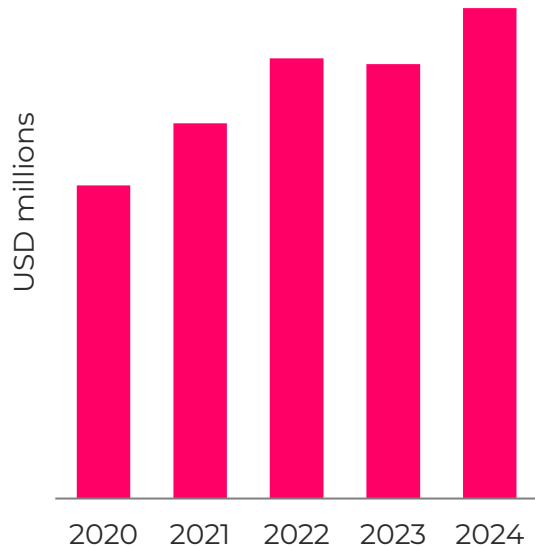


## Integrated API by insurance partners

2023- 2024:

**+11%** **+18%**  
to \$1 575.1m to R29.7bn

**11% CAGR**  
(FY2020-FY2024)

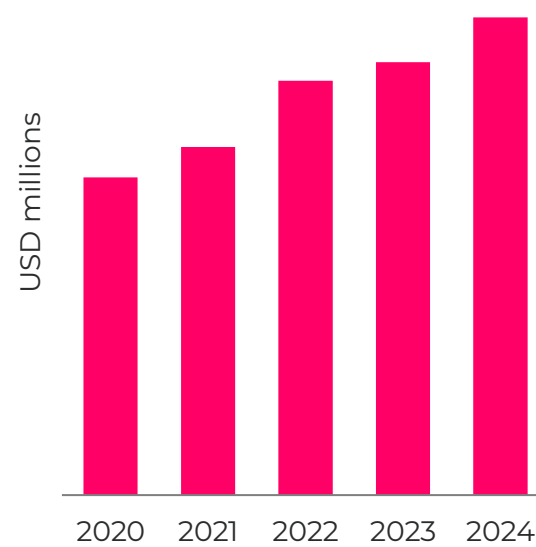


## Revenue

2023- 2024:

**+10%** **+16%**  
to \$101.3m to R1.9bn

**11% CAGR**  
(FY2020-FY2024)

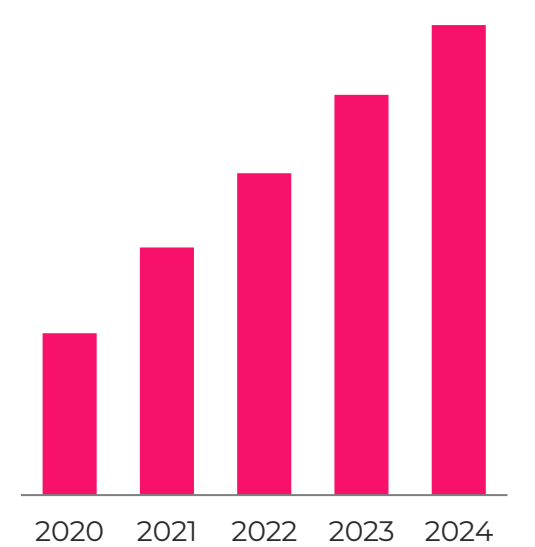


## Insurance partners membership

2023- 2024:

**+17%**  
to 5.3m

**31% CAGR**  
(FY2020-FY2024)



# Vitality Network has access to >70% of the world's addressable life insurance markets with growth opportunities across all regions



A footprint in the **largest and fastest growing insurance markets** across the world



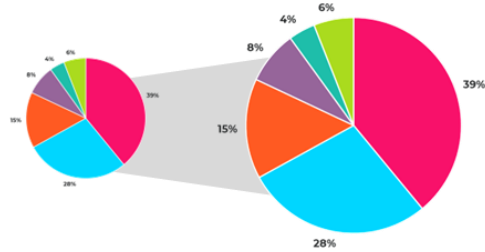
<b>38</b> Vitality Markets	<b>150+</b> Programme partners	<b>300K+</b> Agents and advisers (230K+ tied)	<b>100K+</b> New devices linked per month
-------------------------------	-----------------------------------	---	--

		Gross Written Life Premium (USD million)
1	United States	714 859
2	China	390 400
3	Japan	277 198
4	United Kingdom	213 896
5	France	170 098
6	Italy	110 549
7	India	100 185
8	Germany	93 325
9	South Korea	84 364
10	Canada	70 319
11	Hong Kong	56 740
12	Taiwan	53 956
13	Brazil	44 790
14	Spain	39 933
15	South Africa	34 833
16	Sweden	33 821
17	Denmark	32 988
18	Singapore	30 040
19	Switzerland	25 370
20	Finland	24 305
21	Luxembourg	20 547
22	Ireland	19 830
23	Mexico	19 779
24	Belgium	18 427
25	Australia	15 603
26	Malaysia	14 566
27	Thailand	14 349
28	Norway	13 291
29	Netherlands	12 926
30	Israel	10 743
31	Indonesia	10 576
32	Russia	8 167
33	Chile	7 253
34	Vietnam	6 551
35	Portugal	5 579
36	Austria	5 553
37	Colombia	5 433
38	Philippines	5 277
39	Poland	2 474
40	Peru	2 886
41	Greece	2 666
42	Czech Republic	2 575
43	Morocco	2 551
44	Turkey	2 299
45	United Arab Emirates	1 824
46	Argentina	1 621
47	Pakistan	1 590
48	Hungary	1 579
49	Egypt	1 246
50	Kenya	1 141

# The Vitality Network economic model is well positioned to unlock significant value

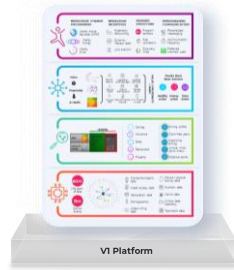


Growing revenue through partners and penetration



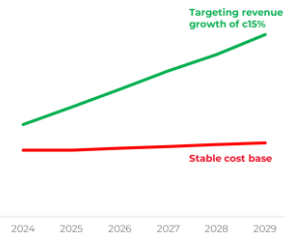
Driving revenue growth of **c15% per annum**

Evolving Shared-value to hyper-personalisation



Enhancing **competitiveness** and **new business uplift**

Unlocking margin growth through a scalable platform



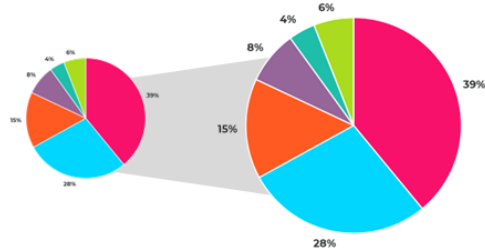
Targeting an **operating margin of 50%**, as the pace of revenue growth increases with limited real cost growth



# The Vitality Network economic model is well positioned to unlock significant value



Growing revenue through partners and penetration



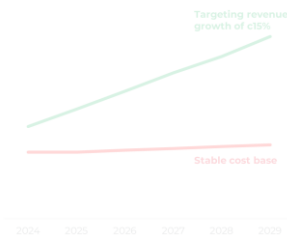
Driving revenue growth of **c15% per annum**

Evolving Shared-value to hyper-personalisation



Enhancing **competitiveness** and **new business uplift**

Unlocking margin growth through a scalable platform



Targeting an **operating margin of 50%**, as the pace of revenue growth increases with limited real cost growth

## INPUTS

Insurance partner

Integrated product lines

Penetration

Actuarial dynamics

Local market activity



## KEY REVENUE DRIVERS

New business API

Membership

Performance fees

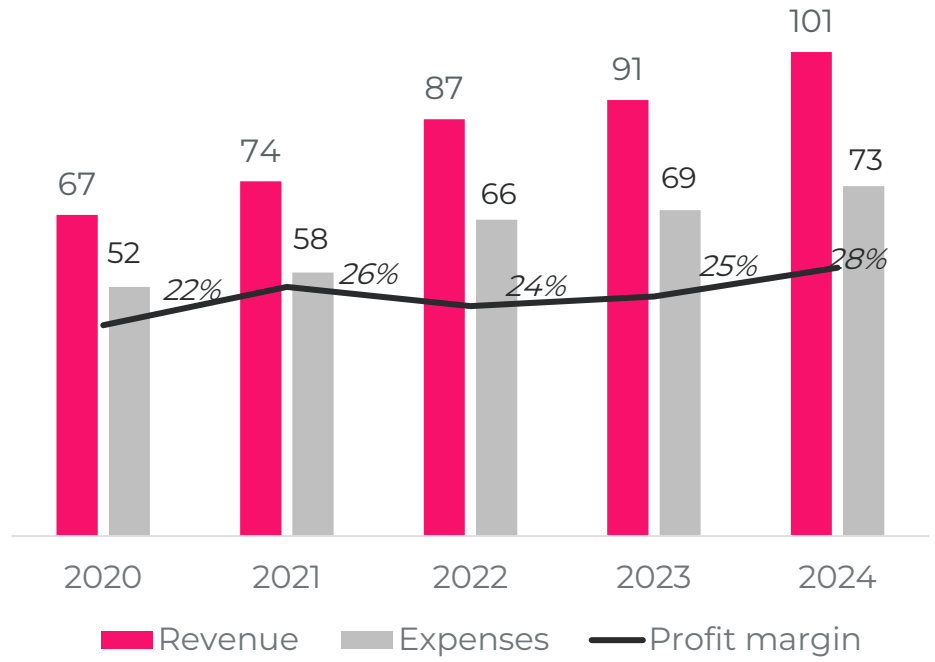
# Breakdown of gross revenue



## Profit margin

Vitality Network has a current profit margin of 28%

*FY2020 – FY2024*

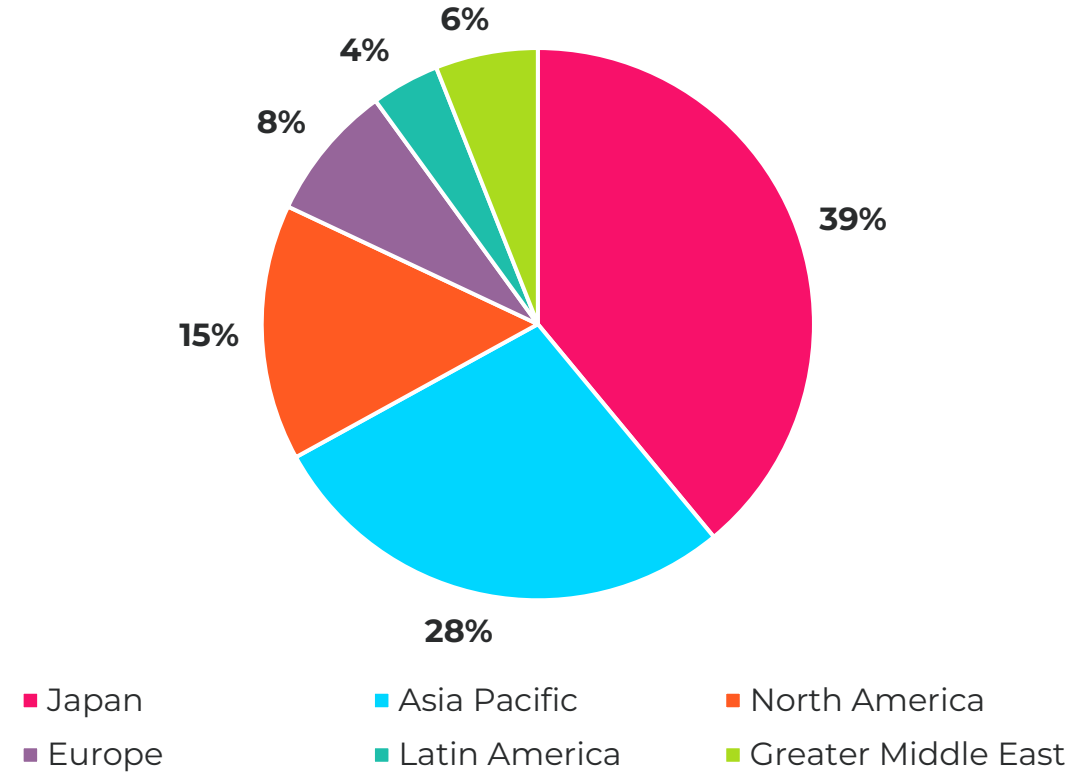


*Profit margin is the % of profit over revenue*

## With a diversified distribution of revenue

% contribution to revenue by region

*FY2024*



# North America



## Size

**1<sup>st</sup>**  
Largest life insurance market globally

## Markets & Partners



**USA**



**Canada**



**Manulife**



## Penetration

**2.6%**  
Life insurance premiums  
in % of GDP in 2023

*SwissRe insurance report 2023*

**3.3%**  
Life insurance premiums  
in % of GDP in 2023

*SwissRe insurance report 2023*

# Vitality in North America – Manulife and John Hancock

## Integrated product lines

Vitality is **integrated across all JH and MLI products**



No integration



Fully integrated



No integration



Fully integrated

**With Vitality Go embedded on all products**

Integrated products include:



- Term Life
- Universal Life
- Indexed Universal Life
- Variable Universal Life



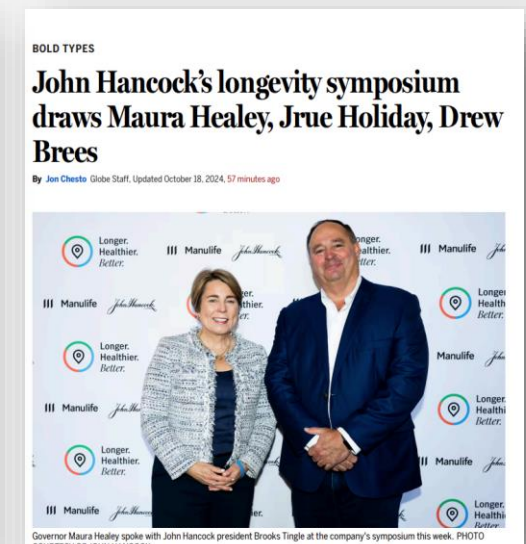
- Family Term
- Universal Life
- Health & Dental

## Insurance partner

John Hancock and Manulife are all in on Vitality

### Longer.Healthier.Better Longevity Symposium:

John Hancock hosted its second annual longevity summit reaffirming their commitment to helping people live longer, healthier, better lives.



# Vitality in North America – Manulife and John Hancock

## API

2023- 2024:

**+26%**

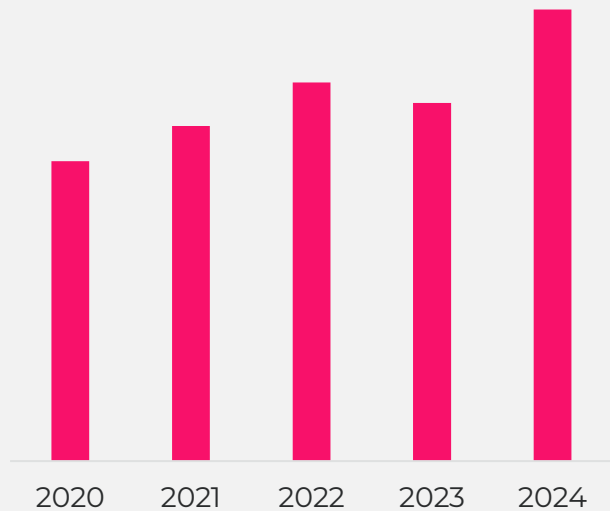
to \$434m

**+33%**

to R8.1bn

**4% CAGR**  
(FY2020-FY2024)

USD millions



Source: VN internal data

## Membership

2022- 2024:

**14%**

to 205k

**18% CAGR**  
(FY2020-FY2024)

2020 2021 2022 2023 2024

Source: VN internal data

## Penetration



**60%**

As at September 2024



**37%**

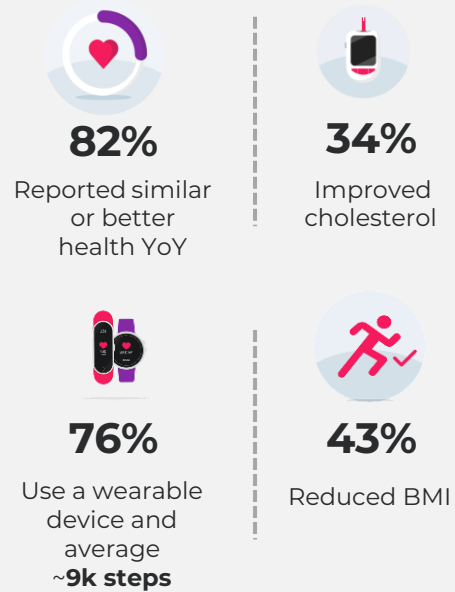
As at September 2024

Source: Internal JH Data

# Vitality in North America – Manulife and John Hancock

## Actuarial dynamics

John Hancock Vitality customers are making healthier choices that are translating to positive health outcomes<sup>1</sup>



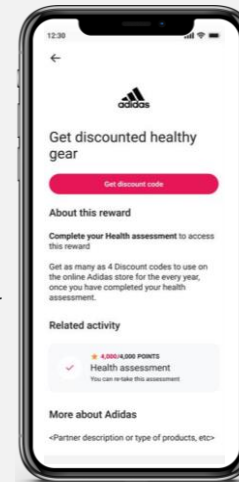
<sup>1</sup>Statistic based on Vitality Health Review self-reported data from registered John Hancock Vitality PLUS members with responses in both 2022 and 2023.

## Partner uptake



Giving members access to HealthyGear benefit and the world of adidas

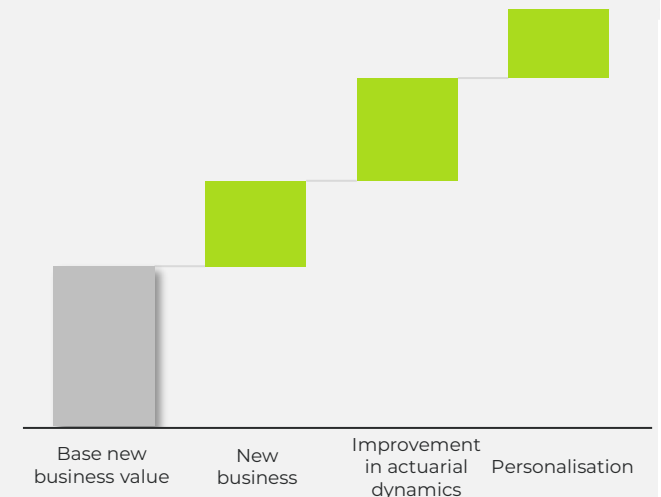
Members are given a **15-30% discount** on adidas gear on completion of their Vitality Health Assessment



Benefit launched late October 2024 with strong member uptake already observed

## Shared-value generated

- ✓ Growing new business
- ✓ Claims reduction
- ✓ Personalising the programme for every member



# Vitality in North America – growth opportunities



The US is the largest insurance market in the world with a diversity of business lines

Integrations with current and new partners

Individual Life (\$13.6B, 2022) and Workplace Benefits (\$8.3B, 2021) overview

<b>INDIVIDUAL LIFE</b>  <b>Market leader</b> Indexed Universal Life, \$3,964		<b>WORKPLACE</b> Term, \$1,851 Dental, \$1,085	
 <b>Market leader</b> Variable Universal Life, \$3,070		Whole Life, \$3,070 ST disability, \$975 Accident, \$935	
 <b>Market leader</b> Term (Avg face value <\$500k), \$1,034	 <b>Market leader</b> Term (Avg face value >\$500k), \$1,424	Whole Life Final Expense, \$1,300  <b>Market leader</b> Universal Life, \$837	Critical illness, \$824 Hospital, Indemnity \$780 LT Disability \$508 Cancer \$212 Vision \$170 AD&D \$130

**Growth in the life market** remains well above long-term average. The market is highly fragmented creating opportunity for Vitality to build a shared-value ecosystem without applying competitive pressures to existing partnerships

Growth is a function of:

- 1 Expanding features** and distribution in the markets where John Hancock is present
- 2 Working with John Hancock** to expand into areas of the market where they don't have a strong presence
- 3 Establishing new carriers** in the **Workplace segment** (fastest growing).



**\$ 8.3BN**  
market size



**5-7% CAGR**  
(2023-2030)



**80%**  
Employers offering at least one VB



# Japan



## Size

**3rd**  
Largest life insurance market globally

## Markets & Partners

**Japan**  
SUMITOMO LIFE 

## Penetration

**6.8%**  
Life insurance premiums in % of GDP in 2023  
*SwissRe insurance report 2023*

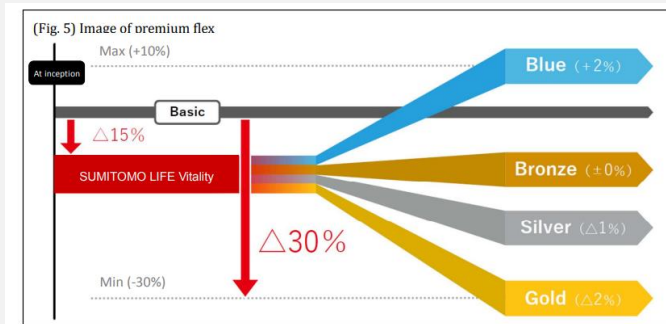
## Market Share

Approx. 5%  
Since 2020

# Vitality in Japan – Sumitomo Life Vitality

## Integrated product lines

### Vitality is integrated across most Sumitomo products



15% off upfront  
Up to 30% off ongoing

### Integrated products include:

#### Main product lines

- PrimeFit (Mortality risk product)
- LiveOne (Mortality risk product with savings component)
- Dr GO (Medical insurance)
- Q-Pack (Medical risk product with savings component)

#### Benefit riders

- Comprehensive medical
- Enhanced hospitalisation cover
- Cancer diagnosis and recurrence
- Cancer medication
- Disability & Nursing Care
- LiV guard - Major disease cover
- 3 Plus - Critical illness rider

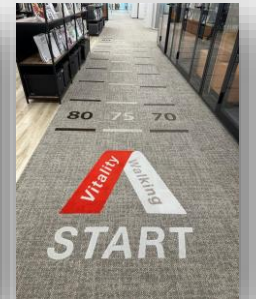
## Partnership

### Deeply entrenched valuable partnership with Sumitomo Life

#### Vitality Sponsorships



#### Vitality at SLI Offices



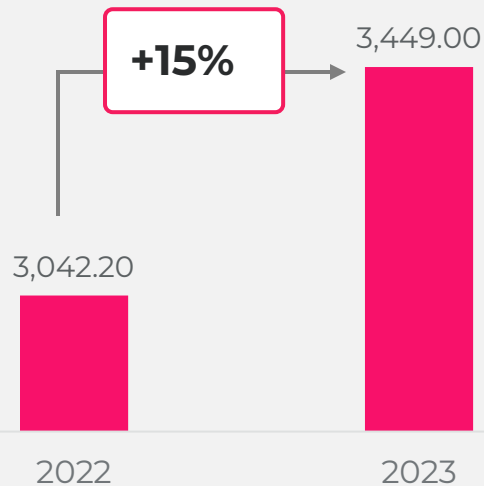
#### Vitality Plaza store



# Vitality in Japan – Sumitomo Life Vitality

## Group annualised premiums

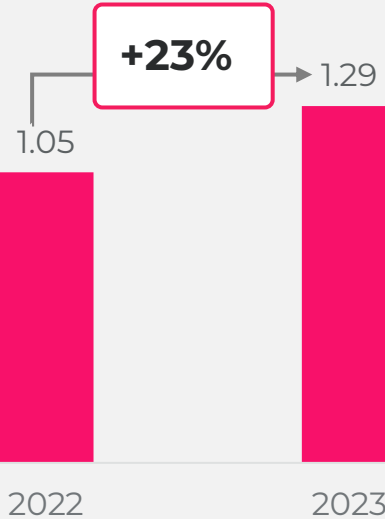
SLI Group annualised premiums (billions, yen)



Source: Sumitomo data

## Membership

Number of SLI Vitality members (millions)



Source: Sumitomo data

## Growth projections

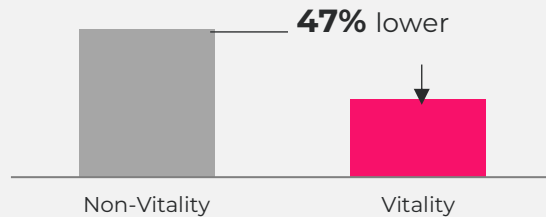
Sumitomo has confirmed their commitment to member well-being by pledging to expand the number of customers **receiving the value of wellbeing** – a key driver of which is increasing the number of Vitality members

Membership is projected to grow steadily, with the goal of reaching **2.4 million Vitality members by 2025**

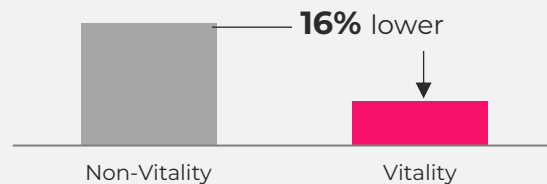
# Vitality in Japan – Sumitomo Life Vitality

## Actuarial dynamics

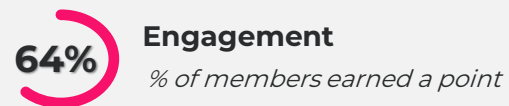
### Relative mortality rates



### Relative morbidity rates



### High level of sustained engagement



Source: Sumitomo data  
VN Internal data

## Local market activity

*Standalone Vitality provides members access to a complimentary 4-week trial of Active Challenge – a simplified version of the full Vitality program*

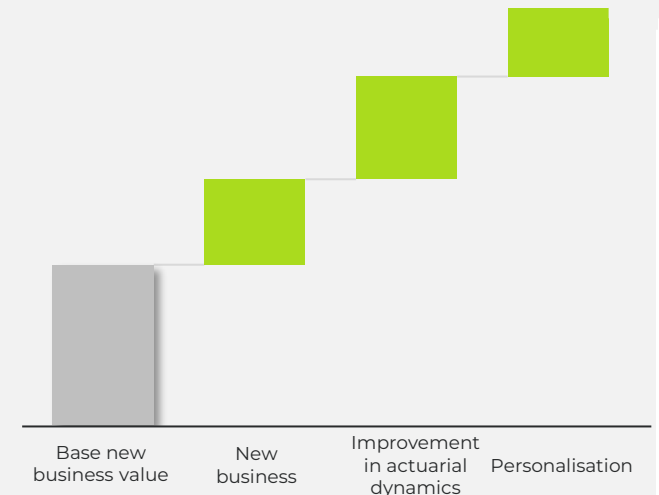
### Standalone Vitality provides a way for advisers to connect clients

1. Re-ignited conversations with existing leads who hadn't taken up a product yet
2. Contacted existing policyholders who were open to revising their cover
3. Reached new leads, including friends and family who were not familiar with Vitality

*The campaign was highly successful, resulting in **significantly increased conversion rates of insurance leads for advisers***

## Shared-value generated

- ✓ Growing new business
- ✓ Claims reduction
- ✓ Personalising the programme for every member



# Vitality in Japan – growth opportunities

Growth will come from SLI's public commitment to achieving their **2030 target of 5 million Vitality members**



Toward that end, we have set a goal **to achieve "20 million customers receiving the value of well-being and 5 million SUMITOMO LIFE Vitality members among them."**



Achieved through:

**SIGNIFICANT INVESTMENT IN SVI**

**NEW PRODUCT LINES**

**NEW SALES & DISTRIBUTION OPPORTUNITIES**



# Asia Pacific



## Size

**Largest**

Publicly listed pan-Asian life insurance group

## Penetration

**3.1%**

Average life insurance premiums in % of GDP in 2023  
*(weighted by GDP)*

*SwissRe insurance report 2023*

## Markets & Partners

**11 markets** across Southeast Asia & the Pacific

- Australia
- Singapore
- Hong Kong
- Philippines
- Malaysia
- Thailand
- South Korea
- Vietnam
- New Zealand
- Indonesia
- India



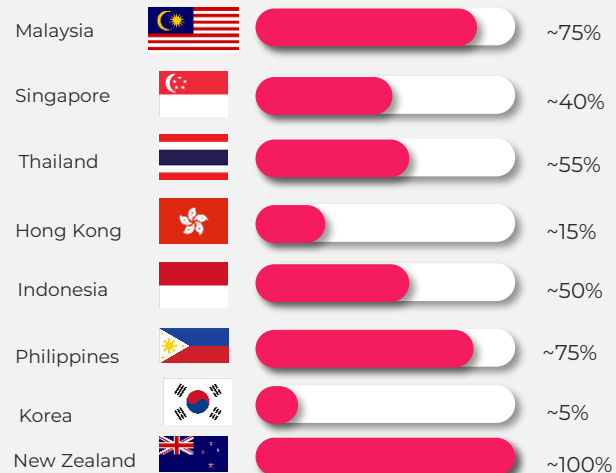
# Vitality in Asia Pacific – AIA

## Integrated product lines

### Vitality is integrated across a multitude of products



% of Integratable products integrated by VONB Range from : **5% -100%**



#### Integrated products include:

- Life Insurance
- Disability Income
- Investment & Savings
- Critical illness
- Health Insurance
- Life riders
- Medical Insurance
- Income Protection
- Health riders
- Accident Protection
- Wealth and legacy planning

## Insurance partner

### AIA is committed to delivering on their brand promise of Healthier, Longer, Better Lives

**Sustaining Healthier, Longer, Better Lives**

**HEALTHIER. LONGER. BETTER LIVES.**

**AIA ESG REPORT 2023**

**Health & Wellness**

**US\$21 BILLION** paid in total benefits and claims, which is an increase of US\$2 billion on a comparable basis\*

AIA serves the holders of more than **42 MILLION** individual policies and over **18 MILLION** participating members of group insurance schemes

**387 MILLION** people engaged through AIA One Billion by the end of 2023

**HELPING ONE BILLION PEOPLE LIVE HEALTHIER, LONGER, BETTER LIVES.**

**I'M ON**

**AIA ONE BILLION** JOIN THE JOURNEY

**JOIN THE JOURNEY**

\* The benefits and claims for 2023 includes the Unit-linked contracts under IFRS 17. On a comparable basis the 2022 claims and benefits were US\$19 billion.

# Vitality in Asia Pacific – AIA

## ANP

2023- 2024:

**+21%**

to \$595m

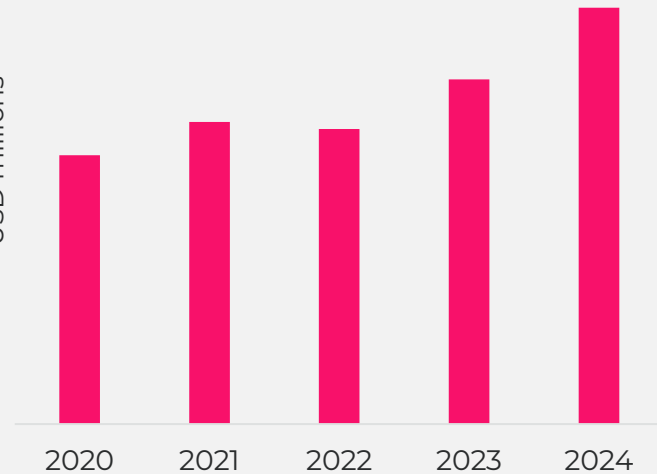
**+27%**

to R11.13bn

**11.54% CAGR**

(FY2020-FY2024)

USD millions



Source: VN internal data

## Membership

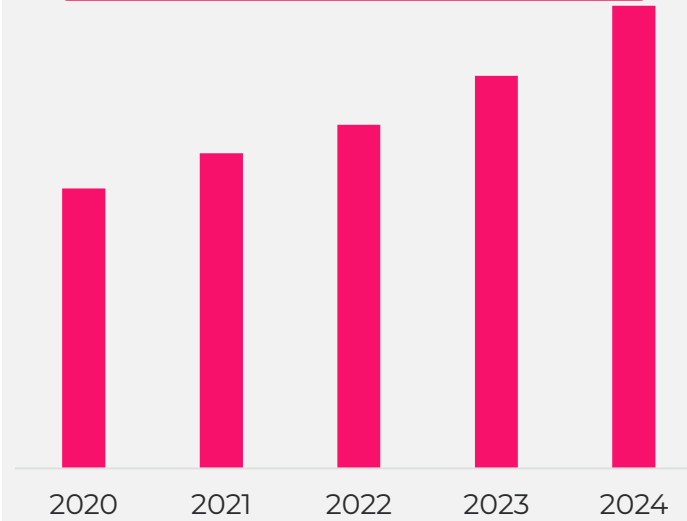
2023- 2024:

**+18%**

to 1.92m\* expected membership

**13.39% CAGR**

(FY2020-FY2024)



Source: VN internal data

## Penetration

As of 2024:

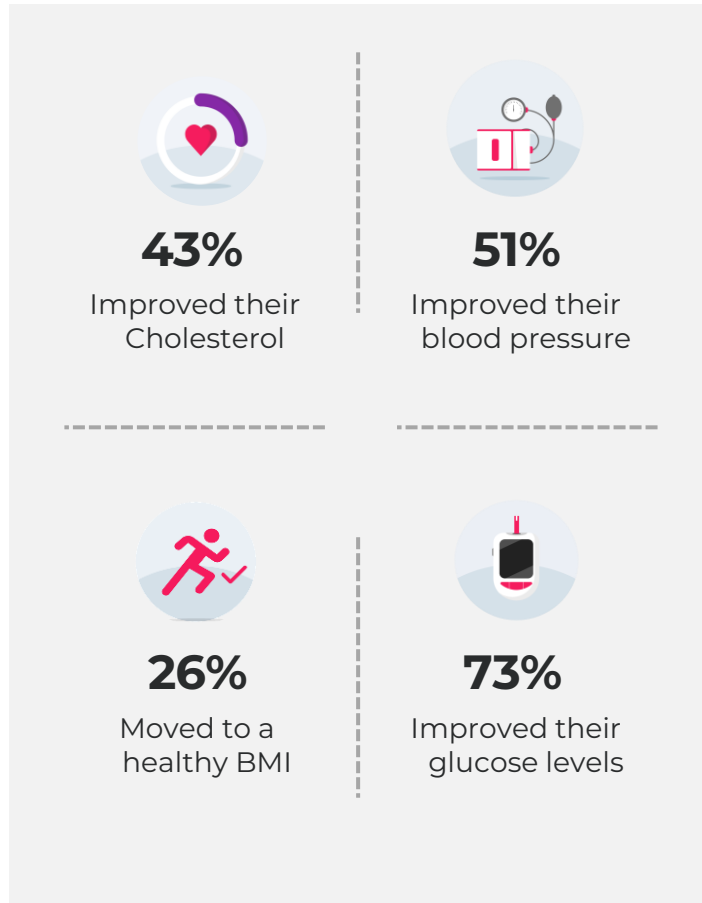
**62%**

Source: VN internal data



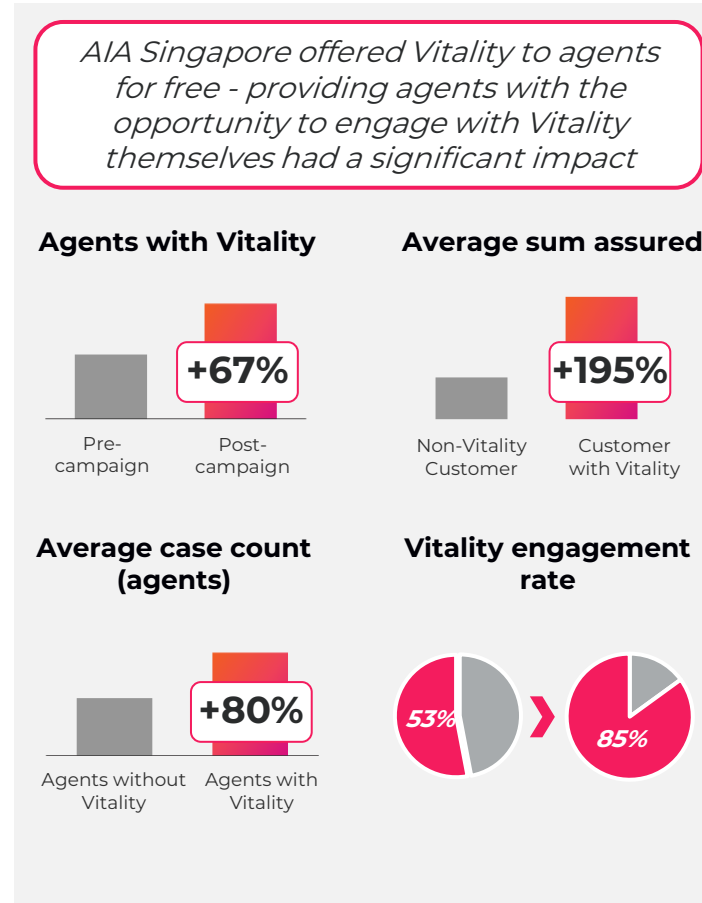
# Vitality in Asia Pacific – AIA

## Actuarial dynamics



Source: AIA Group ESG Report 2023

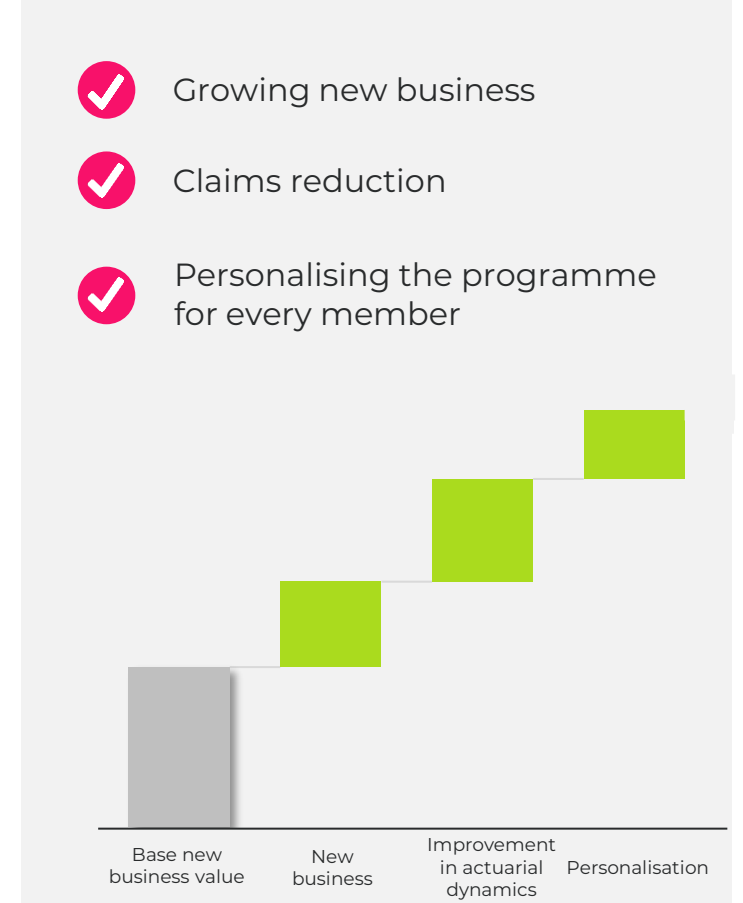
## Local market activity



Source: Internal AIA analysis.

<sup>1</sup>Integrated product design affects sum assured

## Shared-value generated



# Europe



## Size

France and Germany **5th and 6th** largest insurance markets globally

*Based on 2024 turnover*

## Penetration

**3.3%**

Average life insurance premiums in % of GDP in 2023 *(weighted by GDP)*

**1.8%**

Life insurance premiums in % of GDP in 2023

**1.2%**

Life insurance premiums in % of GDP in 2023

*SwissRe insurance report 2023*

## Markets & Partners

- Germany
- France
- Austria
- Spain
- Italy
- Czech Republic
- Poland



## Portugal



## Netherlands

α.S.I.

# Vitality in Europe



## Integrated product lines

### Vitality is integrated across a multitude of products

No integration



Fully integrated

Integrated products include:

- Corporate
- Term Life
- Occupational Disability
- Bundled Product
- Permanent Disability
- Health and Life Insurance
- Whole Life
- Corporate
- Pensions
- Income Protection

## Insurance partner



Fidelidade have merged Vitality into their main core business, roadmap and marketing campaigns



Retention and engagement remains strong, while insurance business gain all expected benefits from SVI

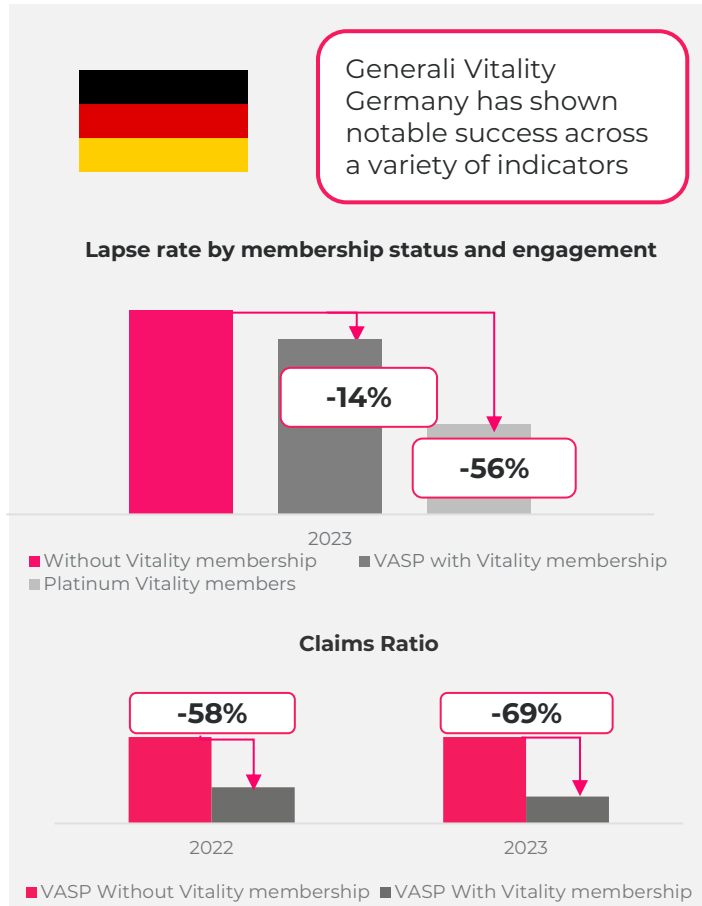


After 5 years of a high engagement program of Vitality in the Netherlands, a.s.r have made the programme available to all pension health and income protection customers.

a.s.r leveraged the Vitality brand to inspire their members to donate monetary donations, where the proceeds went to building playgrounds for children across the Netherlands with the Johan Cruyff Foundation.

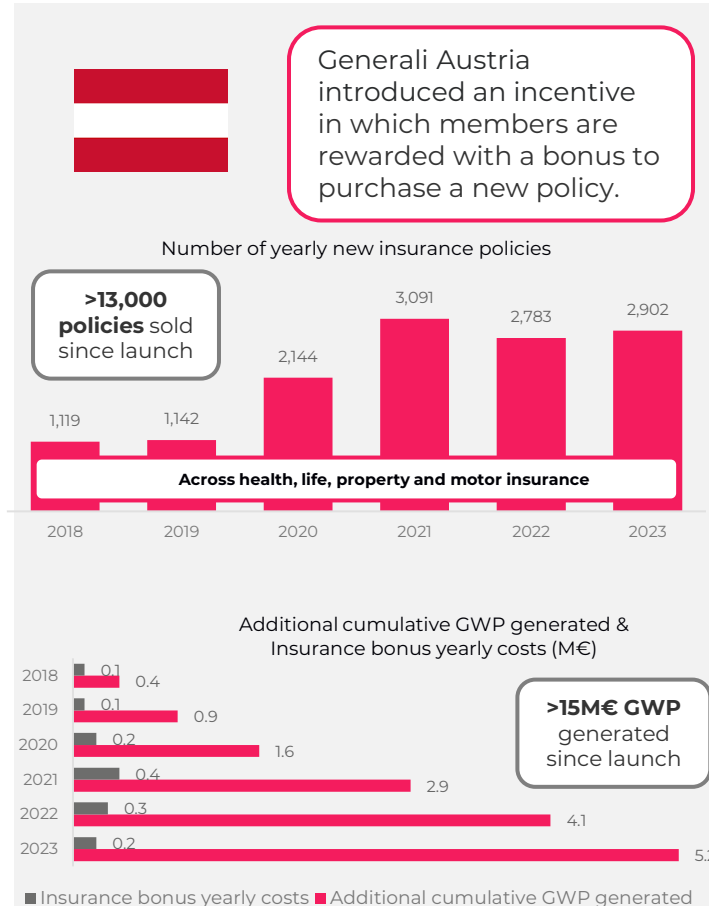
# Vitality in Europe

## Actuarial dynamics



Source: Generali data

## Local market activity



Source: Generali data

## Shared-value generated



# Vitality in Europe

## API

2023- 2024:

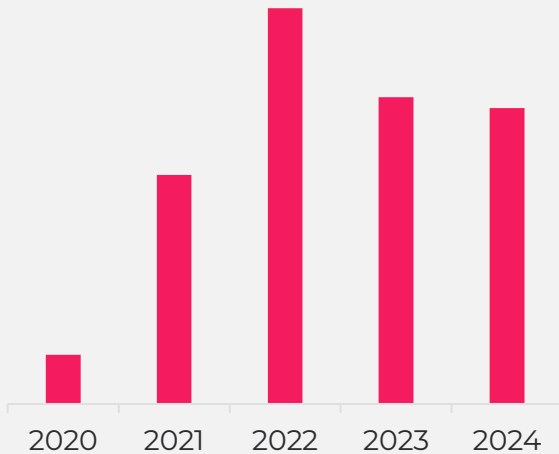
**-4%**

To \$89m

Driven by poor API growth in Netherlands:

Generali: +15% to \$9.6m  
 Netherlands: -11% to \$68.4m  
 Portugal: +60% to \$11.2m

**56.60% CAGR**  
(FY2020-FY2024)



Source: VN internal data

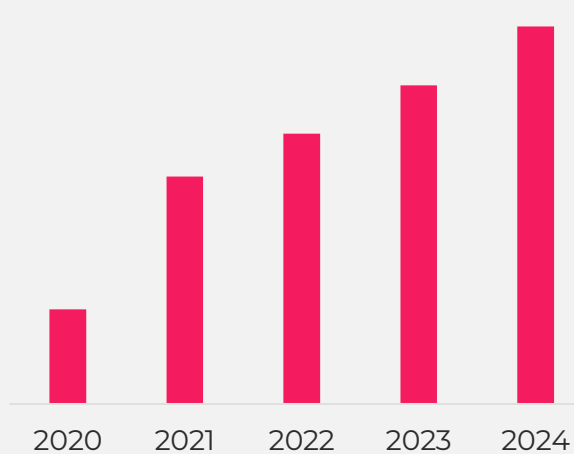
## Membership

2023- 2024:

**+19%**

To 234K

**41.30% CAGR**  
(FY2020-FY2024)



Source: VN internal data

## Penetration

### Engagement

Range of % enrolled engaged



**35% - 60%**

### Registration

Range of % of eligible who have registered



**5% - 15%**

Penetration low but engagement is high presenting a **huge opportunity for growth**

SOURCE: VN internal data

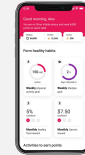
# Vitality in Europe – growth opportunities



*Significant growth in Europe is projected to be unlocked through the **strategic rollout of substantially enhanced Vitality products across markets***



## Increasing penetration



Generali set to re-energize sales with marketing and distribution activity surrounding the launch of the new app and product refresh



Rollout of substantial enhancements to Vitality programme across markets in 2025



On 1 January 2025 a.s.r. is launching their updated program available to members free of charge on selected policies

# Latin America



## Size

**\$88bn**

Total insurance premiums in Latin America

**Up ~4%** from '22-'23

*SwissRe insurance report 2023*

## Penetration

**1.0%**

Life insurance premiums  
in % of GDP in 2023

*SwissRe insurance report 2023*

## Markets & Partners

### Ecuador



### Brazil & Argentina



### Mexico



## Integrated product lines

### Vitality is integrated across a multitude of products

No integration



Fully integrated

### Integrated products include:

- Health insurance
- Term Life
- Universal Life
- Whole of Life

## Engagement



Ecuador is experiencing excellent sales and retention results, with the Apple benefit showing excellent signs of success

in the last 12 months:



**+ 34%**  
Platinum customers



**+ 29%**  
Gold customers



**+ 20%**  
Silver customers



**50%** of customers accomplish at least 1 weekly goal every month  
**Goal: 45%**



**5%** device take up (increased from 4.2% last year)  
**Goal: 5%**

Source: Ecuador internal analysis

## Local market activity



An **open market ecosystem** enables them to collaborate with non-competing players, deepen relationships across Latin America, increase at scale and access different market segments





# Greater Middle East



## Size

**\$50bn**

Total insurance premiums In Greater Middle East  
**Up 11%** from '22-'23

*SwissRe insurance report 2023*

## Markets & Partners

**Pakistan**



**Saudi Arabia**



## Penetration

**0.5%**

Life insurance premiums  
in % of GDP in 2023

*SwissRe insurance report 2023*

**0.1%**

Life insurance premiums  
in % of GDP in 2023

*SwissRe insurance report 2023*

## Market Share



# Vitality in Greater Middle East



## Integrated product lines

## Local market activity

**Vitality is fully integrated across all product lines**

No integration  Fully integrated

**IGI**  **التعاونية التawuniya**  
Life | Window Takaful Operations **Hēalth & Life**


**Products integrated across Health, Life and Drive**


## Actuarial dynamics


IGI continues to see the positive impact of Vitality on sales and new business



- Almost **68% of the new business written in 2023 is Vitality**
- **Vitality sales continue to be the primary focus** for both the Agency & Banca distribution channels
- **Gross Premium** – Proportion of Vitality business in total premium **has increased from 36% to 68%** and for first year premium, it has increased from 73% to 80%


Source: Market monthly report

**IGI**  **Introducing new rewards and product innovation**


IGI Life will be **partnering with Emirates** to launch the IGI Life Vitality Travel Rewards program 


IGI Life Vitality awarded the **Best Innovative Product in Life Insurance** at the Consumer Choice Awards 


  **Wins prestigious awards**

 **Digital CX Awards 2024**

- Best Insurance Provider for digital CX in the Middle East
- Best Insurance Provider for digital CX in Saudi Arabia
- Outstanding Digital CX Transformation in Insurance

 **Awarded Insurer innovation Award EMEA 2024**



 **RECOGNISING ASIA'S MOST EXCEPTIONAL BUSINESS LEADERS**

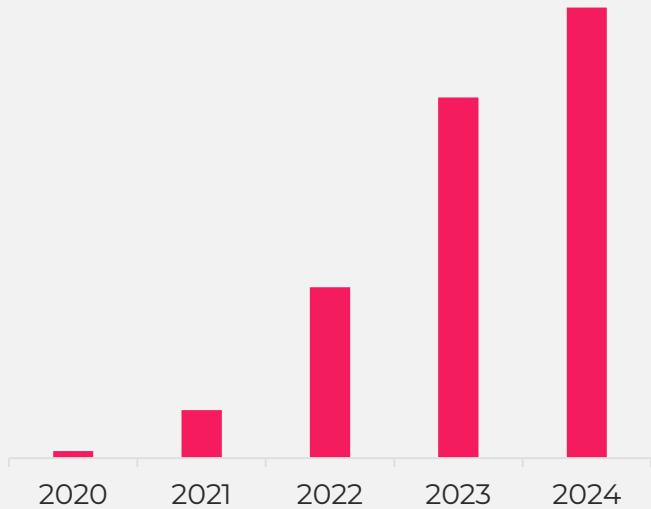
Honoured at the Asian Experience Awards for redefining insurance

# Vitality in Greater Middle East

## API

2023- 2024:  
**+25%**  
To \$75.7m

**183% CAGR**  
(FY2020-FY2024)



Source: VN finance market specific request

## Membership

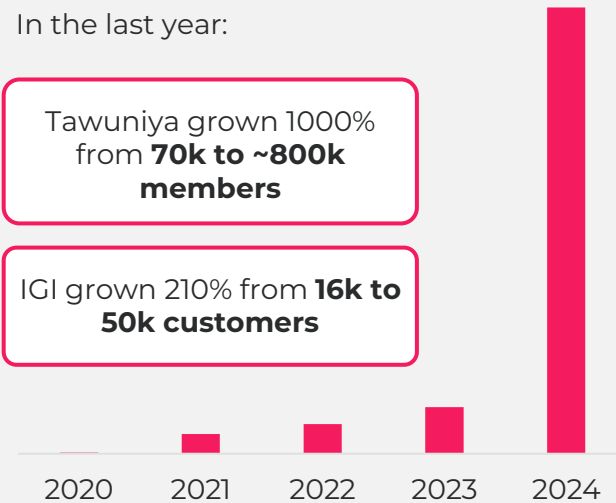
2023- 2024:  
**+861%**  
To 844K

**346% CAGR**  
(FY2020-FY2024)

In the last year:

Tawuniya grown 1000%  
from **70k to ~800k**  
**members**

IGI grown 210% from **16k to**  
**50k customers**



Source: VN finance market specific request & VI platform

## Penetration

### Vitality Embedded

### Registration

Range of registered as % eligible  
(Sep'24)



**16% - 53%**

Registration varies, however  
excellent campaigns are in  
progress to drive registration  
and engagement

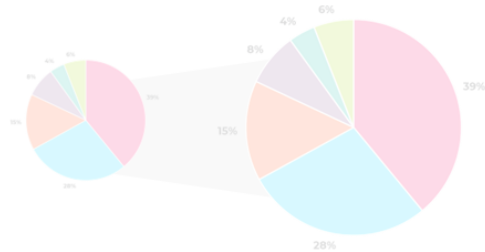
Source: Market monthly report

**NOTE: All % increases are latest Year on year - from 2023 to 2024. \*Numbers have been consolidated and include IGI and Tawuniya**

# The Vitality Network economic model is well positioned to unlock significant value

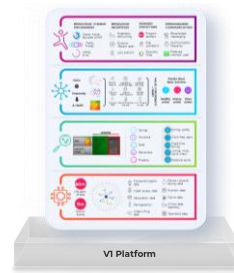


Growing revenue through partners and penetration



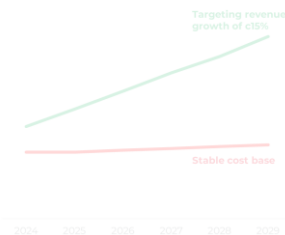
Driving revenue growth of **c15% per annum**

Evolving Shared-value to hyper-personalisation



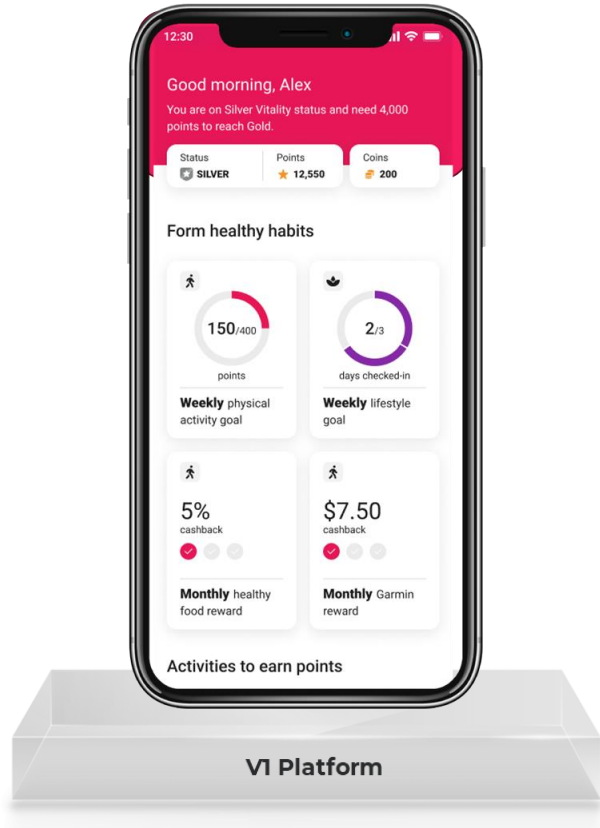
Enhancing **competitiveness** and **new business uplift**

Unlocking margin growth through a scalable platform



Targeting an **operating margin of 50%**, as the pace of revenue growth increases with limited real cost growth

# The sophisticated V1 platform enables us to deliver product and deploy in markets quickly across multiple languages



**QUICK**  
to implement

**3-month deployment into new markets**  
Redeployable modules  
Rapid deployment of new products to markets

**EASY**  
to configure

Cloud based  
Multi-language  
Scalable

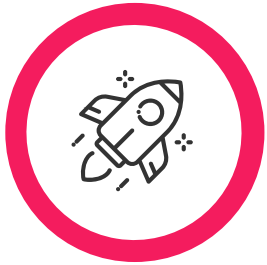
**EFFICIENT**  
to operate

Standardised process & once-off builds to link partners, upgrade products, enhance features across the board

The platform architecture enables:

- 1 Greater level of hyperpersonalisation**  
Leveraging cutting-edge data solutions to create member segmentation and identify the most valuable action for each individual
- 2 Increased member engagement**  
Using sophisticated, personalised communication to drive positive behaviour change
- 3 Significant value uplift**

# The V1 is platform enables Vitality Network to deliver IP to partners whilst maintaining a stable cost base



ISO 27001:2022

Certification maintained  
(one of the first companies to get certified)



8

AWS Cloud Centres around the globe



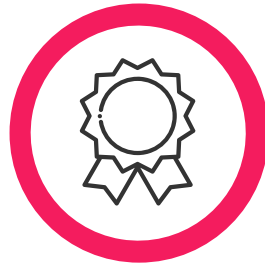
37%

Improvement in development productivity



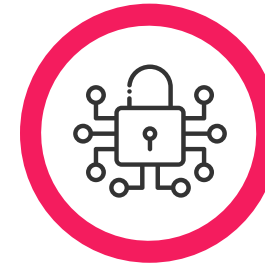
99.999%

V1 Production Uptime  
5 Instances



0

Cyber security incidents  
resulting in data breaches



Operating model:  
Independently evaluated  
as **best-in-class**



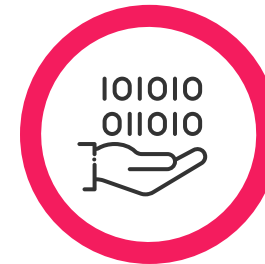
>5.19b

Total Device Readings  
per annum



>1.64b

Total Device Workouts  
per annum



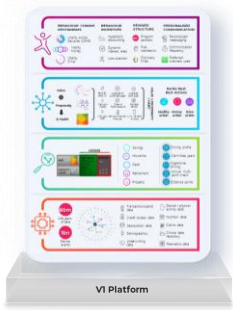
Technology stack:  
Independently evaluated  
as **very mature**

# The V1 platform is well-positioned to unlock further growth potential



## Current models

## Future vision



V1 Platform



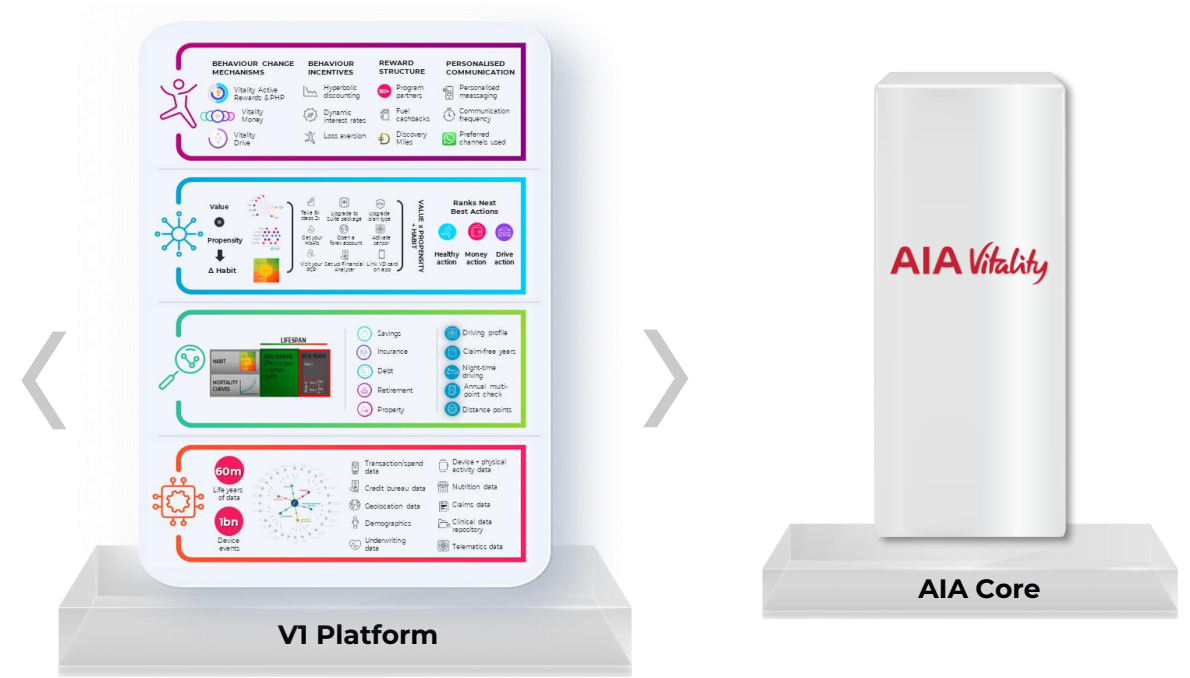
Loop



AIA Core



Loop



*V1 leverages AI and sophisticated data tools to quickly and easily configure the product in real-time across multiple languages and regions*

**Reduction in sync time by 92%**

**Reduces testing efforts through automation and AI**

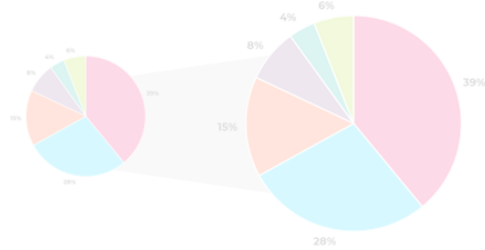
**Single code based with market configurability**

**Technology stack received best-in-class review**

# The Vitality Network economic model is well positioned to unlock significant value



Growing revenue through partners and penetration



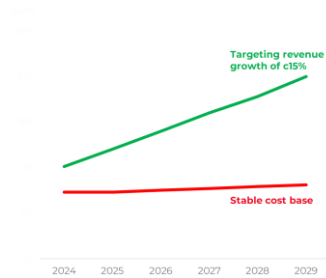
Driving revenue growth of **c15% per annum**

Evolving Shared-value to hyper-personalisation



Enhancing **competitiveness** and **new business uplift**

Unlocking margin growth through a scalable platform



Targeting an **operating margin of 50%**, as the pace of revenue growth increases with limited real cost growth



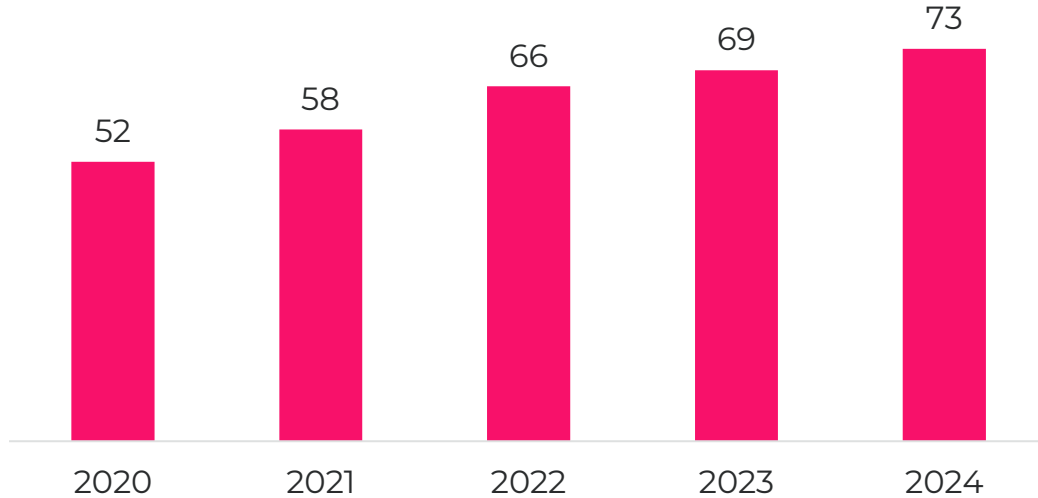
# Vitality Network's expenses over the last 5 years



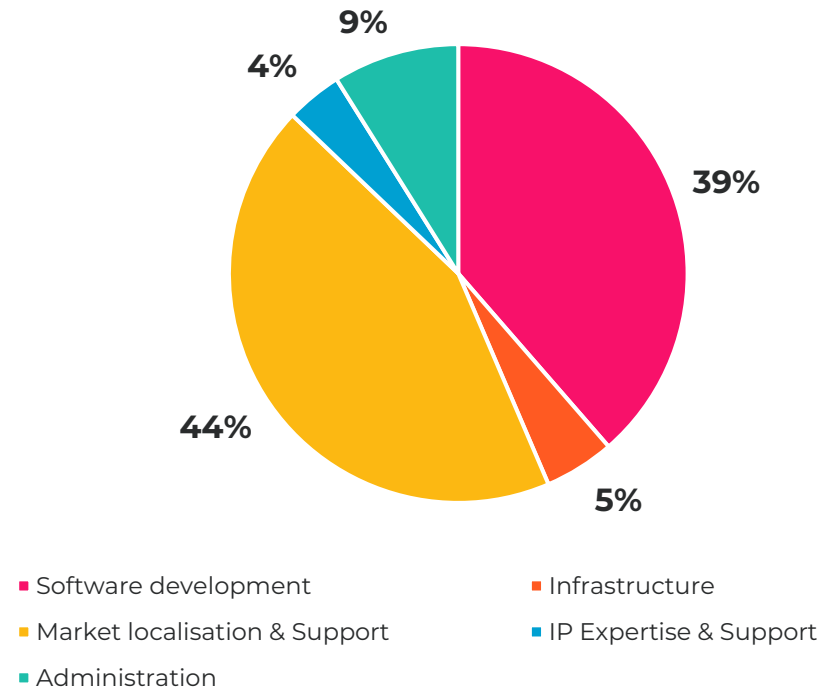
Expenses over the last 5 years have increased as Vitality went live in more markets

Business expenses are attributed to developing the V1 Platform and localising Vitality

Vitality Network expenses (\$m)



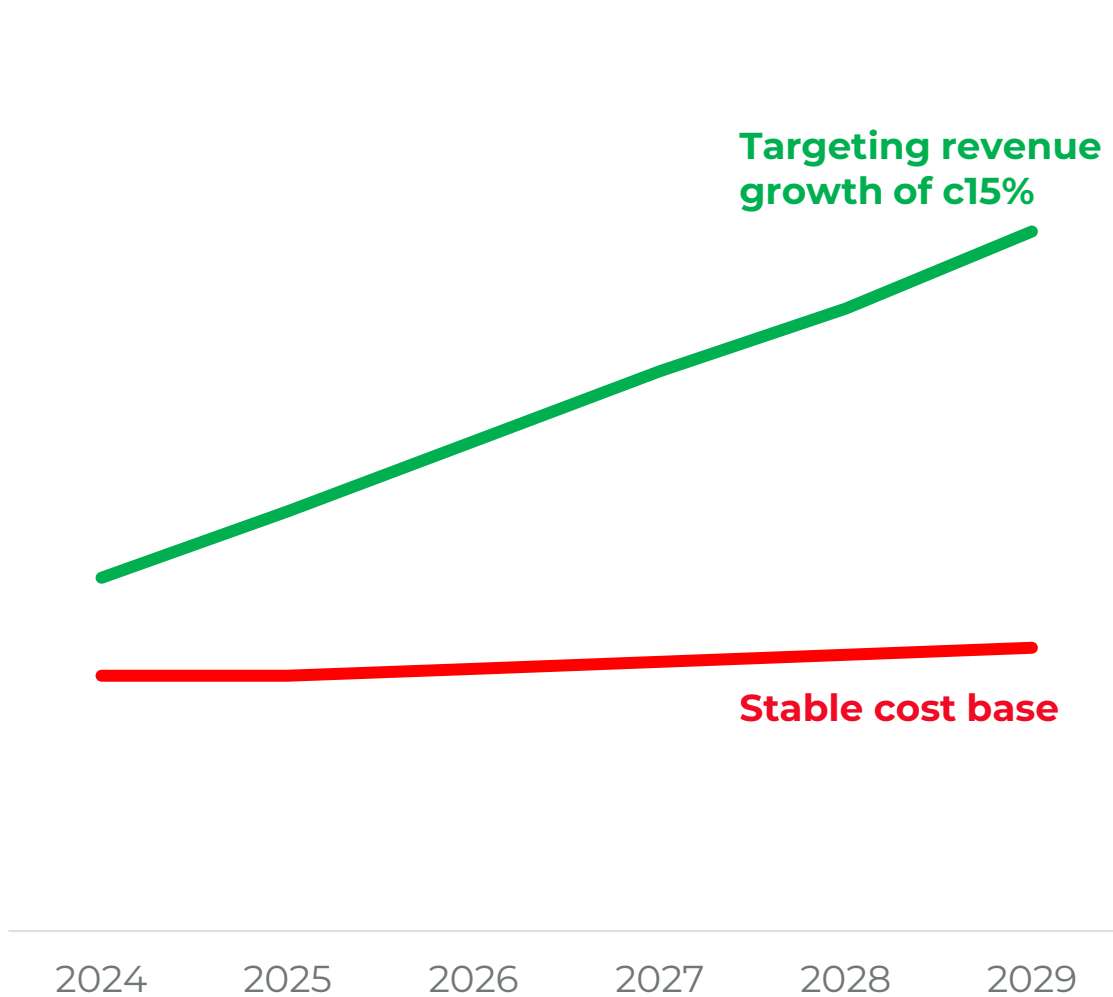
Vitality Network expense breakdown per role for FY24



Expenses over the last 5 years stemmed from investing in the V1 Platform and with expanding the Vitality programme to more markets

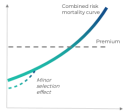
VN prioritised investment in localising the Vitality product across the 30 markets and in the developing the software in the V1 Platform

# Vitality Network is well positioned to realise significant growth



Targeting an **operating margin of 50%**, as the pace of revenue growth increases with limited real cost growth

# Vitality Network's investment case



Traditional insurance models are inefficient because they pool controllable risk factors

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Discovery's Shared-value Insurance model enables differentiated pricing and risk assessment, leading to an alignment of the interests of the insurer and the customer

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Vitality Network globalises Vitality Shared-value model through partnerships with leading insurers

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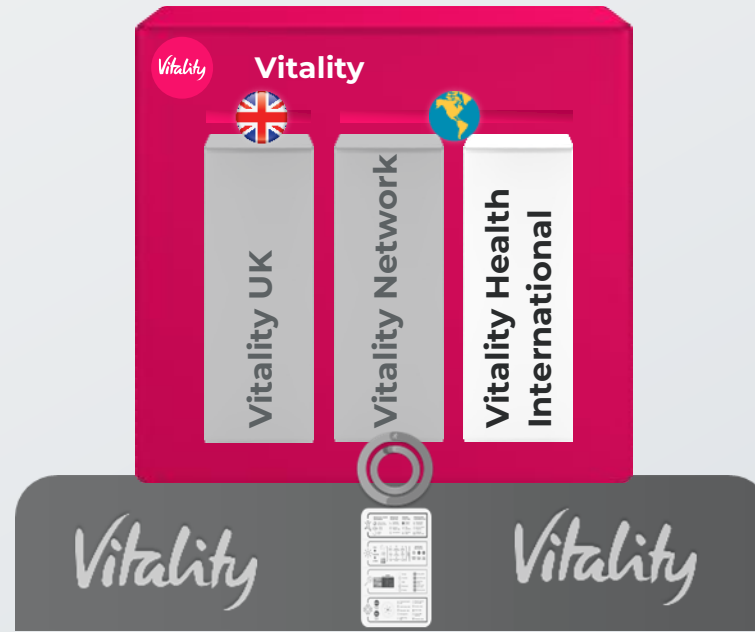


Vitality Network is active in all major insurance markets globally, with its partners being dominant players in each respective market

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Vitality Network aims to drive top-line growth as its partnerships deepen and it expands into new markets and partnerships. The Network is also exploring the establishment of additional partnerships within existing markets. Due to its scalable operating model, this anticipated growth will drive further margin expansion going forward

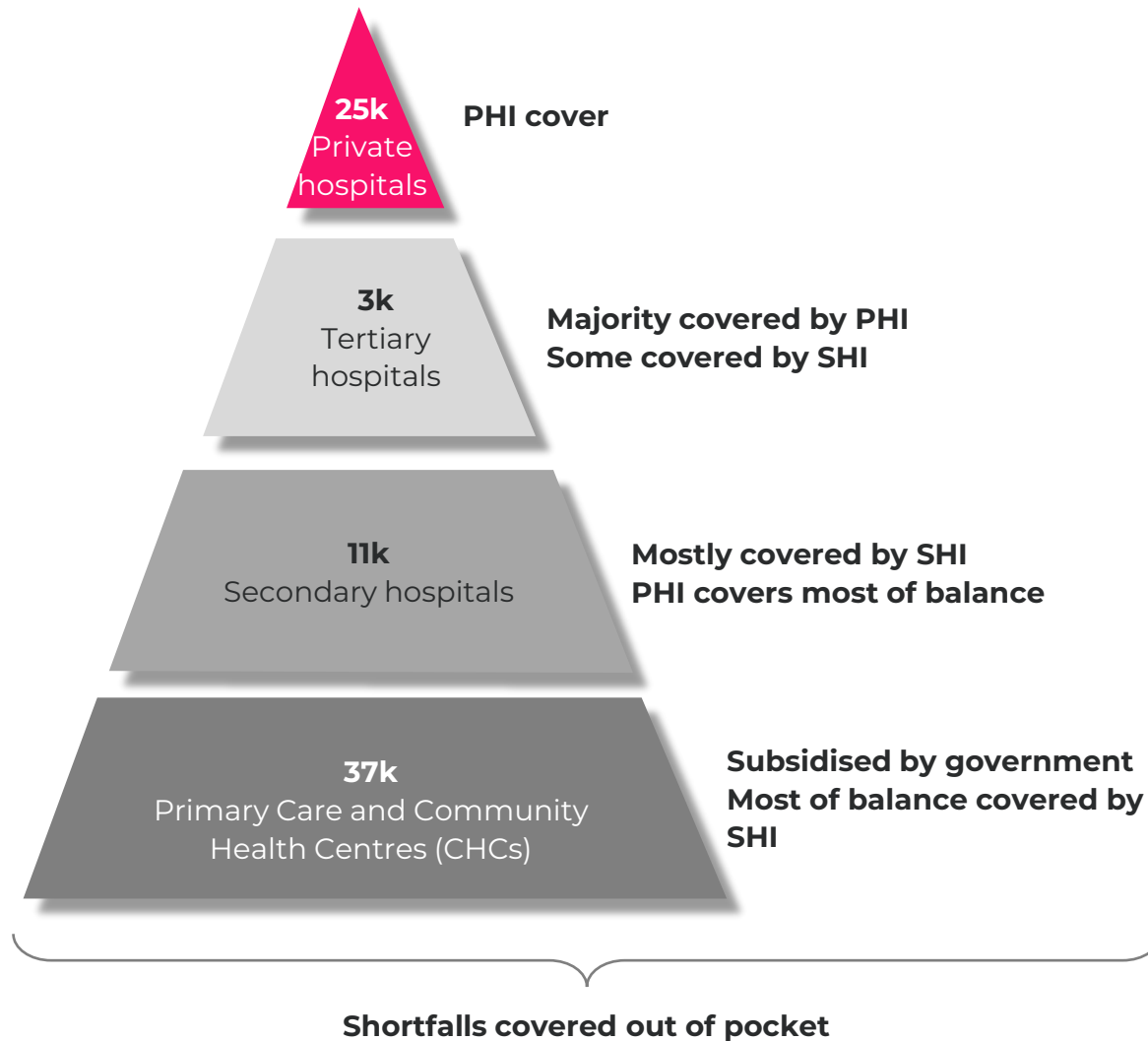


# 平安健康保险

## Ping An Health Insurance

David Ferreira and Candy Ding

# The Chinese private healthcare industry is nascent but has strong policy support



## The State Council's new policy on insurance supervision and development opens up significant opportunities for the healthcare sector and health insurers

- 1 Under-developed private provider system and evolving regulation**

Policy measures since 2019 include tax and land benefits for private hospitals, collaboration with public hospitals, inclusion in SHI, improved quality management, and reducing out-of-pocket expenditure to 27%.
- 2 Uneven development of provider system across regions**

Expanding national medical centres and transferring high-quality resources to less developed regions.
- 3 Insufficient access to provider system at the grassroots level**

Constructing county healthcare alliances and enhancing collaboration with municipal hospitals.
- 4 Strengthened supervision and risk prevention**

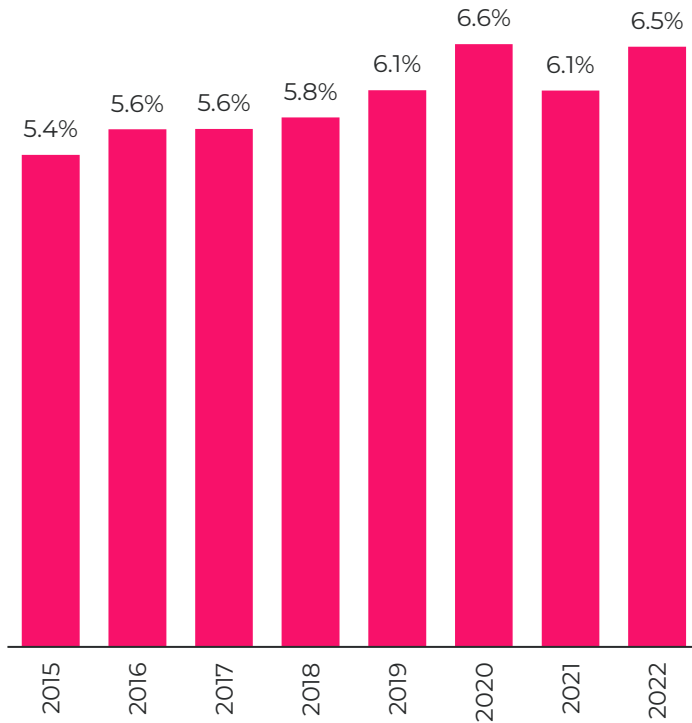
Strict review of insurance institutions, enhanced governance, increased regulation, development of catastrophe and pension insurance, and expanded health insurance coverage with integrated health management.

# Healthcare demand in China is growing



## Healthcare increasingly important to Chinese economy

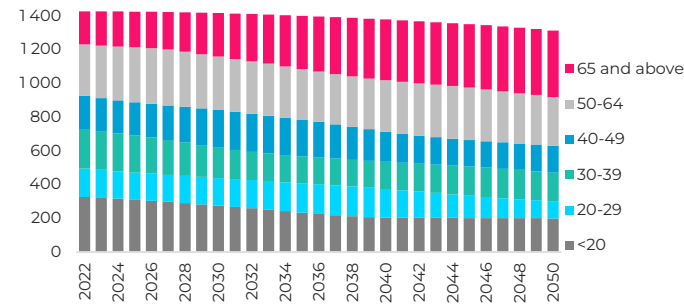
Healthcare expenditure<sup>1</sup>  
(% of GDP)



## Demand-side factors driving increase in healthcare utilisation

### Aging population

Population by age band<sup>2</sup> (m)



### High volumes of diagnosed conditions

**330m**  
Patients with  
Cardiovascular diseases<sup>3</sup>

**4.82m**  
New cases of cancer  
per year<sup>4</sup>

### Growing health risks for younger population

**15.3%**  
Of people aged 20 to 29  
are diagnosed with heart  
conditions<sup>5</sup>

**29.7%**  
Of medical insurance claims  
are for patients age 0 to 17<sup>5</sup>

## Evolving opportunities for private-public collaboration

### 1 Supplementary private health cover

Partnering with public health programs to offer additional coverage that fills specific gaps in SHI, such as advanced treatments and specialised care

### 2 Greater efficiencies in healthcare costs

Public-private collaboration creates cost efficiencies through improved communication, reduced wastage, and more efficient allocation of resources

### 3 Expanding market reach

Collaborations can increase the coverage of underserved populations, increasing coverage, as well as market share

### 4 Leveraging data utilisation

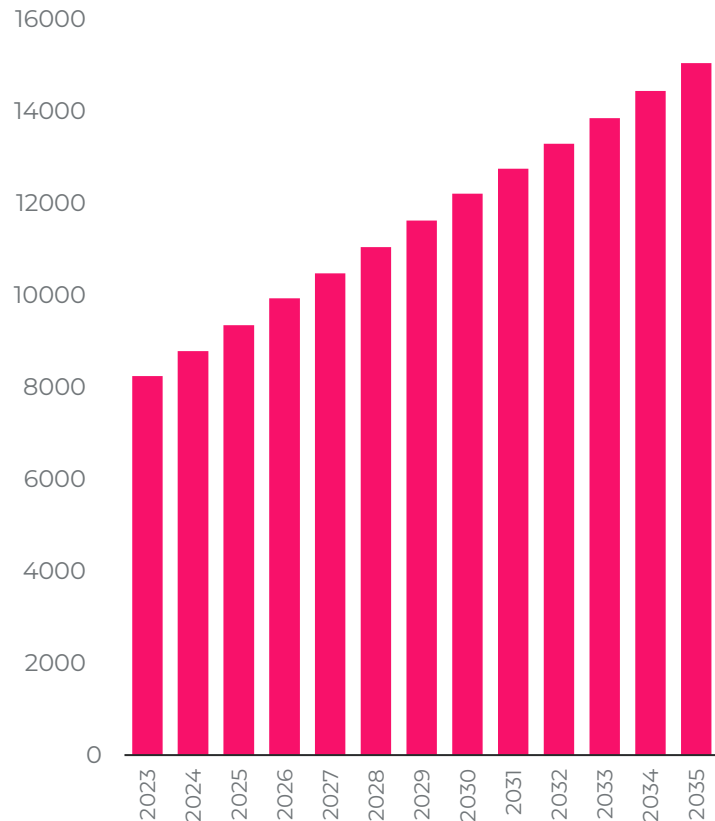
Joint data-sharing initiatives can improve risk assessment and personalised care, leading to better health outcomes, higher customer satisfaction, and improved claims rates

# Prospects of China's healthcare industry remain positive



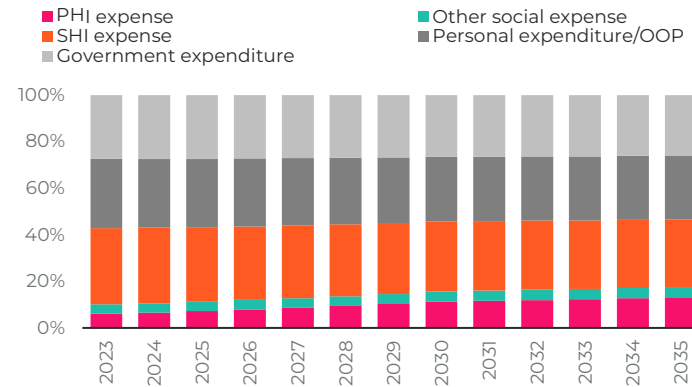
## Healthcare spending expected to grow as population ages

China's Total Healthcare Expenditure (THE) (RMB bn)

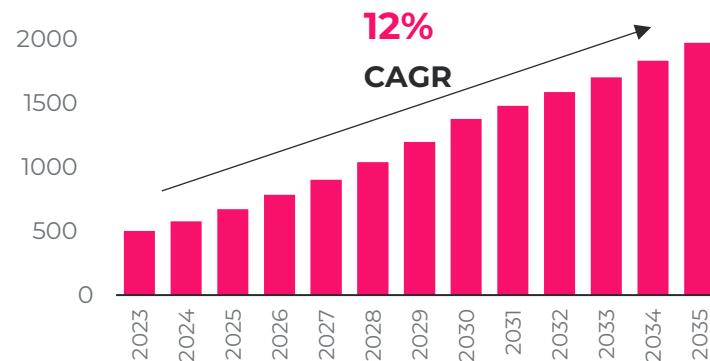


## Growing contribution from Private Health Insurance<sup>1</sup>

Healthcare expenditure split under moderate growth scenario

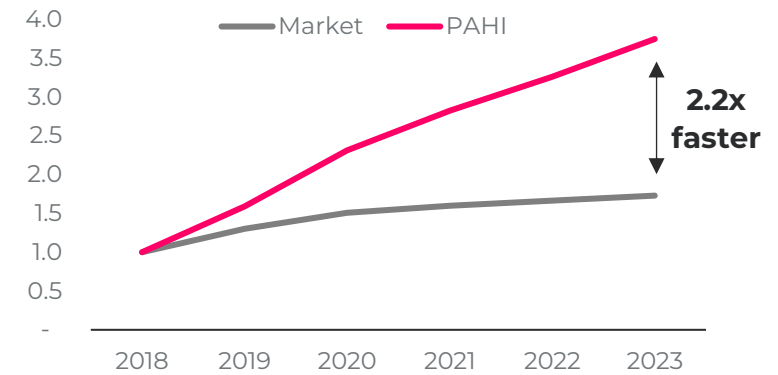


Private health insurance spending (RMB bn)

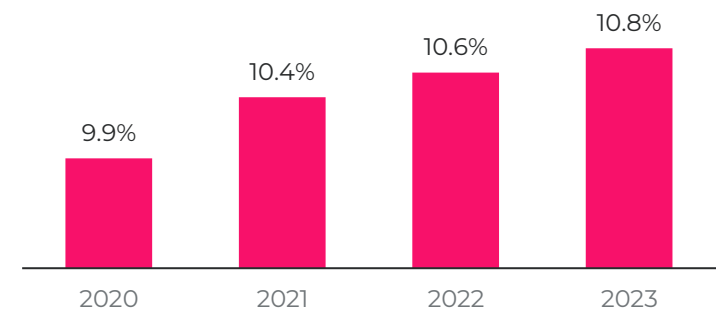


## PAHI consistently growing market share

Revenue growth (rebased)

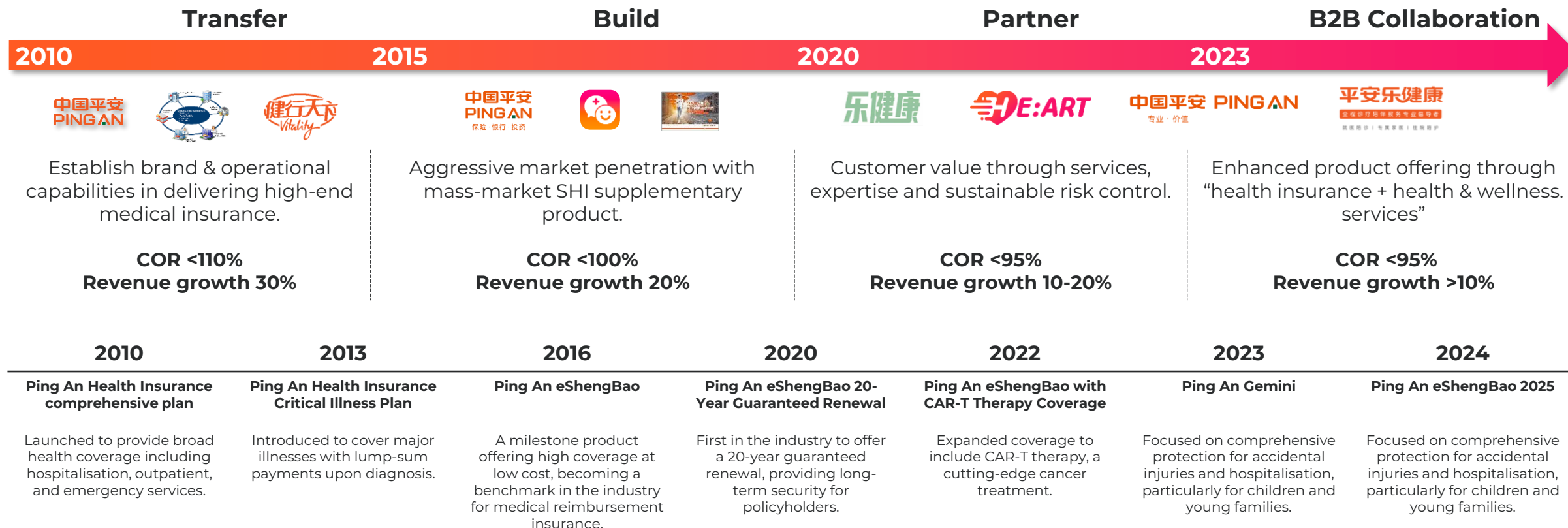


PAHI Market share (%)<sup>2</sup>



<sup>1</sup> Moderate growth assumes 3.5% GDP growth and robust growth assumes 4% GDP growth <sup>2</sup> Market share for insurance product types that PAHI operates

# For 14 years, Discovery has successfully partnered with PAHI to build a leading specialist health insurer



**Partnering to build industry-leading product set which is constantly expanding to better meet changing healthcare needs**



# Building industry-defining capabilities



## Industry-leading medical and health and wellness services

- Industry-first **healthcare information system (HIS)** for hospital treatment records
- End-to-end on-site **concierge services**
- **Global medical network** with selected providers
- **In-depth cooperation with the top 100 Chinese hospitals**
- Ping An **health ecosystem** (Ping An Health, PKU HealthCare, etc.)
- Industry-first **Corporate Health Index**
- Industry-first **“Exclusive Family Doctor” one-stop services**
- Industry-first **self-proprietary and self-managed medical accompany and concierge team**

## Superior product features compared to competitors

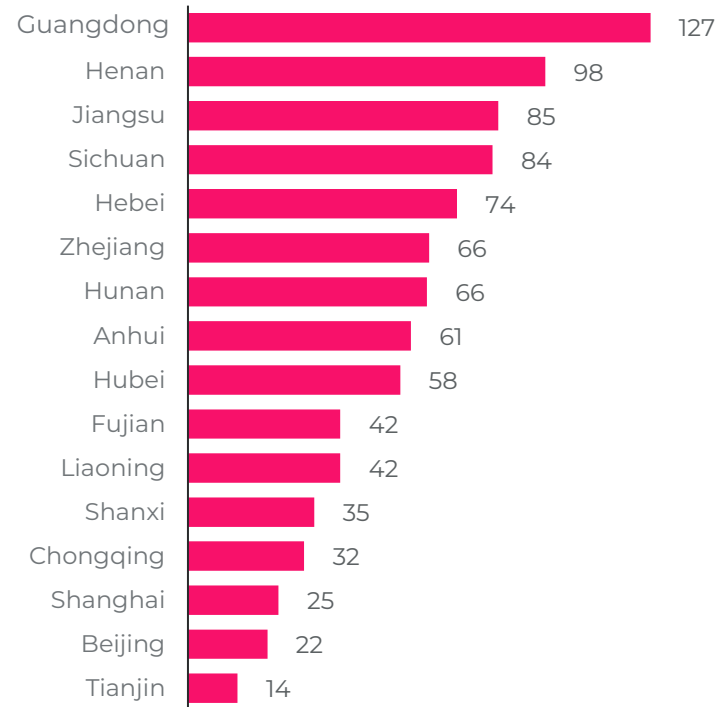
	平安健康保险	Competitor 1	Competitor 2	Competitor 3
Comprehensive Wellness Programs	✓	✓	✗	✓
AI-Driven Personalisation	✓	✓	✗	✗
Preventative Care Incentives	✓	✗	✗	✓
Digital Ecosystem Integration	✓	✓	✗	✗
Real-Time Health Management Tools	✓	✓	✗	✓
Advanced Claims Processing with AI	✓	✗	✗	✗
Personalised Health Plans	✓	✓	✗	✗
Extensive Distribution Channels	✓	✓	✓	✓
Focus on Chronic Condition Support	✓	✓	✗	✗

# Diversifying and growing PAHI's distribution network while maintaining superior operational performance



## Present in China's main economic hubs

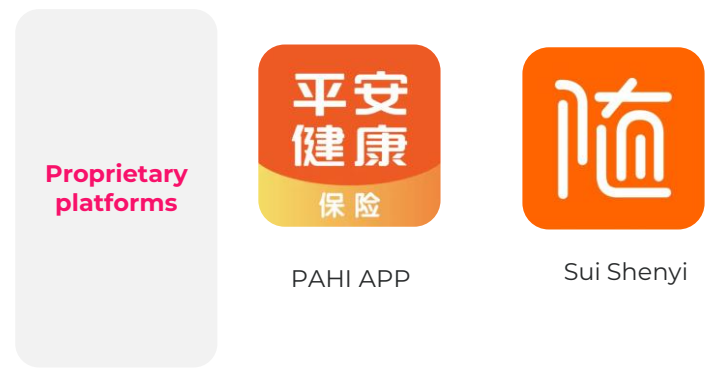
Population of provinces where PAHI is present (m)



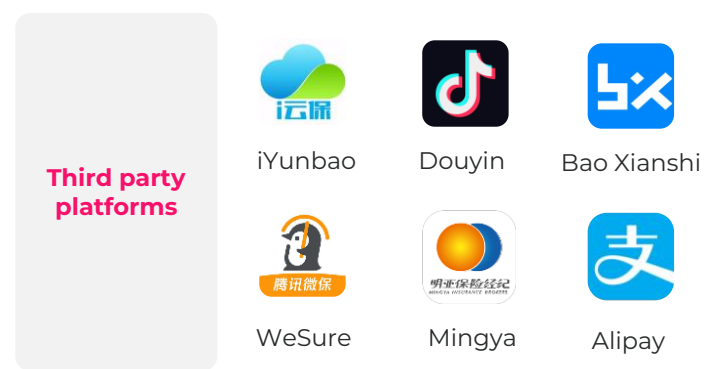
**66% of China's population**  
**73% of China's GDP**

## Growing alternative distribution channels

Using PAHI's own proprietary channels

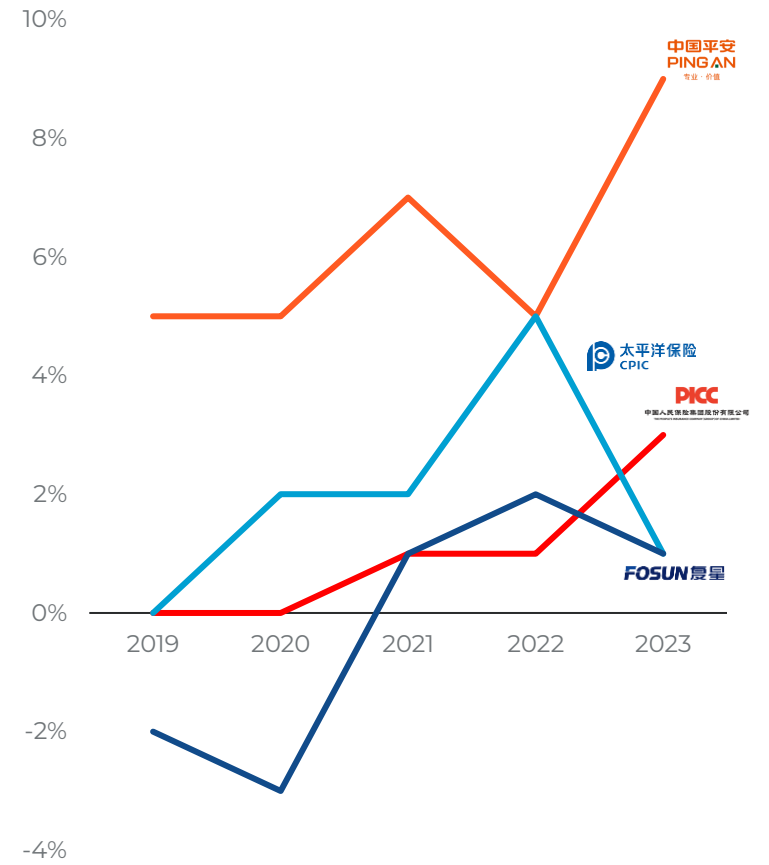


And expanding footprint through third parties, who have a distribution license but no insurance license



## Superior operational performance

Net margins of key specialist health insurers

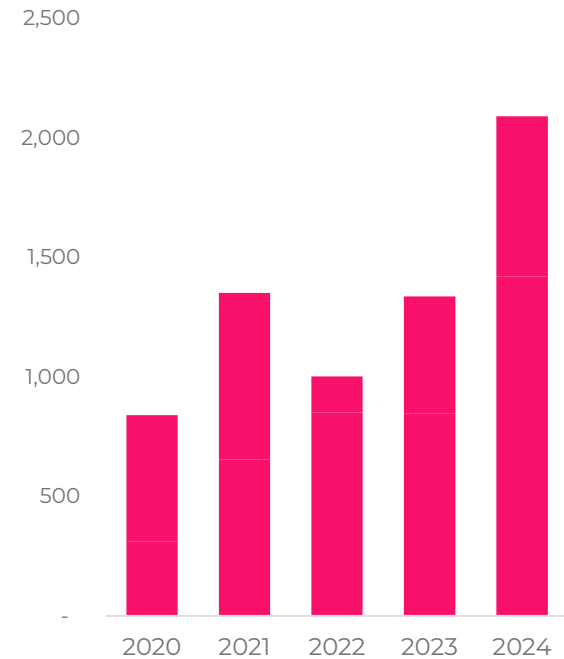


# PAHI is of considerable scale and is growing rapidly



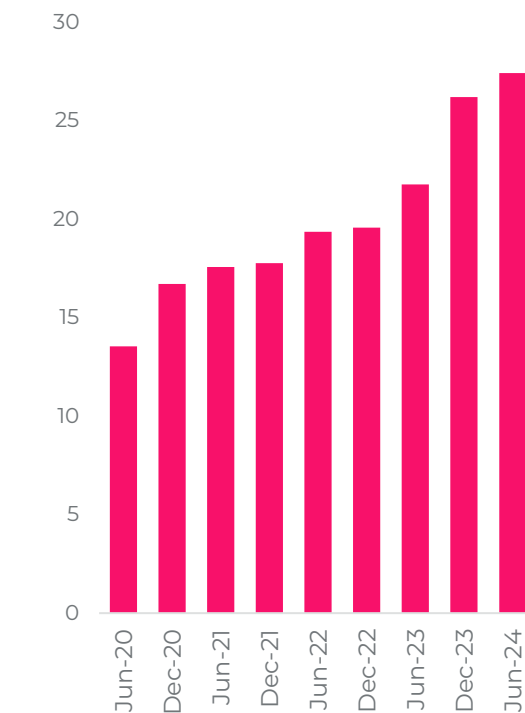
## R5.4bn in operating profit<sup>1, 2</sup>

PAHI operating results pre-tax (RMB m)



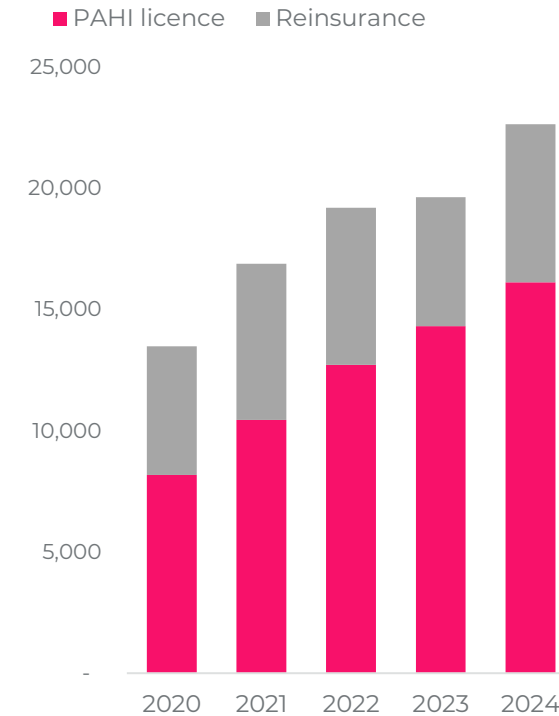
## Over 27 million lives

Lives (m)



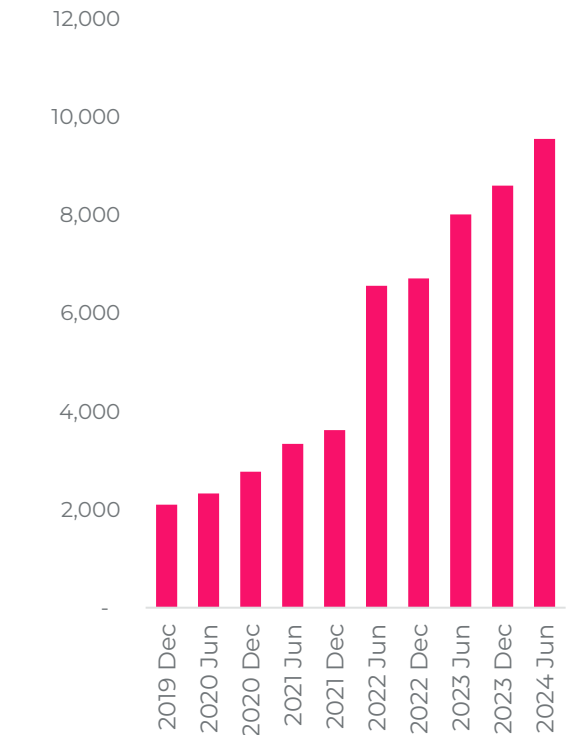
## R58.6bn written premiums<sup>2</sup>

Written premiums (RMB m)<sup>1</sup>



## Growing net asset value

Net asset value (RMB m)



**First dividend paid to shareholders, 30% of CY 2023 distributable profits**

<sup>1</sup> 100% of PAHI

<sup>2</sup> Based on Discovery's fiscal year of 1 July - 30 June

# PAHI's market position has improved significantly in the past 3 years



## Market share<sup>1</sup>

2020	2021	2022	2023
9.9%	10.4%	10.6%	10.8%

## Industry ranking by premium

2020	2021	2022	2023
<b>52</b> /163, top 35%	<b>49</b> /161, top 35%	<b>45</b> /158, top 30%	<b>44</b> /160, top 30%

## Industry ranking by net profit

2020	2021	2022	2023
<b>33</b> /163, top 25%	<b>25</b> /161, top 20%	<b>19</b> /158, top 15%	<b>16</b> /161, top 10%

Note: all life and P&C insurance companies are included as the denominator for calculating the industry rankings  
1 Market share for insurance product types that PAHI operates

# Ping An Health Insurance ambition



Ping An Health Insurance's vision is to be **China's leading health and wellness-driven specialist health insurer.**

Discovery is committed to enabling Ping An Health Insurance to achieve this by empowering the Shared-value Insurance model through three pillars:

- **Innovative Health Solutions:** Drawing on Vitality's expertise to establish world-class behaviour-driven incentives that promote healthier lifestyles, leveraging Discovery's global market-leading actuarial expertise and advanced data science to attract and retain China's healthiest customer base.
- **Data-Driven Insights:** Harnessing advanced data analytics to deliver personalised health insights and recommendations, empowering customers to make informed decisions about their health and wellbeing.
- **B2B Relationships:** Strengthening direct working relationships among PAHI, Discovery Health, and Vitality Health, to enhance the exchange of intellectual property, driving innovation and improving service offerings.

1

**Lead in revenue and market growth, by targeting growth 5% ahead of the market**

2

**Diversify distribution models and footprint to support superior growth**

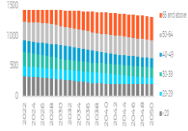
3

**Whilst preserving quality profit growth**

# The investment case for Ping An Health Insurance



China remains one of the fastest growing major economies in the world, expected to grow at 4.8% in 2024<sup>1</sup>, with its GDP being the second largest in the world<sup>2</sup>.



China's ageing population and strong policy support are expected to drive significant growth in the demand for private healthcare insurance going forward.



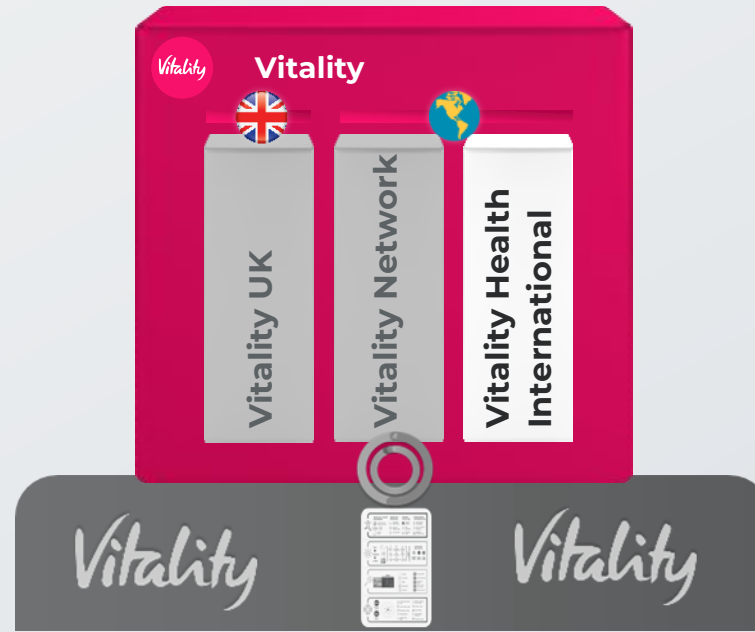
Discovery's top-tier healthcare expertise, paired with Ping An's strong brand and scale in China, has built a world-class health insurance business that delivers exceptional performance.



Ping An Health Insurance has consistently grown faster than the market over the last 5 years due to its industry-leading product, data and risk management capabilities, as well as a differentiated distribution strategy.

- 1 Lead in revenue and market growth, by targeting growth 5% ahead of the market
- 2 Lead in quality, by maintaining a CDR of less than 95%
- 3 Maintaining steady, quality profit growth

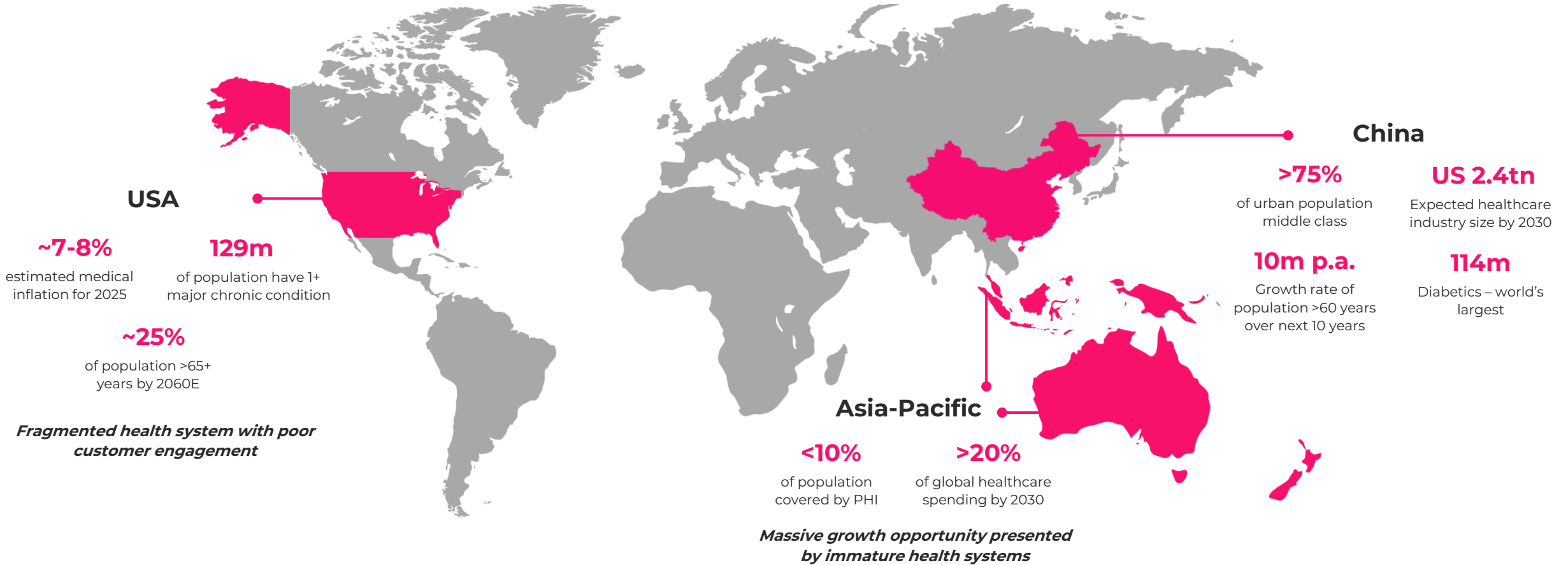
Ping An Health Insurance is well-positioned to continue to lead the market in innovation and outpace market growth and profitability, leveraging B2B relationships with Discovery Health and Vitality Health.



# Vitality Health International

Jonathan Broomberg

# Challenges across global health insurance markets provide major opportunities



**Demographics trends**  
*aging, chronic diseases*



**Rising healthcare costs**



**Fragmented health insurance system**



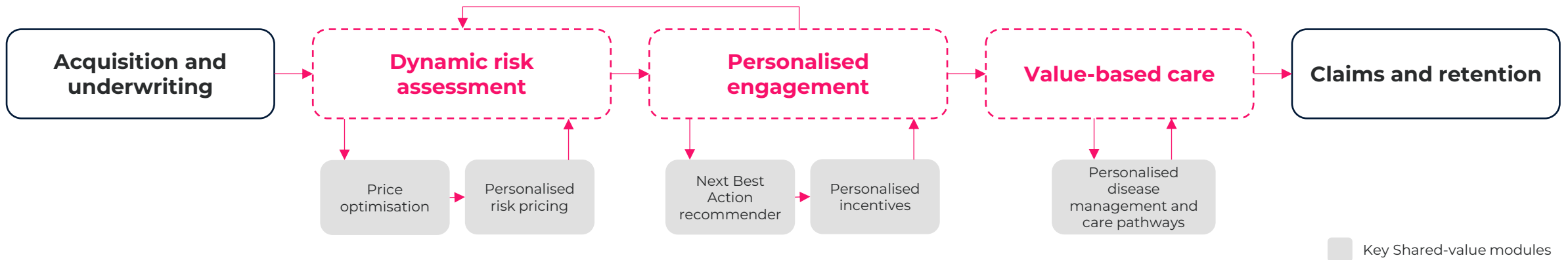
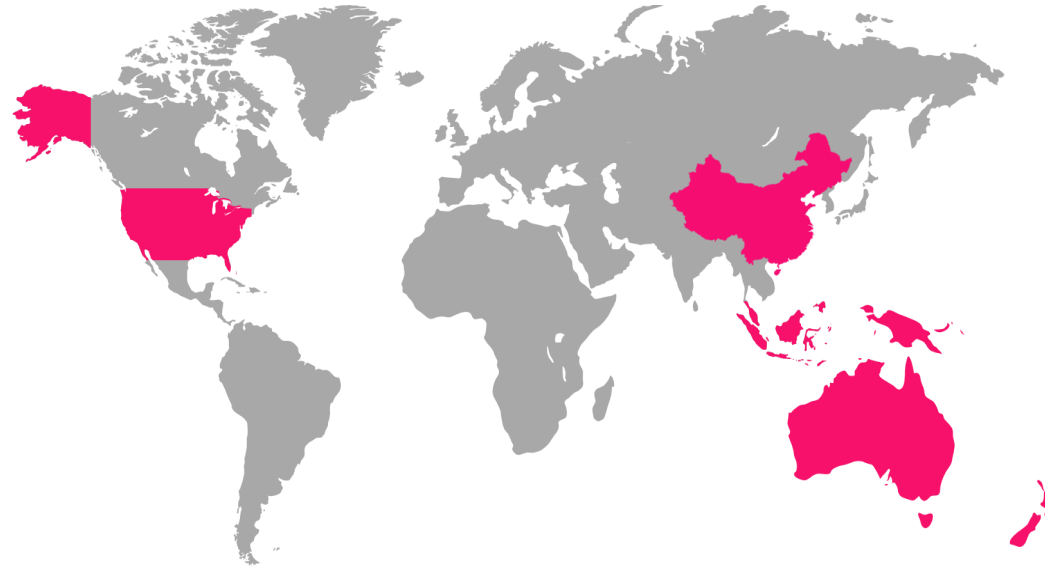
**Customer need for wellness navigation**



**Nascent markets**  
*(APAC, China)*



# Discovery's tech and data science assets across the health insurance value chain highly suited to address challenges in in these key markets



Data and AI platform (powered by quantum Health)



# The APAC health insurance market is evolving rapidly but real challenges remain



## The Asia-Pacific health insurance market is rapidly evolving

Paper-based operation



**Rapid digitalisation**

Simple product offering



**Comprehensive product offering**

Broker-distributed



**Online-dominated sales**

Uniformity/consistency



**Significant variation in health systems**

## Critical challenges in the market persist



### Unfamiliar tools / lack of expertise

*Nascent but growing specialised health insurance expertise across markets*



### Inadequate coded health data

*Lack of coded health claims data or coding quality is sub-standard*



### Varying data security capabilities

*Need to upgrade systems to meet increasingly regulated data security and privacy requirements*



### Investment in technology infrastructure required

*Back-end admin systems (claims processing, benefit & policy admin), analytics tools, etc.*



### Lack of care management systems / capabilities

*For chronic disease management, population health management, Value Based Care etc.*

# The Amplify Health JV combines Discovery and AIA's distinctive and complementary strengths



75%

25%

- Capital investment
- Leading brand
- Large distribution network

- No capital investment
- Leverage Health & Vitality IP, data and expertise

## Phase 1 (2022-2024)

## Phase 2 (2024 onwards)

- Transferring Discovery IP
- Building product suite
- Early deployment and developing pipeline
- Ongoing product development
- Deployment to market

# Strategy is to commercialise assets for use across Asia Pacific - within and outside of AIA



## Public/private payors and corporates

- **Better insurance products** using cutting-edge data analytics
- **Improved claims quality and lower medical costs incurred** with loss
- **Effectiveness** in administering policies

## Consumers

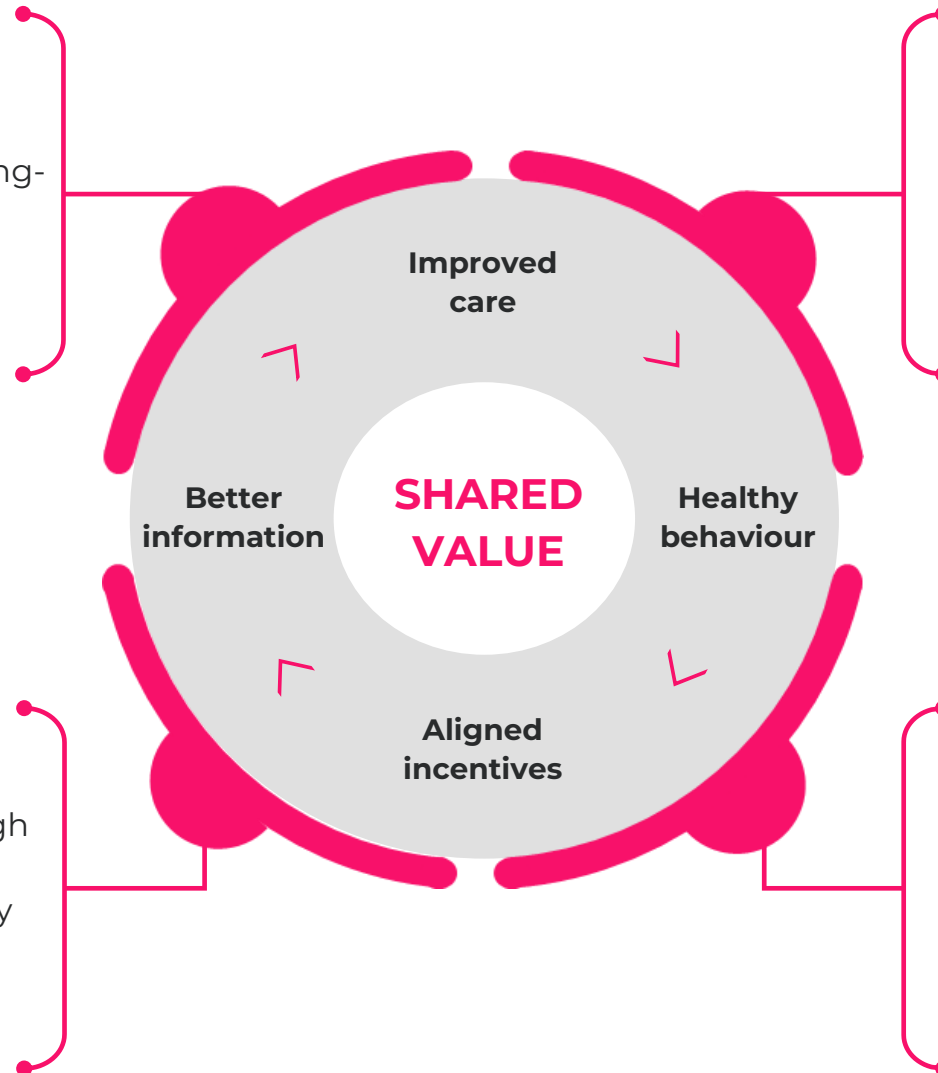
- **Access to the right providers at the right cost**
- Improved health through **health and wellness programmes**
- **Increased engagement** through digital platforms

## Healthcare providers

- **Patient satisfaction and loyalty** through world-class digital services
- **Operational cost-savings** with pathway design and implementation
- **Value-based care**

## Pharma/MedTech

- **More effective medicines** to improve **clinical outcomes** with **insights from real-world data**
- Expanded access by **lowering medication costs**



# Substantial market opportunity

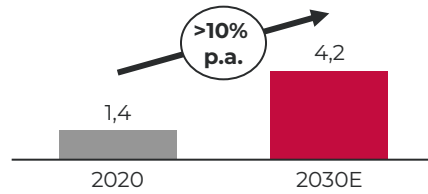


Asia is a **material and fast-growing** health market

## Huge opportunity

**>\$4 trillion**

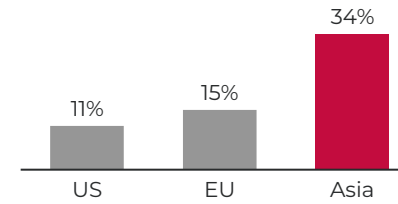
Annual healthcare expenditure across AIA markets in 2030E



## Urgent need

**34% out-of-pocket**

Of total healthcare expenditure



AIA is the **leading pan-Asian private health insurer**

## Profitable at scale

**>40% VONB**

From products with health-related benefits<sup>1</sup>

**>14m**

Health customers

**>160k**

Corporate customers

## Leading market presence



**#1 Hong Kong**  
(25% share)



**#1 Thailand**  
(31% share)



**#1 Singapore**  
(24% share)



**#1 Malaysia**  
(23% share)<sup>2</sup>

Source: AIA Group 2022 Interim Results presentation

Notes:

(1) Includes medical coverage and traditional protection products such as critical illness, disability incomes that have fixed benefits payable on a health condition diagnosis, but excluding death and accident benefits

(2) Exclude non-profit medical schemes

# Amplify Health plays a key role in providing health tech and analytics to AIA's health insurance businesses across Asia



## Amplify Health underpins the 3 pillars of AIA Group's Integrated Health Strategy\*

**Personalised Health Insurance**

AIA aims to be the leading provider of personalised health insurance advice and innovative solutions that provide enhanced coverage for customers and greater value.

**AIA China's Retirement Ecosystem 2.0** is enhanced with home-based Retirement Services, Medical Care and Assistance for customers at the "early elderly age"

**AIA Hong Kong's Health Journey Guardian** offers customers comprehensive protection for prevention, prediction, diagnosis, treatment and recovery

**AIA Malaysia's Total Health Solution** enables customers to Live Well, Protect Well and Get Well



**Integration with Outpatient Clinics**

AIA can help deliver better health outcomes at lower costs through strategic partnerships with outpatient clinics and direct better healthcare journeys.







**Advanced Healthcare Administration and Management**

AIA will provide more effective care management programmes and simpler healthcare journeys for our customers.



POWERED BY Health Technology, Digital and Analytics

Our vision for Amplify Health is to be a leading digital health technology and integrated solutions business, transforming how individuals, corporates, payors and providers experience and manage health insurance and healthcare delivery, improving the health and wellness outcomes of patients and communities across Asia.



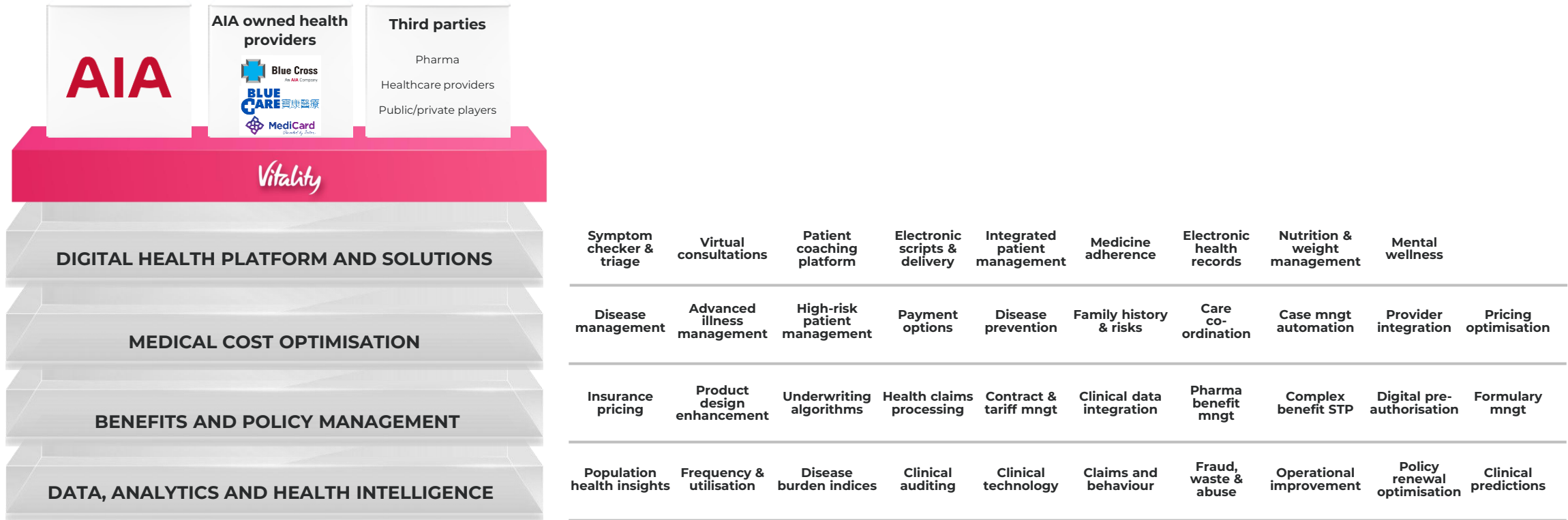
## Amplify Health has deployed 6 tech solutions to 6 Asia-Pacific AIA markets



\*Launched in August 2022

The intended revenue model involves modular or packaged subscriptions to software solutions (SaaS, PaaS, DaaS) with Amplify Health earning performance-based revenues.

# Amplify Health has access to Discovery's full health insurance tech stack and IP



## Extensive data sets

**>600m**  
Member months

**>10m**  
Hospital admissions

**>1bn**  
Pharmacy claim lines

**>100m**  
Chronic medicine claims


**1bn**  
Physical activity data points




# Amplify Health has made significant progress in developing and commercialising health tech and data analytic solutions



## Products (SaaS)

 **Digital Health Engagement**

 **Payment Integrity**


 **Claims Administration**


 **Health Business Intelligence**

## Healthtech Launchpad (PaaS)

 **Innovation Accelerator**

## Data Platform (DaaS)

 **Data commercialisation Enabler**


 **Chronic disease management**


**AIA Vitality**

**Smart Claims**  
 AI-driven decision engine      Advanced FWA decision      Pre-auth workflow

**Core Claims**  
 Benefit mgmt.      Claims processing      Rule mgmt.      Tariff mngmt.

**Insights studio**  
 Fraud, waste & abuse tracking      Member risk profile      IHS reporting  
 Health engagement tracking      Provider management      Value diagnostic

 Technology building blocks (AI / ML models, tools and analytics) for the development of healthcare application and products for Amplify Health and other healthtech companies

 Largest standardised health dataset in Asia based on a universal multi-market target reference data model

**Business solutions**

Advisory	Managed services
Private medical insurance product design	Medical risk tactical team
Value diagnostic and insights consulting	
Data and analytics consulting	

# Standardised solutions addressing key health insurer needs



<< Product Factsheet

## Insights Studio

Healthcare insights for everyone. In seconds

Insights Studio is a no-code AI-enhanced command centre that empowers you with lightning-fast, in-depth insights from verified aggregated enterprise data – highlighting the key drivers of your business performance and guiding your attention to the most critical areas for action, all in a few easy clicks of your mouse.

As a decision-maker who needs to understand the “why” driving your business performance and make fast data-informed decisions, this certifiable single source of truth enables a personalised view of performance data across all health KPIs.

**About amplifyhealth**

- Health data platform and services company operating across 7 markets in Asia
- An expert team comprising 250+ engineers, PhDs and clinicians
- Claims software, data and clinical informatics products generating millions in healthcare claims cost savings
- Winner of multiple industry awards over consecutive years for our FWA solution

For more information, email: [info@amplifyhealth.com](mailto:info@amplifyhealth.com)

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**Augmented enterprise level intelligence every healthcare leader needs for fast, data-informed decision-making**

Create personalised views from claims driver analysis to FWA monitoring, drug price management, hospital and doctor profiles, fixed fee monitoring, setting of care optimisation... and many more

Powerful Insights | Saves Time | Easy to Use

- Fraud, Waste, Abuse Tracking
- Provider Management
- MIS Reporting
- Member Risk Profile
- Value Diagnostic & Insights
- Health Engagement Tracking

**Key Features**

- Verified data aggregation** combines data from multiple certified enterprise sources, offering a unified view of performance metrics
- Live performance monitoring** to stay ahead of the curve with dynamic insights that track your business performance the moment data enters your system
- Instant, actionable insights without coding or advanced analytics skills** to explore data and self-generate reports with rich contextual insights on root-cause drivers and performance with just a few clicks
- Fully customisable and shareable** no-code dashboards viewable on multiple screen types and tailored to display KPIs that matter most to each user
- Secure data governance** with role-based access, audit trails and user authentication via existing enterprise controls for maximum control and security

**Key Outcomes**

- Foster a data-driven culture** – no more data silos, democratise business information where everyone across your organisation is leveraging insights without advanced analytics or technical expertise
- Build a future state healthcare organisation** within your current system framework, without requiring a costly and complete overhaul of your existing systems
- Sharpen optimisation of financial health** – elevate your organisational capability to continually monitor internal and external cost drivers, and identify opportunities to maximise value

<< Product Factsheet

## Core Claims

Next-generation claims processing with real-time automation

Core Claims enables next-generation, real-time, automated claims processing, leveraging granular benefits + tariffs and an exhaustive set of rules that enables straight-through processing for even the most complex products. Core Claims augments legacy claims processes to **eliminate operational inefficiencies and go-to-market bottlenecks** that make your business slower and less profitable.

With Core Claims, your business gains the advantage of configurable modules that enable maximum flexibility in product design. This allows you to be **more competitive** by bringing **new products to market** at a faster pace, without the need for IT interventions.

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**Modules**

- Benefit Management**
  - Configure granular benefit definition expeditiously
  - Automate benefit mapping to each claim line
  - Track utilisation for each insured member
- Rule Management**
  - Enables SMEs to configure claim guidelines and other rules
- Tariff Management**
  - Configure provider pre-negotiated fees along with discount and taxes
  - Automate payable calculation
- Claim Processing**
  - Automate adjudication through all pre-configuration i.e. benefit, tariff and rules
  - Workflow for manual adjudication cases
  - Workforce performance & System KPIs at fingertips

**Key Features**

- Flexible, configurable, out-of-the-box templates** that empower end-user control with “no code” configuration capabilities for SMEs
- Line-level claim processing** that enables better cost control and generates granular data for analytics
- Unified workflows for individual and corporate claims** via singular submission API for all channels that enable effective coordination of benefit
- Auto-assignment of claim cases** to assessors
- Integrated real-time FWA flagging** with unified end-to-end workflow at pre-auth and claims adjudication touch points, with FWA detection extended to provider-negotiated rates and fixed-fee arrangement adherence

**Key Outcomes**

- Increase in auto-adjudication** based on digitisation and standardisation.
- Increase efficiency of care delivery for members** (e.g. by managing provider cost better)
- Reduction of run cost** based on better operational efficiencies
- Improve customer experience and faster time to market** for new product launches

**Claims Assessor**

**Pain Point**

- Guide through multiple sources to adjudicate claims one by one

**Solution**

- Automated claim processing based on pre-set benefits, rules, and exclusions.

**Claims Manager**

**Pain Point**

- Sacrificing operational efficiency for mitigation of claims cost

**Solution**

- Overview of real-time team performance
- Suite of self-service tools to configure rules

**Subject Matter Expert**

**Pain Point**

- Business users are unable to write rules

**Solution**

- View of configured rules written directly by the SME, verified by the maker-checker feature

**Provider Ops Personnel**

**Pain Point**

- Arduous manual calculation of payables, worrying about inaccuracies

**Solution**

- Easy digitisation of provider-level fees and discounts
- Automated payable calculations

**New Business Ops Personnel**

**Pain Point**

- Tedious processes contained by system limitations

**Solution**

- Faster setup through templates & cloning
- Automate benefit mapping & payable calculations through Benefits Management module

<< Product Factsheet

## Provider Management

Manage medical costs from providers with the help of advanced analytics and an expert tactical team

Our Provider Management (PM) offering plays a central role in **reducing medical cost expenditure** for insurers, delivering **actionable insights** that drive more **impactful provider negotiations**.

Analytics dashboards are **curated to help navigate the tough provider utilisation challenges** commonly seen across the market. An **expert tactical team** is deployed to support insurers in driving decisions, implementation, and tracking for **key initiatives like panel optimisation, discount discussions, contract negotiation, and alternate fee agreements**.

Our Medical Risk tactical team leverages 40 years of collective global experience and offers to train PM teams and build local market capabilities for sustained impact.

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- Claims software, data and clinical informatics products generating millions in healthcare claims cost savings
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amplifyhealth

**Key Advisory Features**

- Medical Risk Services** assistance throughout the entire **provider management lifecycle** (Figure A), from negotiation strategies and case reviews to implementation of process change, outcome monitoring and feedback
- A programme of formal training workshops** to build local market skills

**Key Analytics Features**

- Individual performance benchmarking** for hospitals, inpatient specialists, and outpatient practices through panel network analysis to identify the highest and lowest performing providers from a cost and value lens, guiding member steerage strategies and direction for new product benefits
- Drug monitoring** to identify price variations within and between hospitals and drive mitigation actions
- Day surgery opportunity monitoring** to identify which cases and which providers hold the largest value for driving setting of care shifts
- Tracking discounts and rebates** at the hospital and contract level, to check compliance to agreed rates and enable objective course correction actions
- Tracking of fixed & bundle fee agreements** at provider and contract level to determine value and enable corrective actions

**Provider Management Lifecycle**

**PM lifecycle**

- 1 Identify provider issues
- 2 Engage with hospitals
- 3 Embed process & system changes
- 4 Monitor compliance & savings

**Target Opportunity**

We help clients improve their total hospital claims cost by **5-10%** in the first 3-5 years.

# Provider Management Solution – using data analytics to empower health insurers to manage hospital claims costs

## 1. Identify provider issues

*Determine size of savings potential in provider space, who to prioritise engaging with, and what to focus your interventions on*

- **Analytics Dashboards:** hospital, outpatient, and specialist performance, medication price variation
- **Medical Risk Tactical Team:** translate insights, curate deep dives, determine main levers for intervention

## 4. Monitor compliance & savings

*Track hospital claims for compliance, realisation of expected outcomes, and emerging provider behaviours that may require intervention*

- **Medical Risk Tactical Team:** design tracking reports, guide on need of manual spot-checks, advise on hospital comms & interventions
- **Tracking Analytics:** Fixed fee tracker, discount tracker

## 2. Engage with hospitals

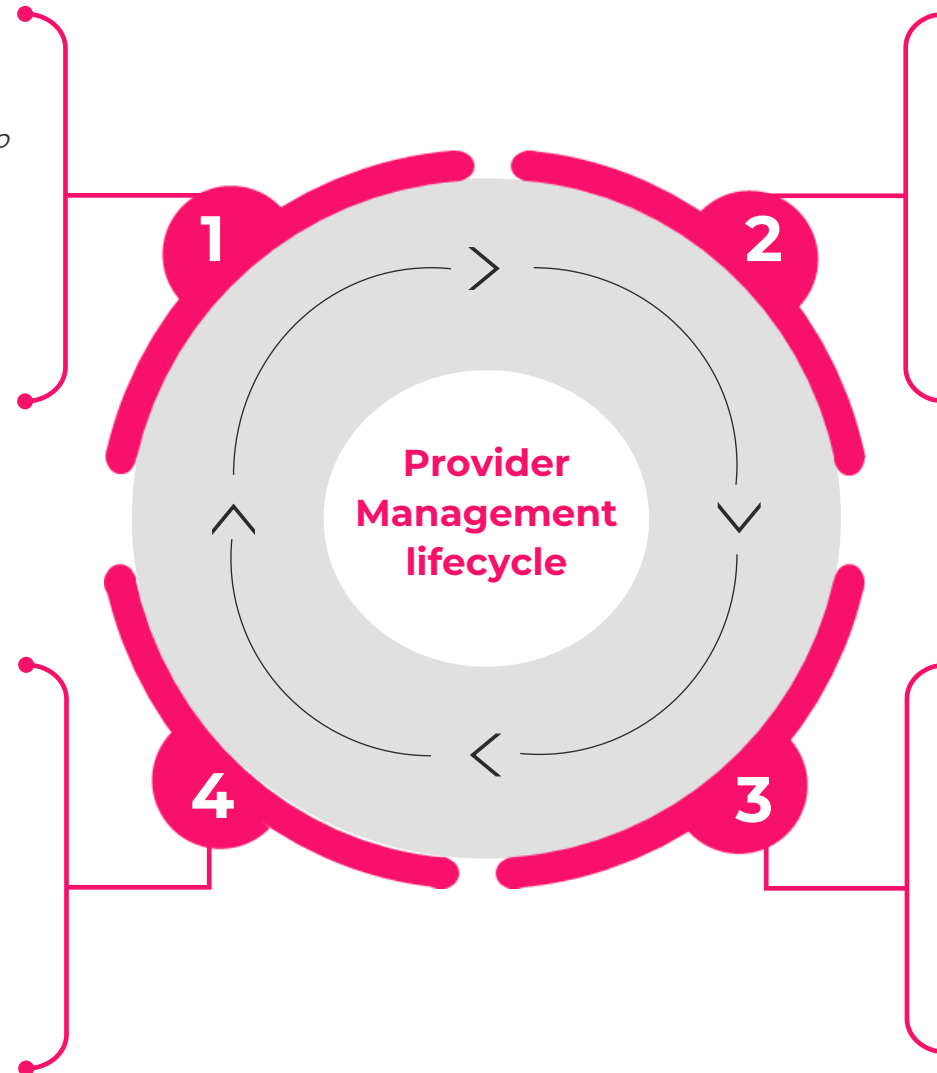
*Design and implement strategies like innovative contract terms, new fees, & network or benefit designs, & negotiate the changes with providers*

- **Medical Risk Tactical Team:** plan negotiation strategy for each hospital, curate discussion decks, conduct case reviews, support or lead negotiations
- **Provider Agreement Analytics:** claims data trends for negotiation, compliance insights on historic discounts or fixed fees

## 3. Embed process & system changes

*Define new journeys, operational processes, documentation and system updates needed to implement the agreements reached*

- **Medical Risk Tactical Team:** edit current contracts, design SOPs, train operational staff
- Integration of new rules into **AI Claims & Payment Integrity Systems** where they exist



# Multiple analytics tools and dashboards to guide provider management strategies



## Hospital efficiency profiles

- Which are the most and least cost-efficient hospitals?
- What is driving the cost experience in these providers?



## Day surgery opportunities

- Which procedures are already being done and which show opportunity to shift?
- Which hospitals should be prioritised for DS discussions?



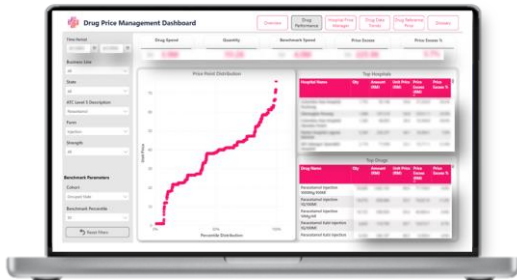
## Specialist profiles

- Which are the most and least cost-efficient specialist doctors and specialties?
- What is driving the cost experience in these providers?



## Discount tracker

- Are contracted hospitals applying discounts as agreed?
- What are the approximate savings impact of agreed discounts to date?



## Hospital medication tracker

- Which drugs and categories are highest in spend?
- Which hospitals have biggest opportunity to manage spend?



## Bundled fee monitoring

- Are contracted hospitals utilising the agreed fixed or bundled fees?
- Is the savings impact as expected?

# Example | Illustrated claims impact of Provider Management Solution



Steer to a **preferred network** of less expensive hospitals



**7-10% lower claims** expected from newly created network



**Negotiate** better rates with more expensive hospitals



**10-15% reduction** in fees negotiated with largest hospitals



Implement portfolio-wide **drug cost** savings initiatives



**3-4% claims reduction** from generic drug utilisation



# Vitality US: A leading wellness engagement platform delivering market-leading outcomes for employers



## Engagement



Covers **>500** employers, with **1.4m employees**



**63%** of active users compared to the industry average of 30%



**>53%** member interaction each month, with an average of **12 activities per month**



## Business outcomes



**4%** reduction in claims costs



**4.4%** increase in productive days per employee per year



**\$1,047** of savings per employee per year

## Behaviour change



**23%** reduction in at-risk members vs expected regression



**200%** increased physical activity for high BMI members

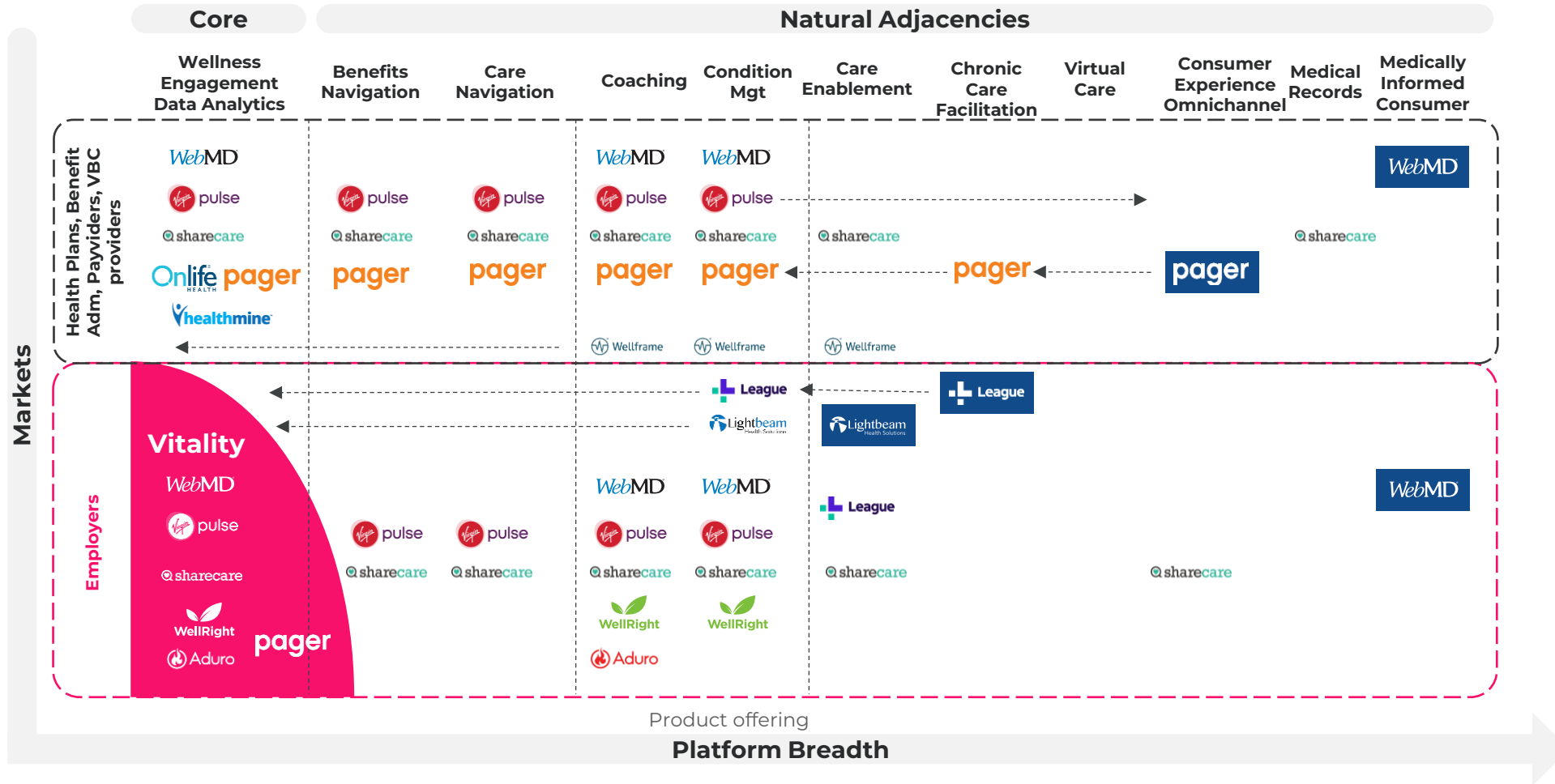


**82%** of members reduce or maintain their health risk



**21%** lower risk-adjusted in-hospital costs for engaged Vitality members

# Significant consolidation and investments by key competitors - offering much broader digital health solutions



Vitality US is currently **lossmaking** due to investments in its new product platform, and due to the employee wellness market becoming increasingly price competitive

■ Historical presence



# Total addressable market for integrated digital health and care exceeds \$100bn



## Estimated TAM

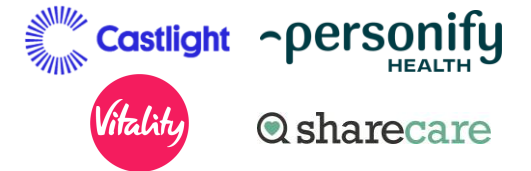
## Supporting data

## Representative names

### Wellness

\$3.4bn

Addressable Population	Pop (mm)	PMPM	TAM (\$'m)
COML (Incl SI, FI Employers)	158	\$1.50	2,844
Medicare Advantage	45	\$1.00	543
Medicaid	63	\$0.00	0
Individual (Direct purchase)	19	\$0.00	0
Gov - VA/CHAMPVA, Tricare	4	\$0.00	0
<b>Total</b>			<b>3,387</b>



### Navigation & Advocacy

\$24bn

Addressable Population	Pop (mm)	PMPM	TAM (\$'m)
COML (Incl SI, FI Employers)	158	\$7.00	13,272
Medicare Advantage	45	\$8.00	4,348
Medicaid	63	\$7.00	5,304
Individual (Direct purchase)	19	\$3.00	674
Gov - VA/CHAMPVA, Tricare	4	\$8.00	422
<b>Total</b>			<b>24,020</b>



### Condition Management

Digital Therapeutics w/  
Integrated coaching

\$126bn

Addressable Conditions	Pop (mm)	TAM (\$'m)
Obesity	69	49,476
Diabetes	3	12,706
Prediabetes	2	8,974
Hypertension w/o (Pre-)Diabetes	12	9,628
MSK	63	45,697
<b>Commercially Insured TAM</b>	<b>150</b>	<b>126,481</b>



### Virtual Care

Telemedicine

\$140bn

- Comprised of PMPM access fee and visit fees, which vary by type of service (e.g. urgent care, primary care, mental health)
- Consists of the following services:
  - \$140BN Primary Care TAM
  - \$121bn TAM spread between Urgent Care & Behavioural Health

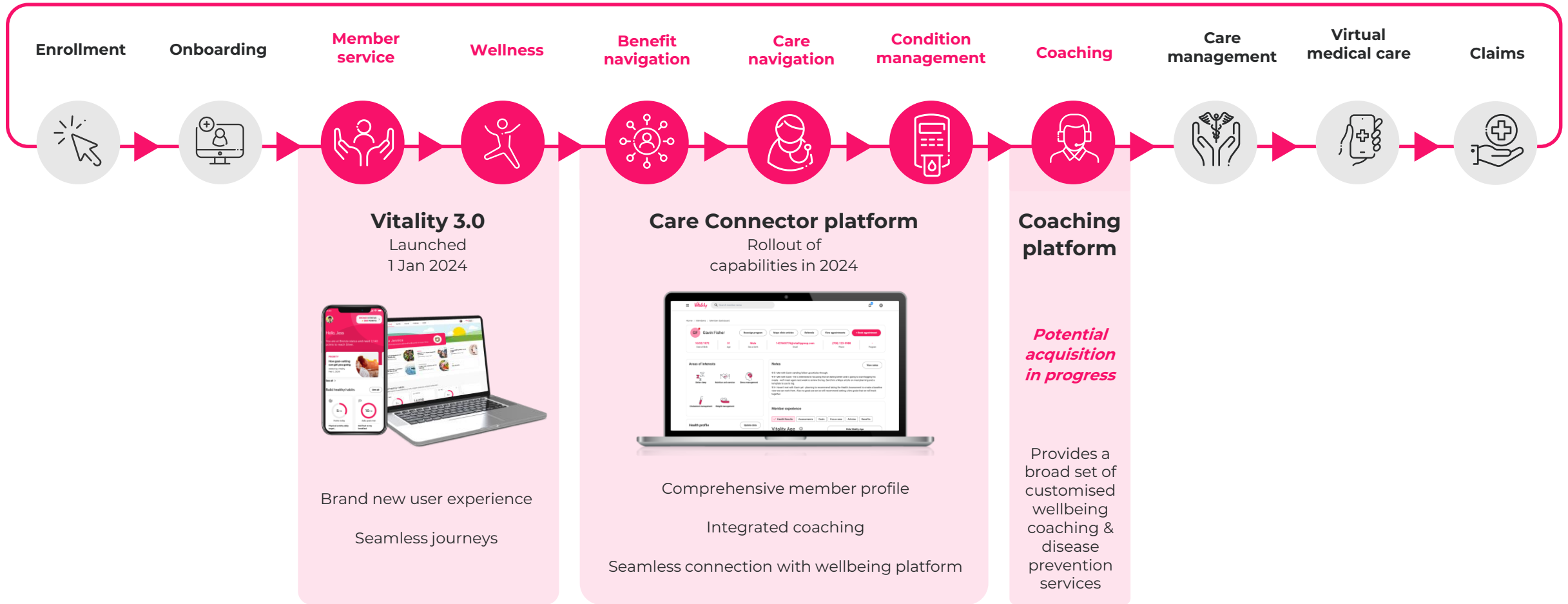


### In-person Care

N/A

Highly dependent on service type and offering (primary care, home health, etc.)

# Vitality US actively investing in expanding its product offering by extending into natural adjacencies and expanding target market to include health plans



**The business is expected to breakeven during FY27. Cumulative earnings losses should not exceed \$23m between FY25 and FY27.**

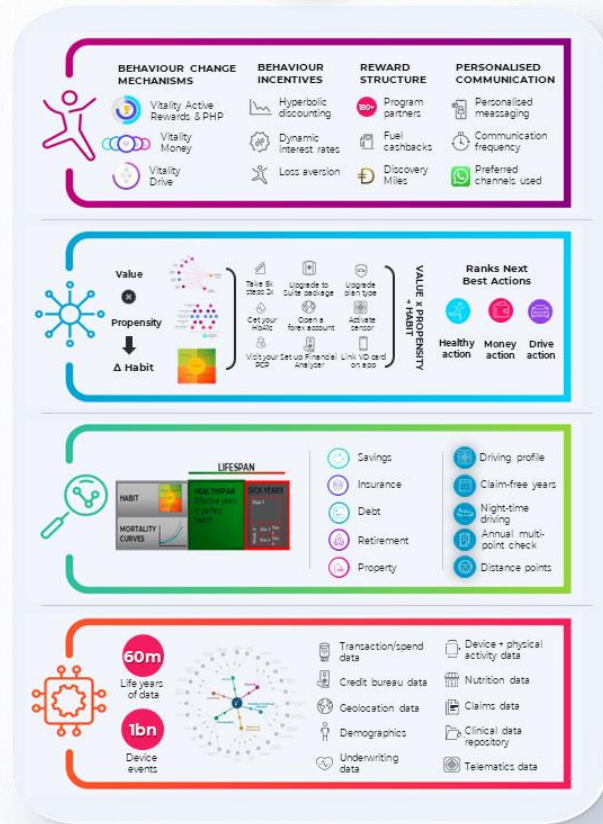
Forward looking information on this slide is for illustration and has not been reviewed or reported on by the auditors

# Rich stack of data and tech assets powering Vitality 3.0 platform



Dynamic contribution manager	Employer incentive plan	Rewards mall	Active rewards	Earn Apple Watch	Vitality squares		
GARMIN	headspace	omada	OURA	togetherall	adidas	Apple	RethinkCare
fitbit	POLAR	instacart	Wellbeats	Wellthy	HealthFitness	dario	
Personalised wellbeing management	Screenings and prevention	Integrated coaching	In-network PCP steerage	Risk stratification and NBA	Condition management (Incl. weight management)		
Omnichannel targeted communications	Integrated member journeys	Seamless platform connections	Medication adherence	Benefits navigation			
<b>WELLNESS &amp; BEHAVIOURAL</b> Physical activity + device data, VitalityAge, smoking status, HealthyFood, etc.	<b>DEMOGRAPHIC</b> Age, gender, chronicity, socioeconomic status, family status, location, etc.	<b>CLINICAL</b> Biometrics, screenings, pathology + radiology, health records + medication, etc.	<b>INCENTIVES</b> Utilisation habits, partner preferences, response to rewards				
VITALITY 3.0	CARE CONNECTOR	PHP (POWERED BY  quantum HEALTH)					

# Future expansion to Personal Health Pathways – launching Q1 2025



## Applicable use cases and additional revenue streams



### Lifestyle coaching

Individual and group coaching to best support long-term behaviour change in pursuit of an individually defined health outcome a/or lifestyle goal



### Chronic condition management programs

Holistic cardiometabolic condition management offerings including CDC<sup>1</sup>-accredited Diabetes Prevention Program and Diabetes Self Management & Education program



### GLP-1 and weight management program

Comprehensive lifestyle modification and behaviour change program with activity completion dictating eligibility for GLP-1 drug coverage for weight loss



### Medicare advantage: stars, gaps in care & risk adjustment

Close care gaps and improve Star Ratings for MA plans which have been declining, as well as ensuring accurate, risk adjusted payments from the CMS<sup>2</sup>



### Risk adjustment for ACA<sup>3</sup> plans

Population health risk management by improving member engagement in preventative care and recommended health screenings



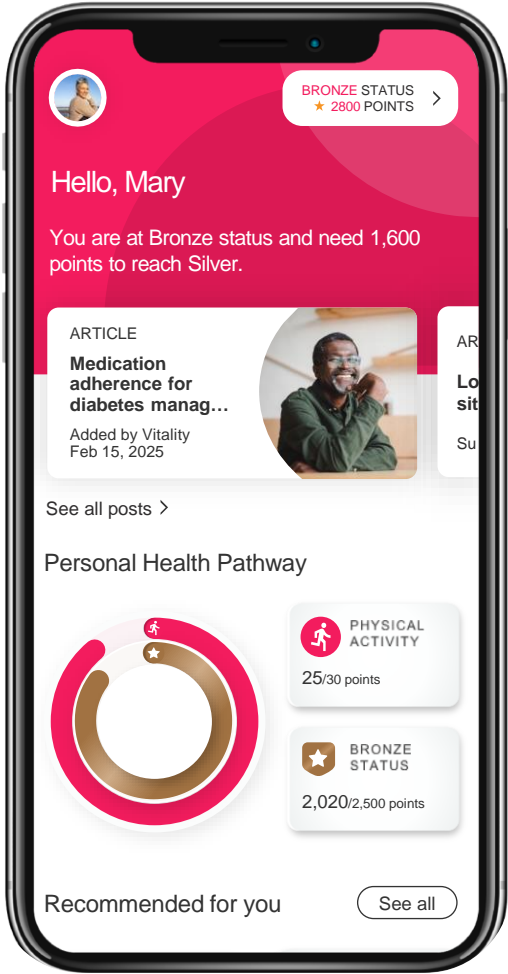
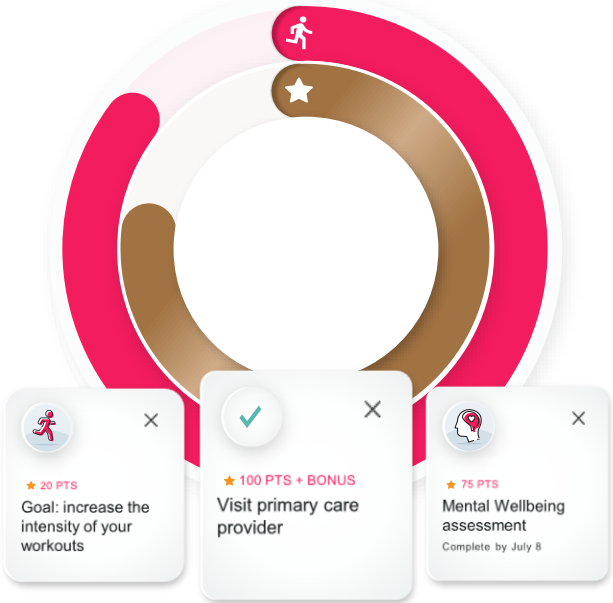
### Network steerage

Platform to connect digital self-management pathways to virtual and in-person care interventions in a way that improves steerage to in-network providers

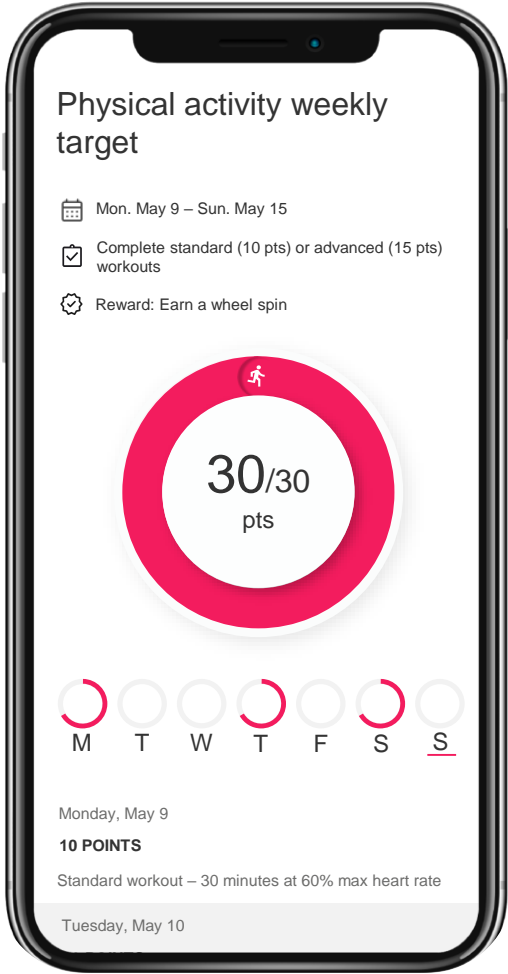
# Deepening and personalising integrated wellness and care offering through Personal Health Pathways with Integrated Coaching

Demo

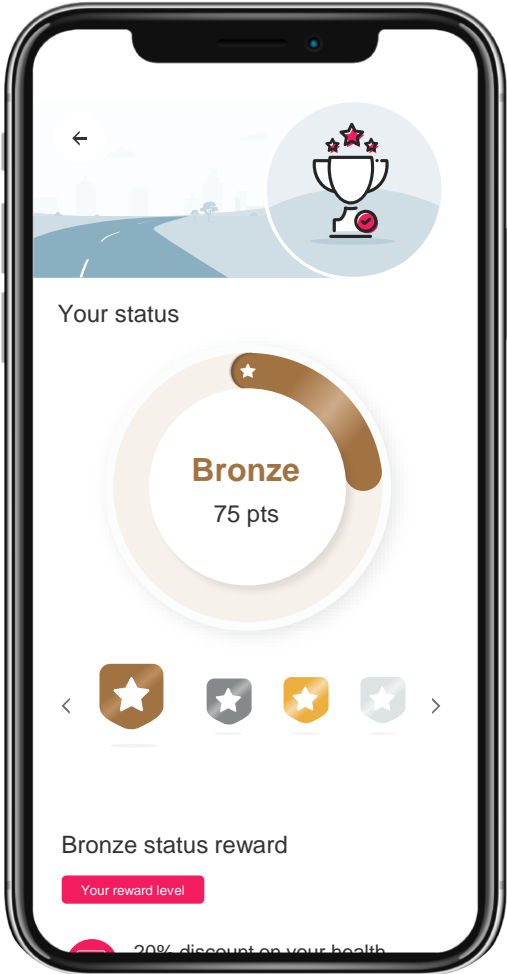
**Simple user-experience**  
Completing personalised Next Best Actions closes rings



Home



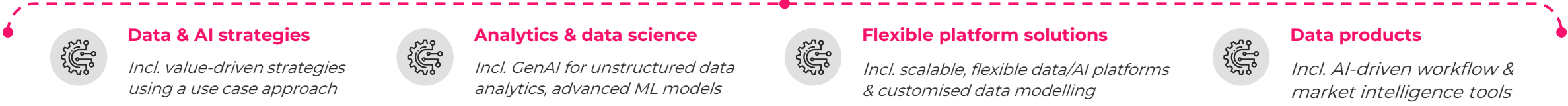
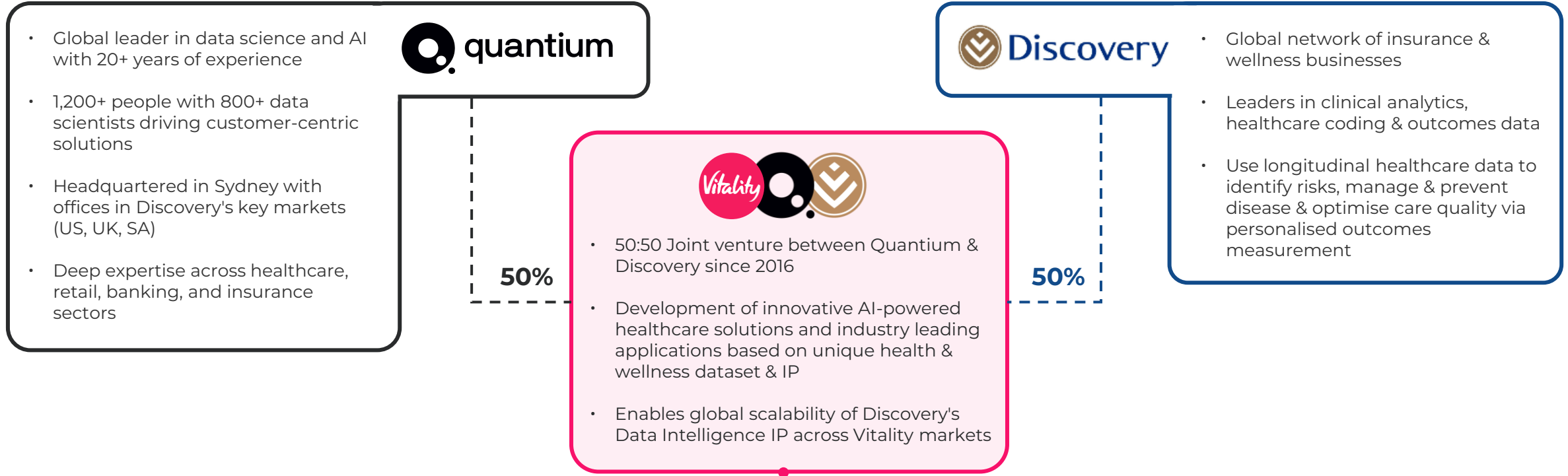
Physical Activity



Status



# Quantum Health specialises in using advanced analytics to improve patient outcomes and healthcare systems

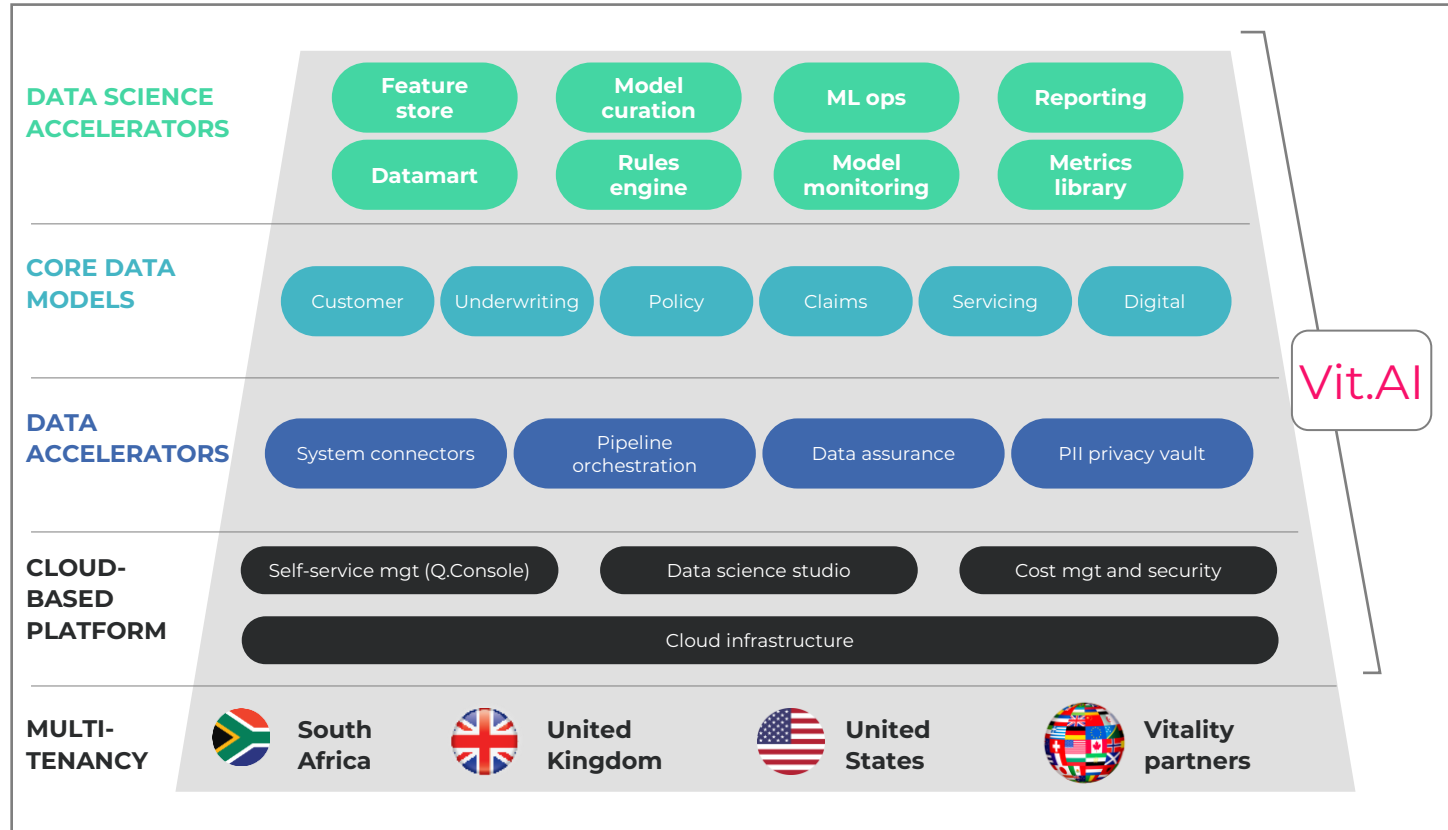


*Combining expertise and IP to expand our global data science platform with advanced analytics, real-time data processing, scalable cloud infrastructure, and enterprise-grade security.*

# Quantum Health has developed the Vit.AI platform which enables hyper-personalised, real-time recommendations powered by ML



## Vit.AI Platform



### Streamlined

*With a global resourcing model, data and data science tools live in the same environment ensuring the time between research and deployment is minimised*

### Accelerator

*Data accelerators allow all types of data to be integrated on the platform and data pipelines created in one market to be re-used in others*

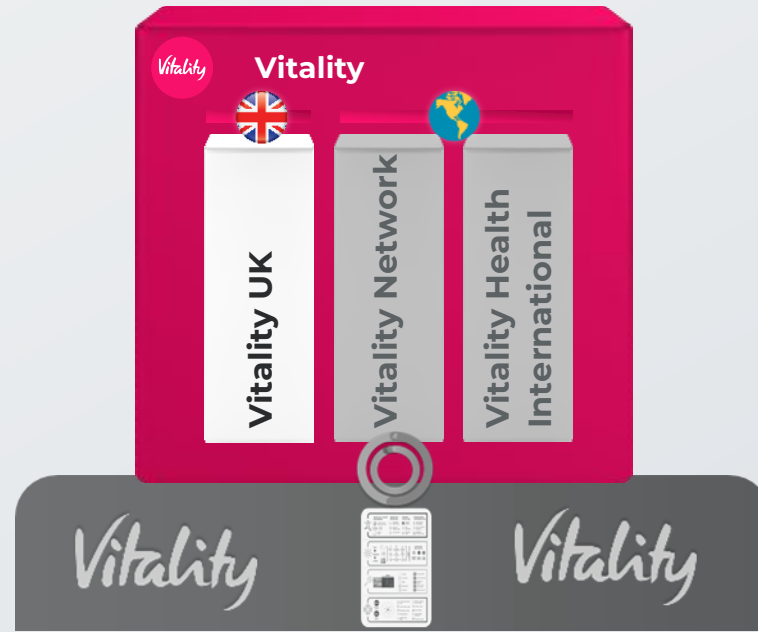
### Scalable

*Vit.AI has been designed ground up with exportability in mind, allowing use cases deployed in one market to be deployed in others, including for Vitality partners.*





# QUESTIONS



# Vitality UK

Neville Koopowitz

# Vitality UK has built a business of significant value and scale



**Strong growth and robust financial health**

**Embedded Value of nearly £1.2bn<sup>2</sup>**

**Placing Vitality UK in the FTSE250<sup>3</sup>**

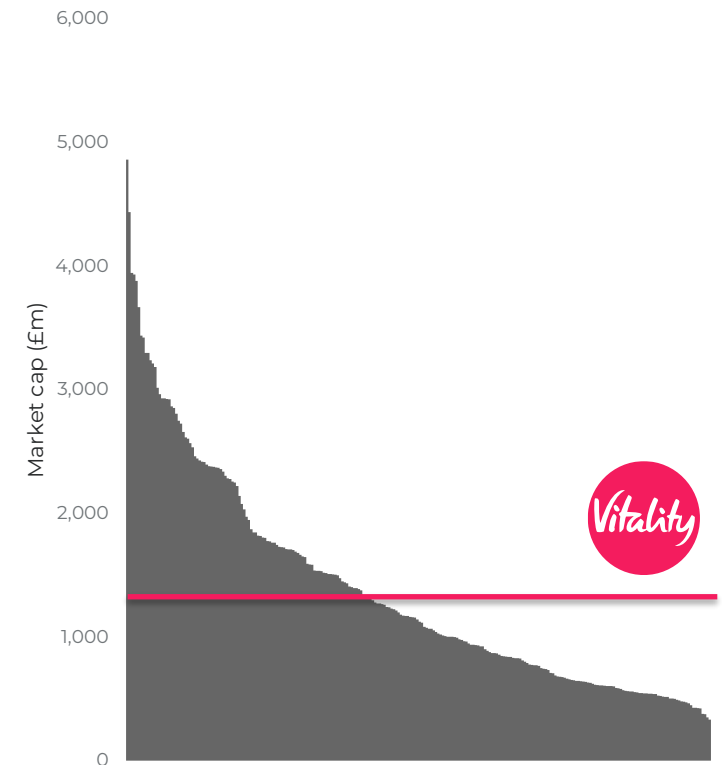
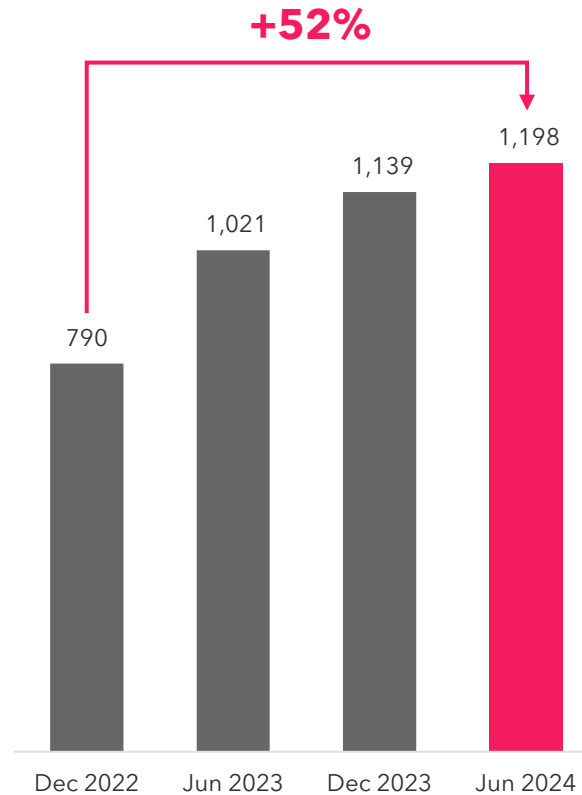
**1.9m lives covered today<sup>1</sup>**

**£200m New business p.a.<sup>2</sup>**



**FitchRatings**

**Vitality UK Insurer Financial Strength Rating of 'A'**



1. Internal Vitality data, November 2024  
2. Discovery FY2024 Results Announcement  
3. London Stock Exchange, FTSE250, Nov 2024 (comparing Vitality UK's EV against market capitalisation of businesses in the FTSE250)

# Our ambition is to be **the UK's leading next generation insurer, pioneering a new category of insurance "Shared Value Insurance"**

We unlock and share value from positive behaviour change – making members **healthier** through personalisation, providing better and more **competitive** products with **superior** financial benefits, as well as serving as a **powerful** force for good for society.

This is achieved by coalescing behavioural, actuarial and data science with technology to create an **end-to-end value chain**.

Our model operates as a **fully integrated** composite business offering **brilliant** products alongside a **seamless, intuitive** customer journey, that drives **member engagement**.



Attributes of a next generation insurer

**Purpose-driven**

**Member engagement and value**

**Hyper-personalisation**

# A powerful set of assets that enable sustainable competitive advantages



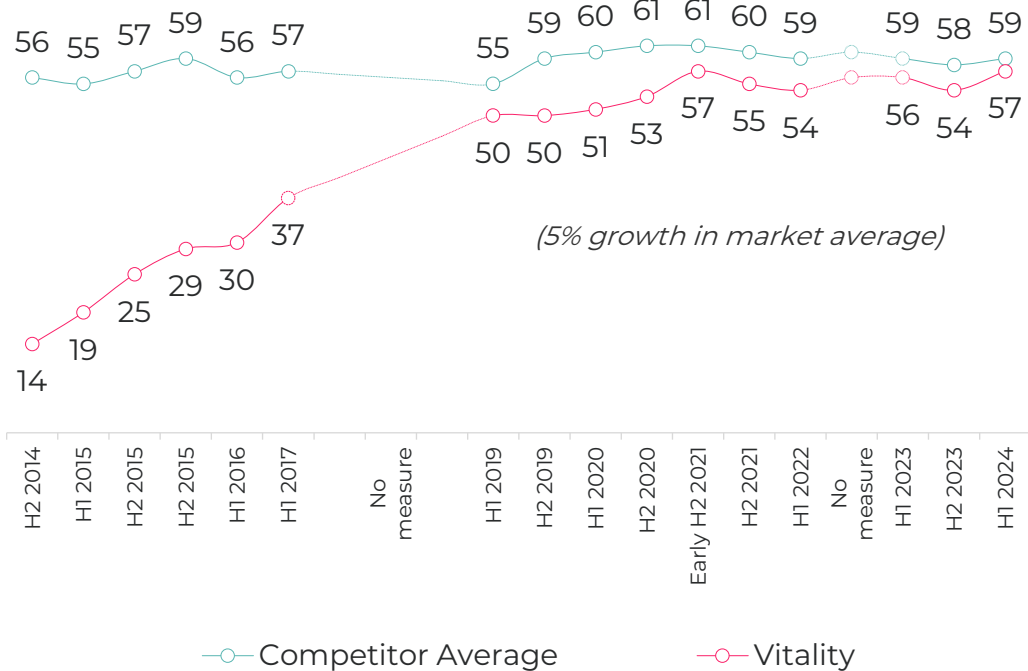
<p><b>Insurance integration</b></p> <ul style="list-style-type: none"> <li>Optimiser</li> <li>ABC pricing</li> <li>Employer Cashback</li> </ul>	<p><b>Reward mechanisms</b></p> <ul style="list-style-type: none"> <li>Active Rewards</li> <li>Status Rewards</li> </ul>	<p><b>Partner Network</b></p>											
<p><b>Ambassadors</b></p>	<p><b>Sponsorship portfolio</b></p> <table border="1"> <tr> <th>Football</th> <th>Cricket</th> <th>Netball</th> <th>Running</th> <th>Media</th> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Football	Cricket	Netball	Running	Media						<p><b>Iconic mascot</b></p>	<p><b>Brand collabs</b></p>
Football	Cricket	Netball	Running	Media									
<p><b>PEOPLE</b></p> <p>THE SUNDAY TIMES <b>Best Places to Work 2024</b> VERY BIG ORGANISATION</p> <p>Widely-recognised employer of choice</p>	<table border="1"> <tr> <th>eNPS place to work</th> <th>eNPS place to work: Dept</th> <th>eNPS products &amp; services</th> <th>HPEX score</th> </tr> <tr> <td>+33</td> <td>+37</td> <td>+45</td> <td>+84</td> </tr> </table>	eNPS place to work	eNPS place to work: Dept	eNPS products & services	HPEX score	+33	+37	+45	+84	<p>Highly engaged workforce</p>	<p><b>2,800</b> employees</p>		
eNPS place to work	eNPS place to work: Dept	eNPS products & services	HPEX score										
+33	+37	+45	+84										
<p><b>Direct</b></p> <p>Consumer Telesales Business Telesales Online end-to-end</p>	<p><b>Intermediated</b></p> <p>IFAs Tied agents</p>	<p><b>11</b> franchises nationwide <b>87</b> business consultants</p>											
<p><b>Lifestyle Data</b></p> <p>Physical activity + device data, VitalityAge, smoking status, HealthyFood, etc.</p>	<p><b>Demographic Data</b></p> <p>Age, gender, chronicity, socioeconomic status, family status, location, etc.</p>	<p><b>Clinical Data</b></p> <p>Biometrics, screenings, health records, claims, etc.</p>	<p><b>Incentives Data</b></p> <p>Utilisation habits, partner preferences, response to rewards</p> <p><b>Vit.AI Platform</b></p>										

# A strong, unified and aspirational brand



## High brand awareness

**307%** Growth since 2014<sup>1</sup>



1. H1 2024 Vitality Brand Survey, Immerse UK

## Award-winning brand campaigns



**Winner – Financial Services**

(Other finalists included: Barclays, HSBC, Lloyds Bank, Scottish Widows, Starling Bank)

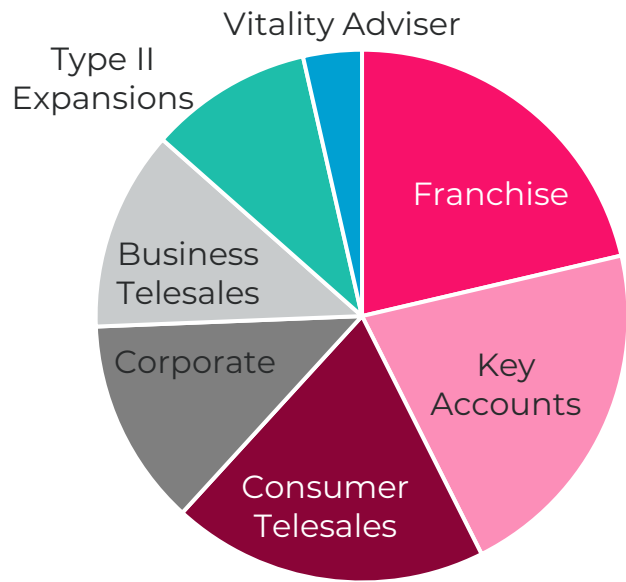
## Unique brand collaborations



# Diversified distribution with clear strategies to grow across key profitable segments

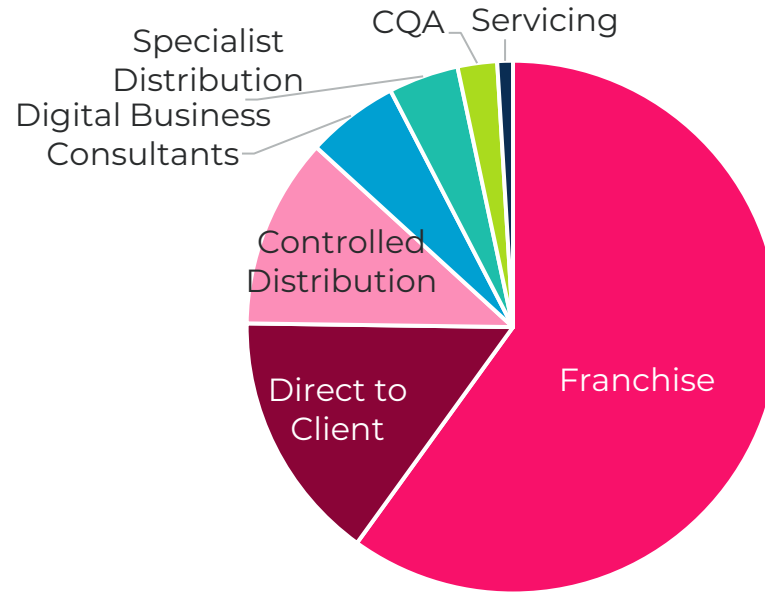


## VitalityHealth Sales



**11** franchises nationwide

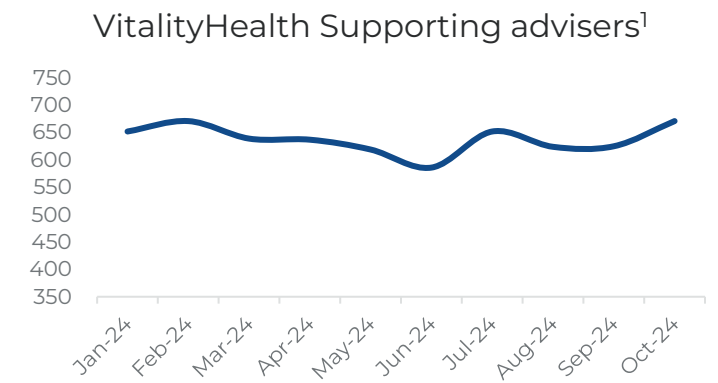
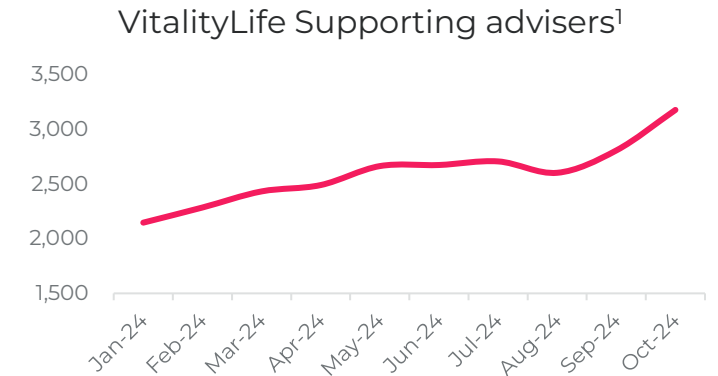
## VitalityLife Sales



**87** business consultants



## Adviser footprint growth

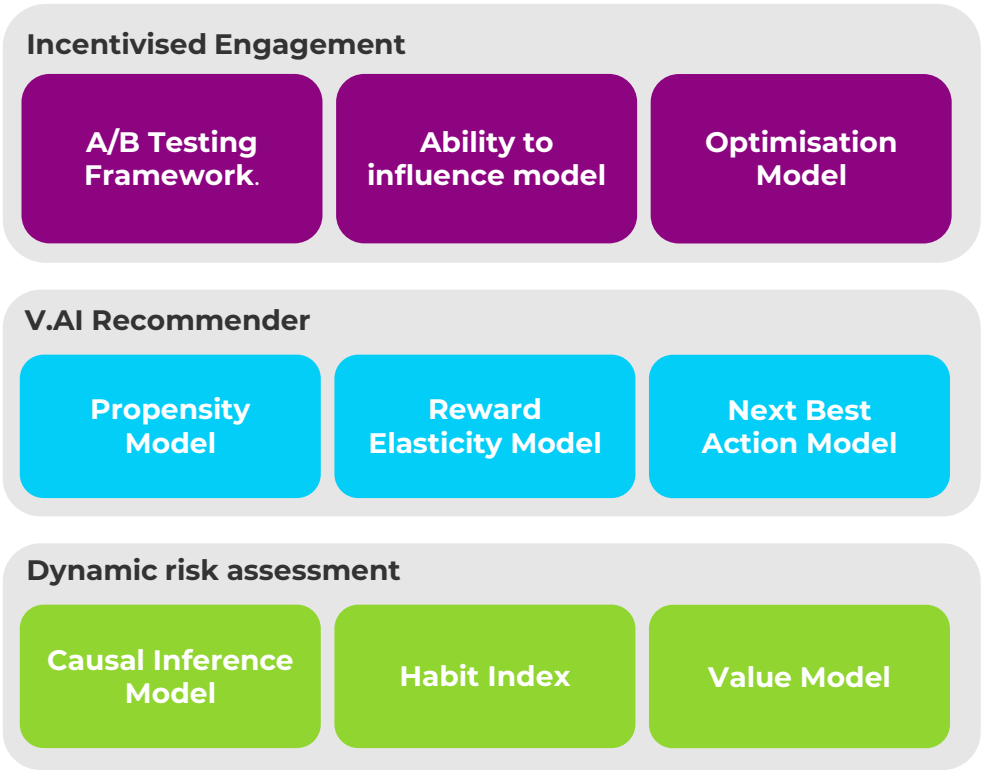
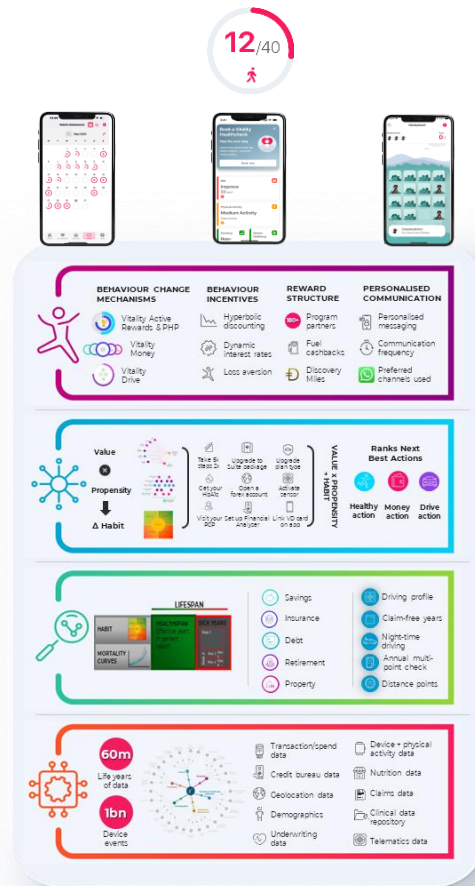


1. Financial advisers writing business with VitalityLife or VitalityHealth in each month.

# Comprehensive dataset and advanced data science capabilities



Economic value = f (Claims, Premiums, Persistency)  $\leftrightarrow$  Configurable per market



**5.9m**  
Vitality benefit uses p.a.

**>94m**  
Vitality engagement events p.a.



# The UK market is evolving, and despite its complexity presents significant opportunities going forward



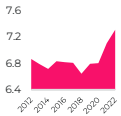
## Small PMI market growing due to challenges in NHS



Majority of people rely on NHS – only 11% of UK population has PMI



NHS budget c35x greater than private healthcare expenditure



However growing pressures in NHS are increasing demand for PMI

## Large, commoditised life insurance market, stabilising with opportunities for growth



UK Life insurance market is 4<sup>th</sup> largest globally

98%

Market is highly commoditised, with 98% of advisers using portals



Lower inflationary environment lays foundation for a boost in sales

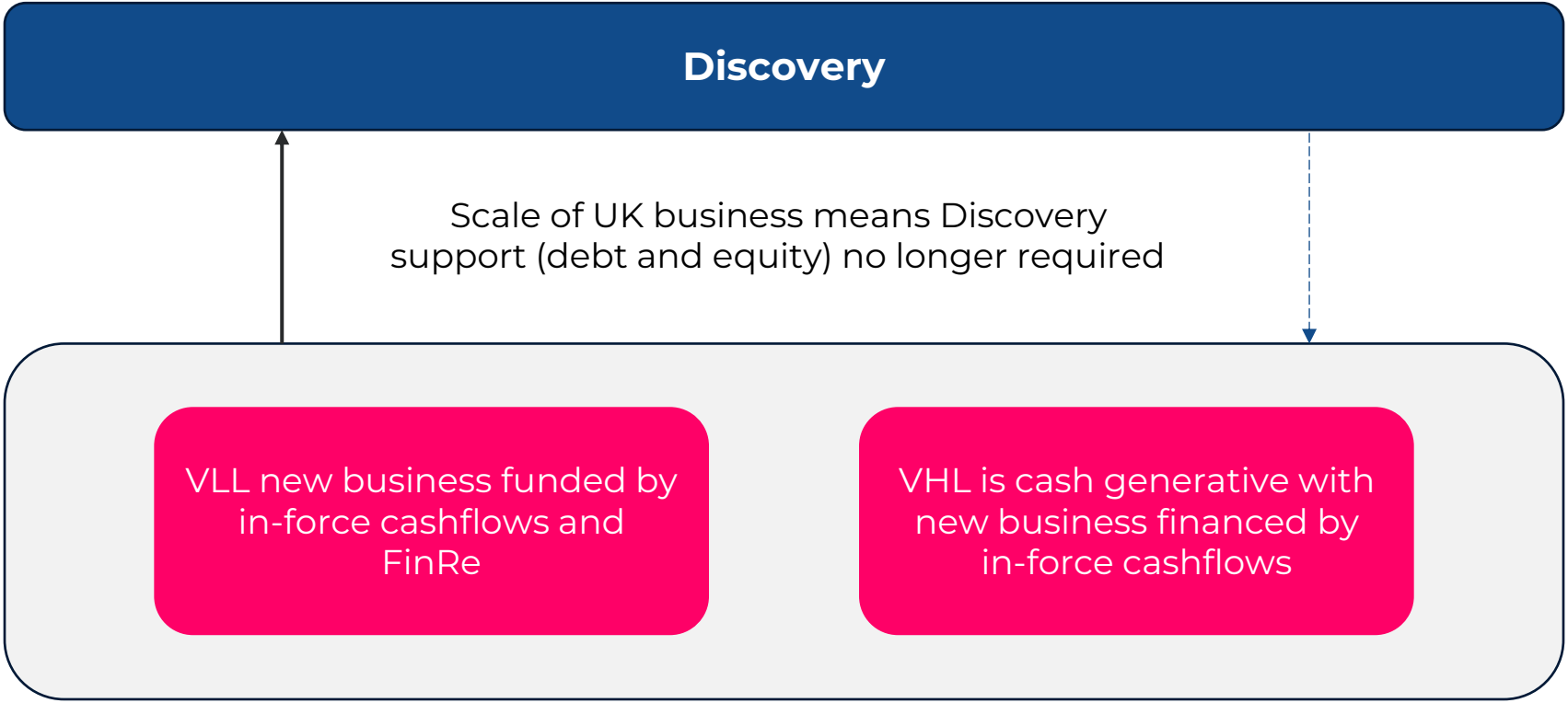


Exit of several competitors opens door for growth amongst remaining insurers

# Vitality UK is financially independent and is expected to generate surplus cash from FY2027 onward



## Vitality UK financing model



c. £20m of finance costs paid to Discovery each year



**VitalityHealth**

# Challenges in the NHS are driving increased utilisation and costs of private healthcare, placing pressure on PMI providers



## The Darzi Review<sup>1</sup>

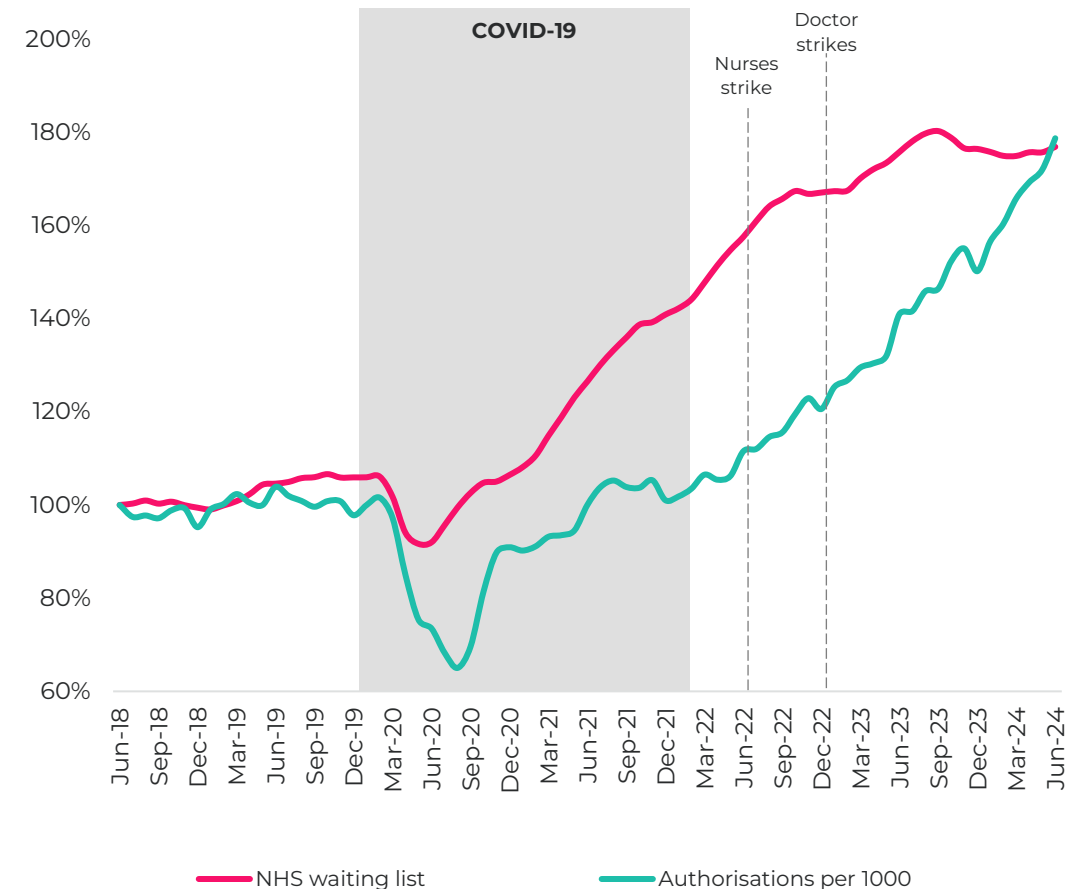
Key findings with relevance to VitalityHealth:

- Surge in multiple long-term conditions, particularly in mental health needs among children and young people.
- Fewer adults participating in key screening programmes, such as for breast cancer.
- GPs are seeing more patients than ever before.
- Waiting times rising and patient satisfaction at lowest ever level.
- Number of fully qualified GPs relative to population has been falling.
- "Huge and unwarranted" variations in number of patients per GP.
- Waiting times for hospital procedures have "ballooned".
- Cancer care still lags other countries.
- Care for cardiovascular conditions "going in the wrong direction".
- Too great a share of NHS budget being spent in hospitals, too little in the community.



## Demand driven by NHS backlogs

NHS waiting list<sup>2</sup> and authorisations YoY change

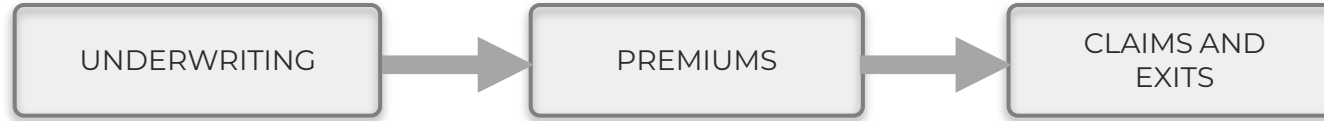


1. UK government  
2. NHS Digital: Referral to Treatment Waiting Times

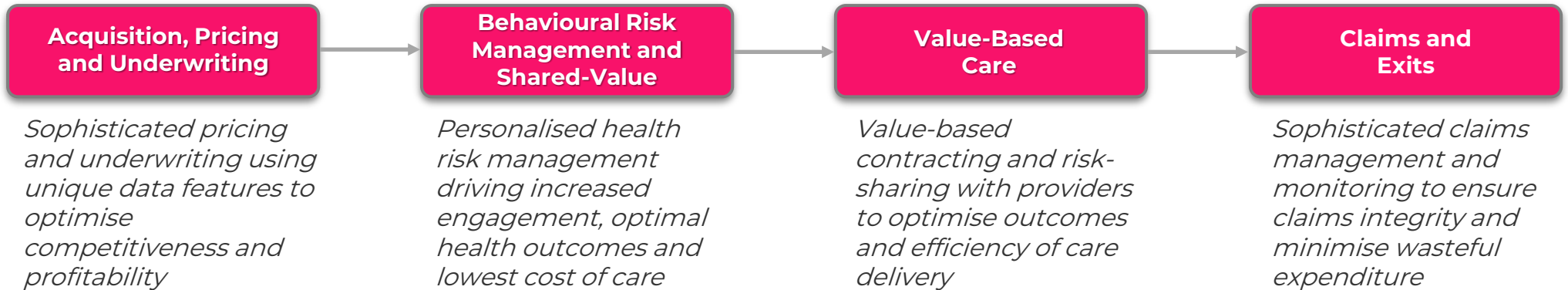
# Value chain in VitalityHealth



**TRADITIONAL  
VALUE CHAIN**



**HEALTH  
VALUE CHAIN**

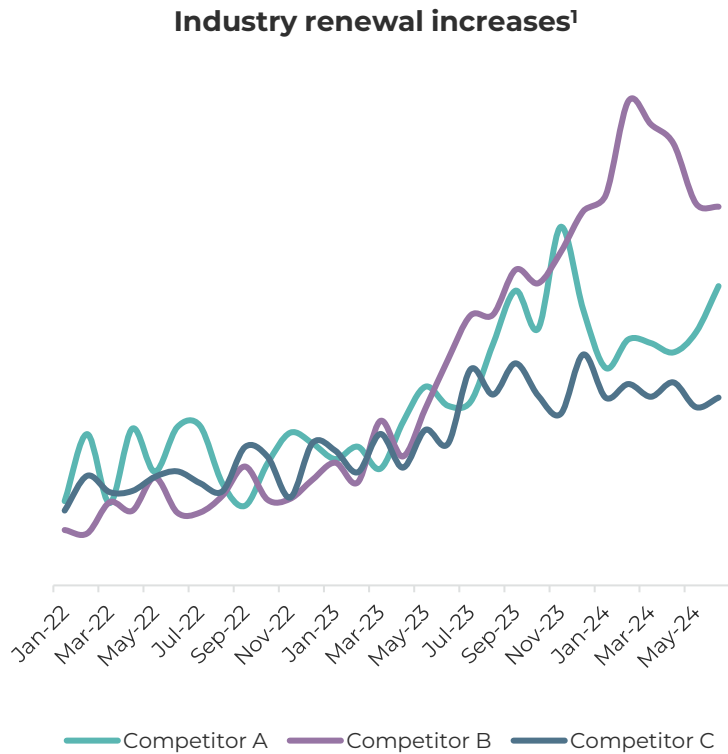


# Market-wide pricing action has been taken to reflect this new claims environment, with VitalityHealth's retention holding strong



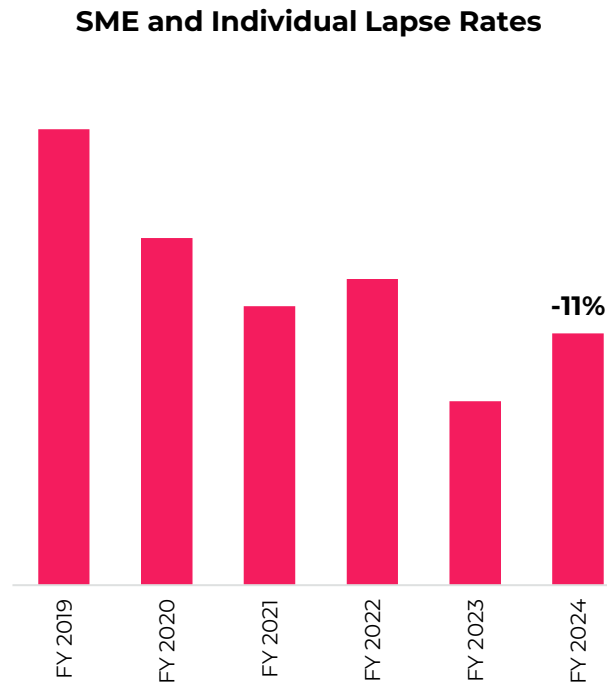
## Market response

Other providers impacted similarly by claims increases



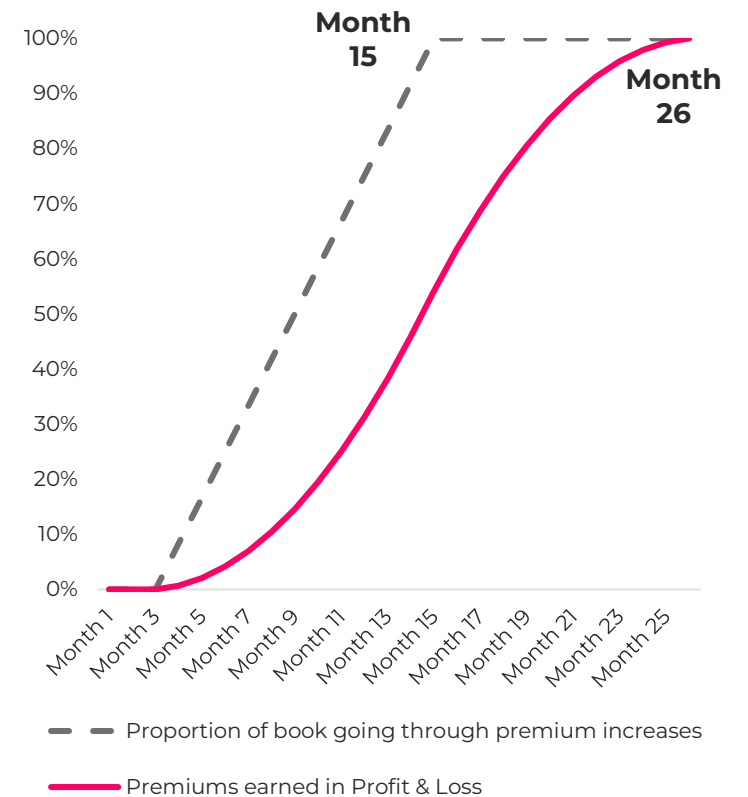
## Robust retention

VitalityHealth retention rates remained strong despite higher increases to re-base pricing



## Lag effect

Lag between increases and premiums being earned



1. BHC 10+ average increases by quote month based on information available to VH

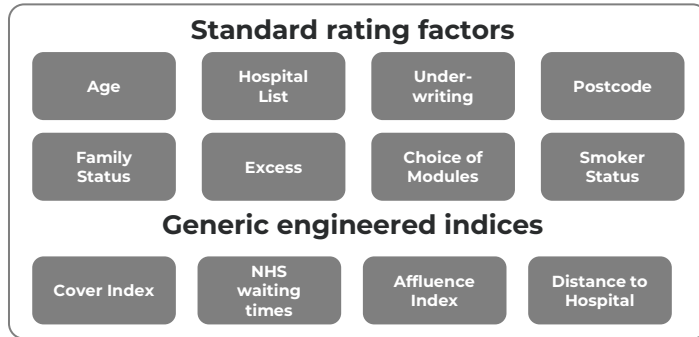
# VitalityHealth's sophisticated pricing capabilities utilises unique data to optimise for competitiveness and profitability



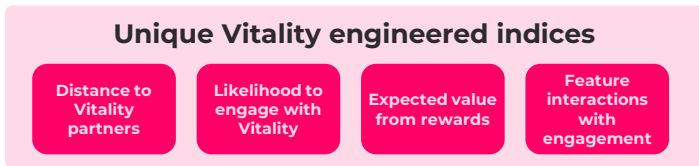
## Significant data advantage

### Personalised input

Set based on product, coverage, and risk



+

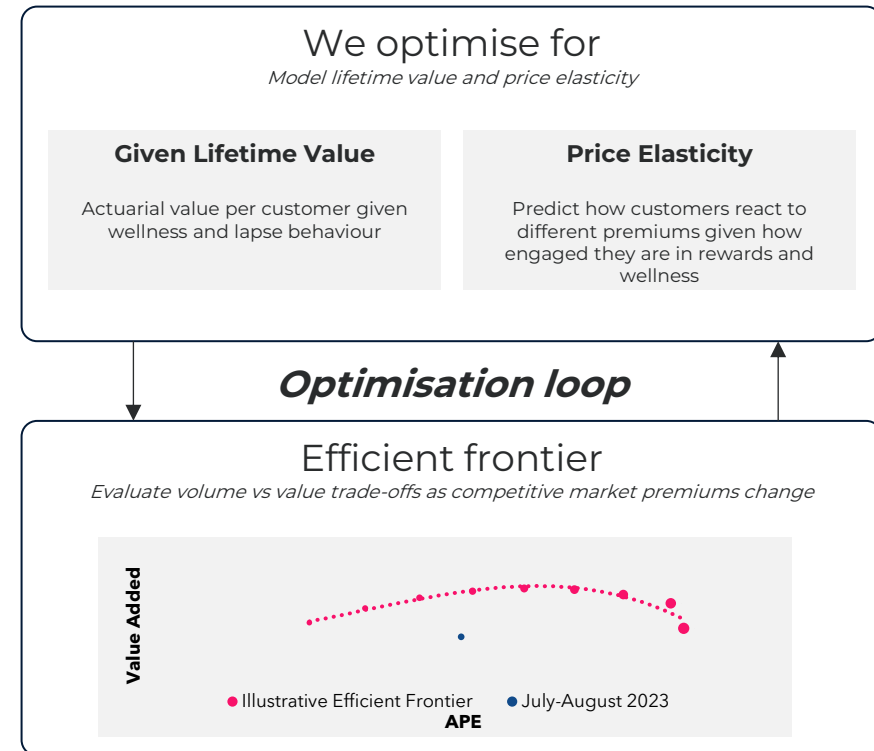


We have more data than competitors, in a highly efficient and competitive market

**>10 million**  
pricing cells

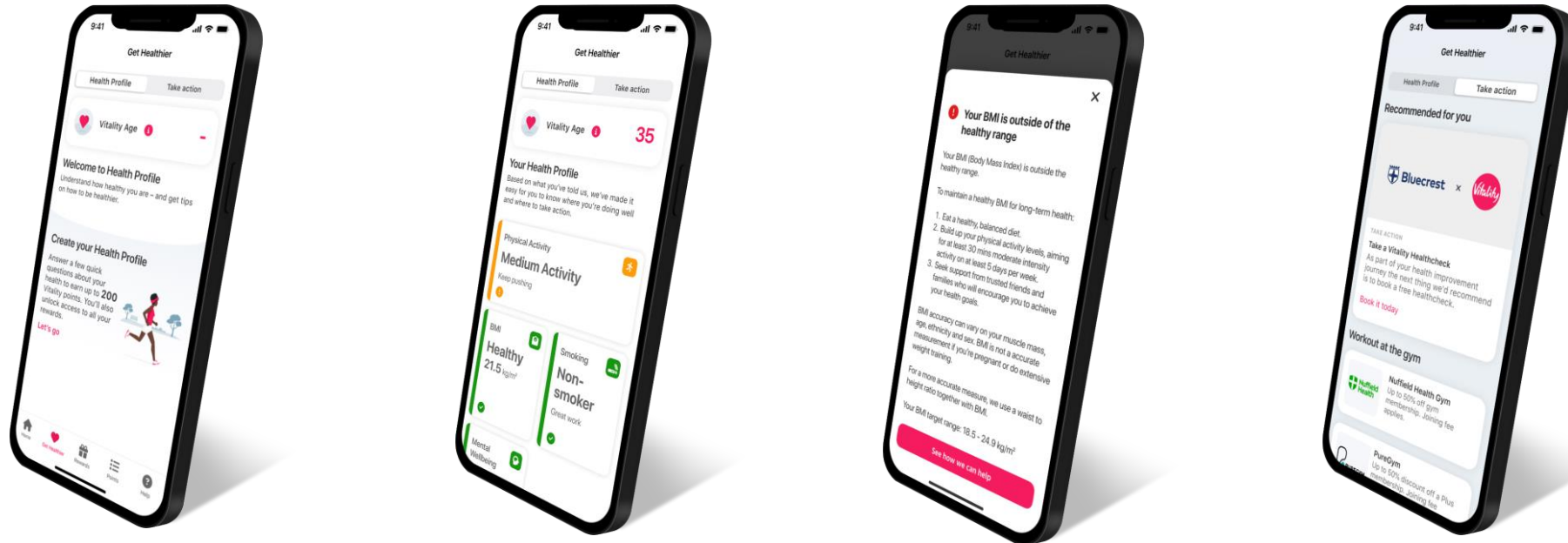
**>100**  
rating factors

## Balance volume and profitability



*Regulatory and fairness considerations*

# The Vitality Programme drives significant behaviour change and unlocks superior actuarial outcomes



## Digitally engaged members

- 850K** total app users
- 112K** average daily app logins

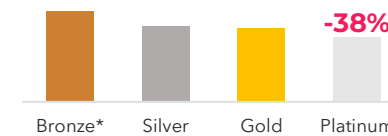
## Getting healthier

- 500k** health assessments
- 1.3m** healthy food baskets
- 4.9m** gym workouts

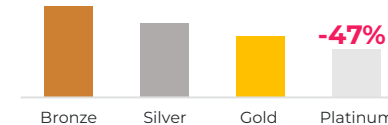
## Earning rewards

- c.1m** Cinema tickets
- 2.4m** handcrafted beverages

## Claims costs



## Lapse rates



## £125m

earned by members through rewards and integrated premiums

## +2.5 days

additional productive time each year

## +5 years

potential increase in life expectancy for engaged members



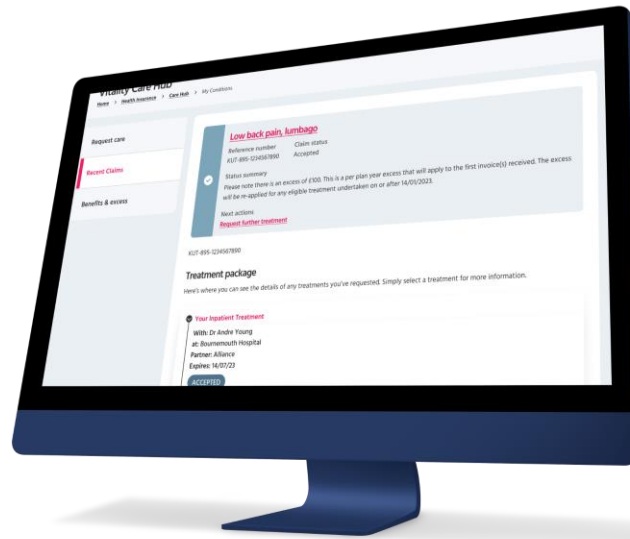
# VitalityHealth's market-leading healthcare assets drive superior member outcomes and help manage downstream costs



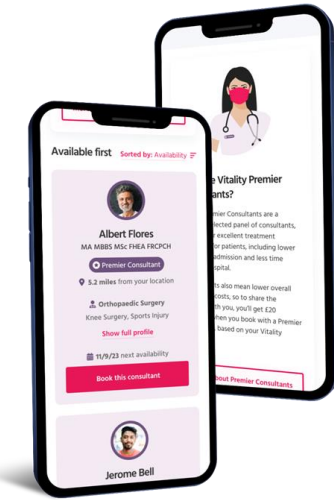
## Everyday Care

- Vitality GP
- Physiotherapy
- Talking therapies
- Optical, Dental and Hearing

## Care Hub



## Provider networks

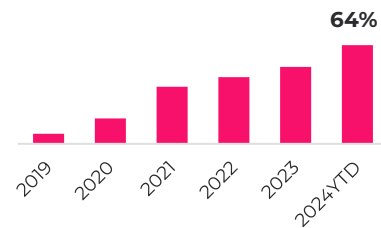


### Everyday Care reduces serious claims

- 69%** reduction in severe mental health claims in line with increased talking therapy usage
- 31%** reduction in inpatient MSK claims in line with increased physiotherapy usage

### Increasing digital navigation

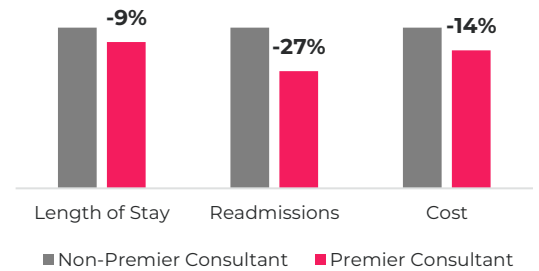
Claims starting online (%)



### Higher directionality

- Primary care: >90%** Physiotherapy and talking therapies in network
- Secondary care: >50%** through partner consultants and hospitals

### Superior outcomes and efficiencies

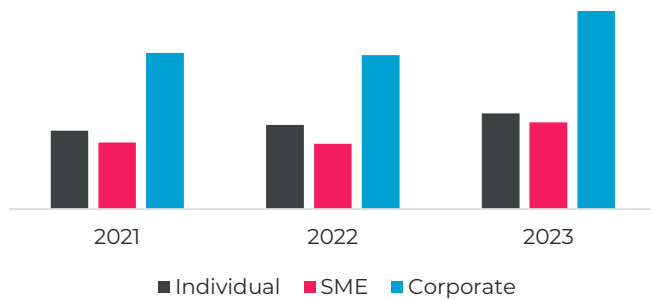


# VitalityHealth has a clear growth strategy and strong distribution network for profitable growth in this non-homogenous market



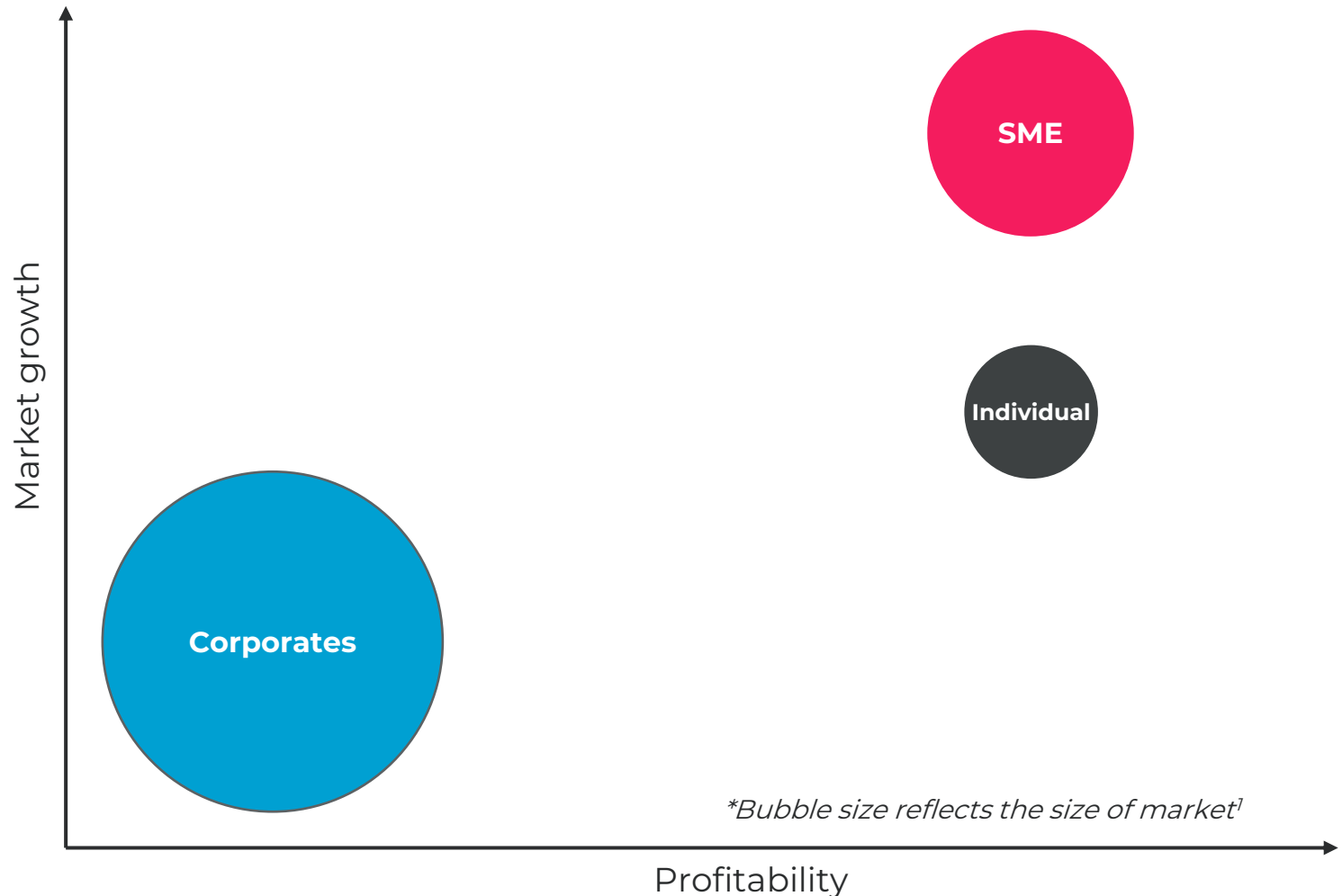
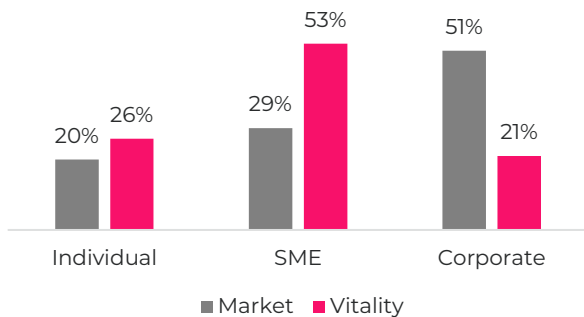
SME market has the lowest claims ratios and high persistency

Claims ratios



Vitality over-indexes on SME, with 24% market share<sup>1</sup>

Distribution of lives<sup>1</sup> (%)

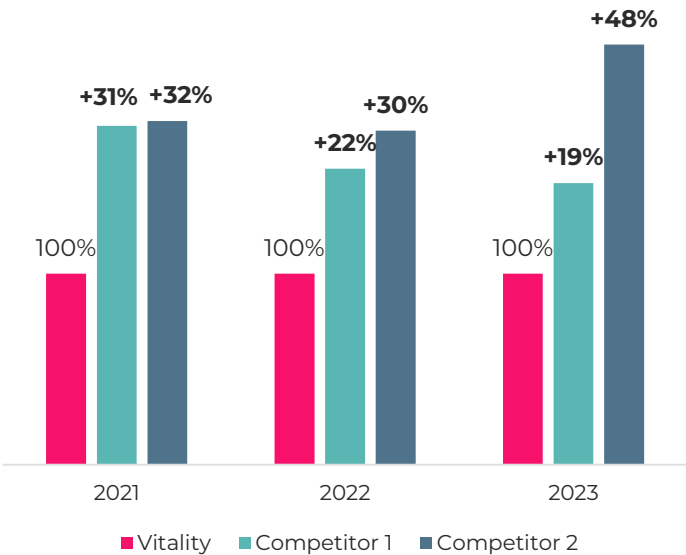


# A 7.5% operating margin is achievable in this environment, with strong evidence to support VitalityHealth's ability to deliver this



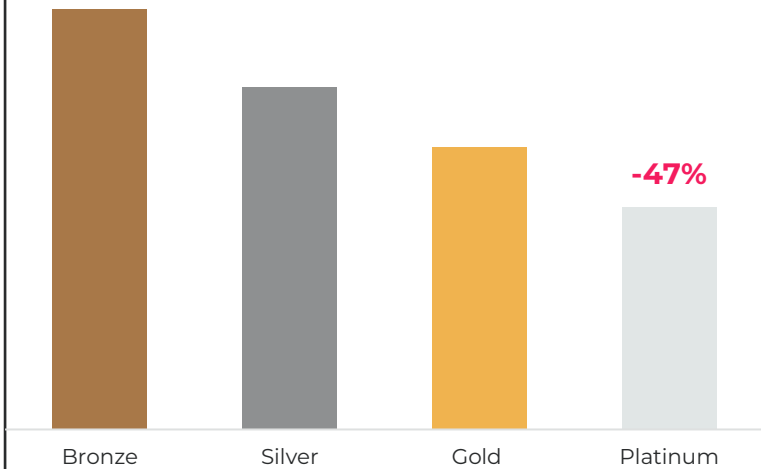
## Lower benefit ratios

Benefit Ratios (Claims + Vitality cost)<sup>1</sup>



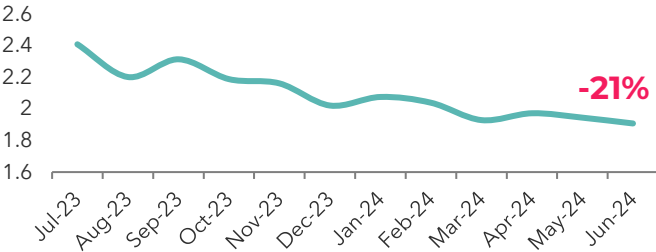
## Strong retention rates

Lapse rates by Vitality Status

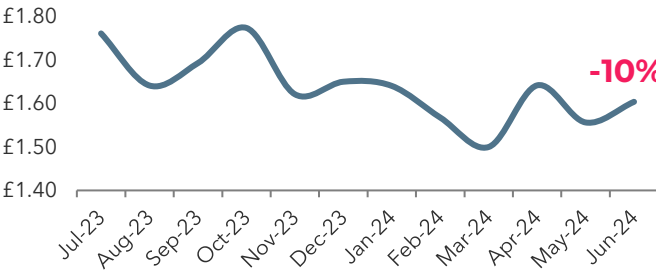


## Digital capabilities driving operational efficiencies

Calls per claim



Servicing cost per life



1. S.05 reporting within the SFCR's published on our competitor's websites

# The investment case for VitalityHealth



The demand for PMI is growing driven by challenges in the NHS, heightened awareness of health and wellbeing, and increased focus on employee health.

---



VitalityHealth has successfully re-based its pricing, and its retention has remained strong despite this, owing to the value placed on its products by customers.

---



It has a unique operating model supported by market-leading capabilities, positioning it well to succeed despite challenges facing the PMI market.

---



It has a clear growth strategy and strong distribution network for profitable growth in this non-homogenous market.

---



A 7.5% operating margin is achievable in this environment, with strong evidence to support VitalityHealth's ability to deliver this.



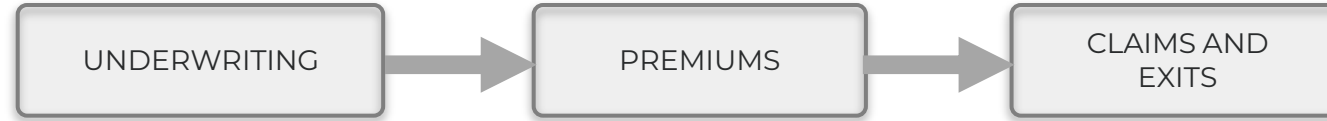
# VitalityLife

Justin Taurog

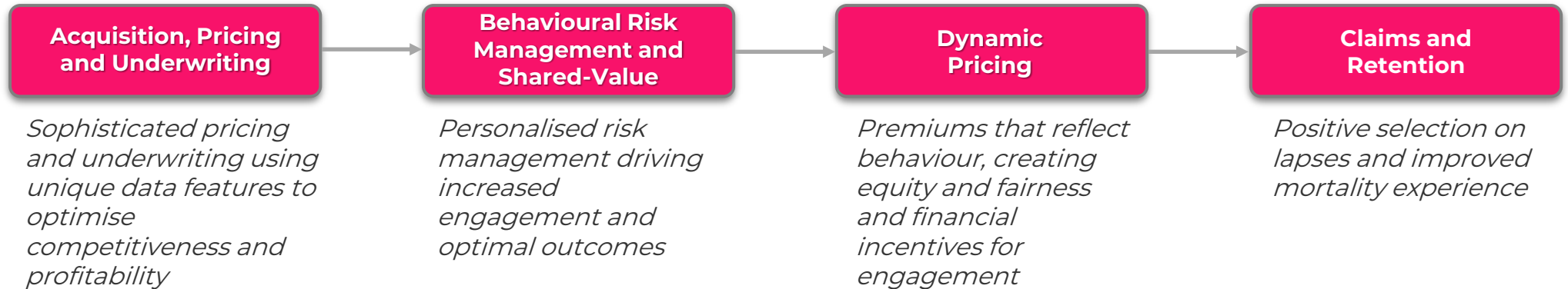
# Value chain in VitalityLife



**TRADITIONAL  
VALUE CHAIN**



**LIFE  
VALUE CHAIN**



# Distribution dynamics have changed significantly



98% of advisers recommend products through portals

50% written as multi-benefit

Market is increasingly price-driven with advisers using portals to generate quotes. In-portal opportunity to up-sell term life cover with either Serious Illness Cover or Income Protection.

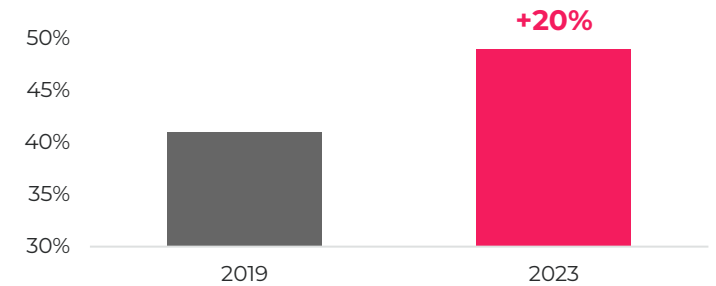
Multi-benefit business becoming increasingly common

Portal design encourages advisers to quote on other products.

Provider / Product	Premium (p.m.)	Life Cover	Premium Type	Term / no. of premiums	Occupation Considered	Commission
AIG Instant Life Insurance	£12.23	£300,000	G	30 years / 360	Yes	£270.89
AVIVA Simple Life Insurance	£12.78	£300,000	G	30 years / 360	No	£253.51
Vitality Life	£13.13	£300,000	G	30 years / 360	No	£260.48

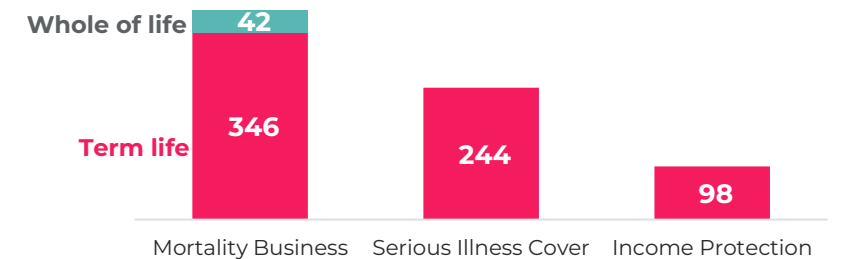
Performance on Term Life pricing is key to encourage consideration

% of sales on a multi-benefit basis<sup>1</sup>



Serious Illness Cover and Income Protection account for **c.50%** of market sales

Market sales by APE (£m)<sup>2</sup>



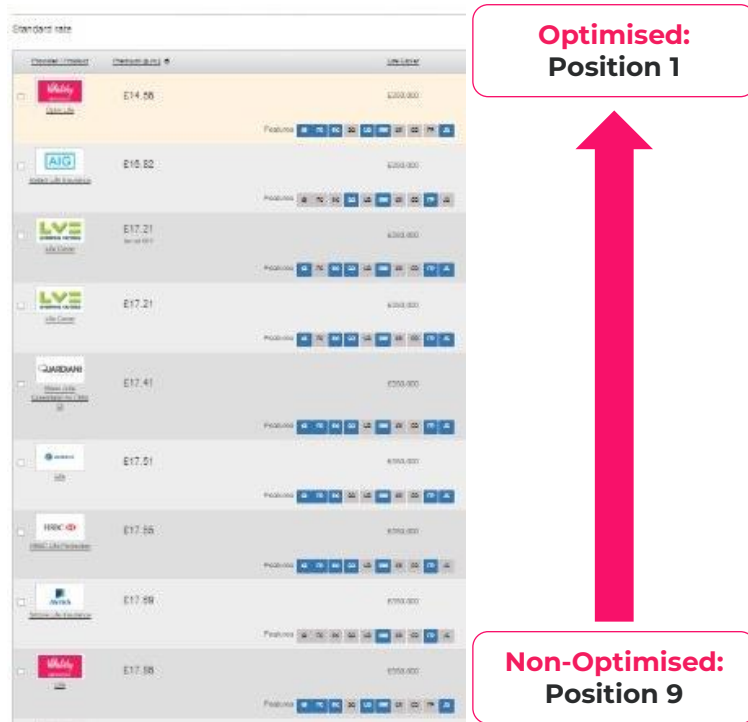
1. GenRe Protection Pulse  
2. NMG UK Distribution Insights

# Optimiser enhances our competitiveness on portals and delivers greater value to members and VitalityLife



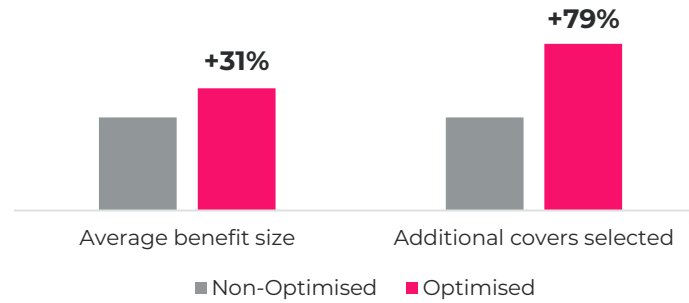
## Drives top ranking on portals

Optimiser allows us to compete on portals where price plays an important role



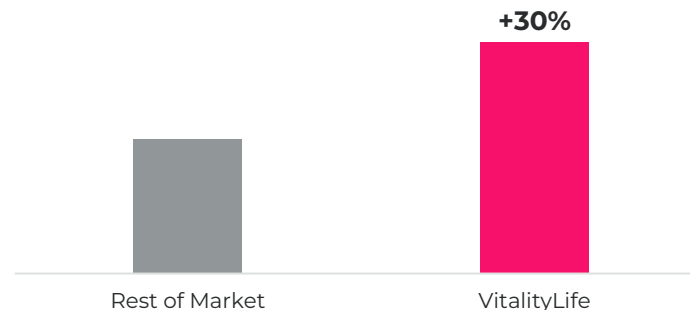
## Greater take-up of additional benefits

Customers use the upfront discount to increase their cover and purchase



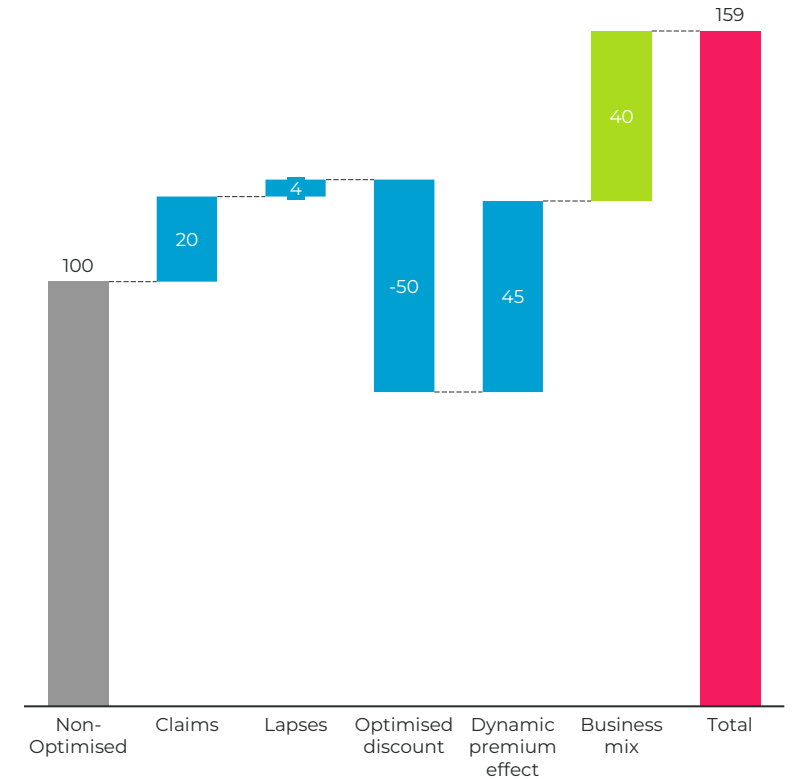
Vitality writes more multi-benefit business relative to the market

### Proportion of sales on multi-benefit business<sup>1</sup>



## Generating superior value

Optimiser drives greater engagement, better business mix and lower lapses – manifesting in greater value.





# VitalityLife's shared-value dynamics place it in a strong position to unlock superior returns in a commoditised market



Optimiser upfront discount in combination with advanced price optimisation

Optimised: Position 1



Non-Optimised: Position X

Compete on portals (and D2C) with differentiated products whilst balancing volume and value



Dynamic premium increases in combination with Vitality Programme

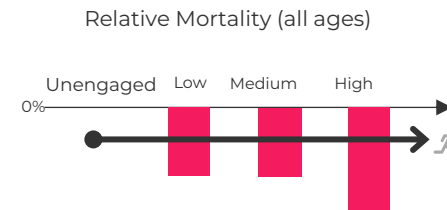
Status		Premium increase
Platinum	●	0%
Gold	●	0.5%
Silver	●	1.5%
Bronze	●	2.5%



Higher health engagement and greater value to members



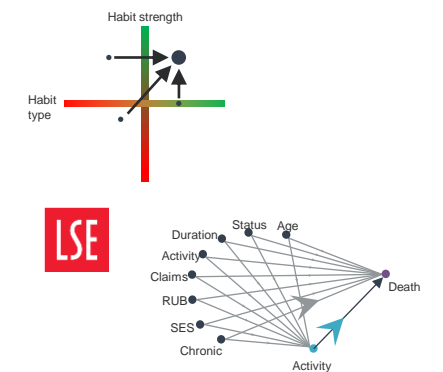
Mortality, morbidity and lapse experience



Persistency and claims that improve with health engagement



Shared-value valuation model and reinsurance arrangements<sup>1</sup>



Unlocking value generated by the model

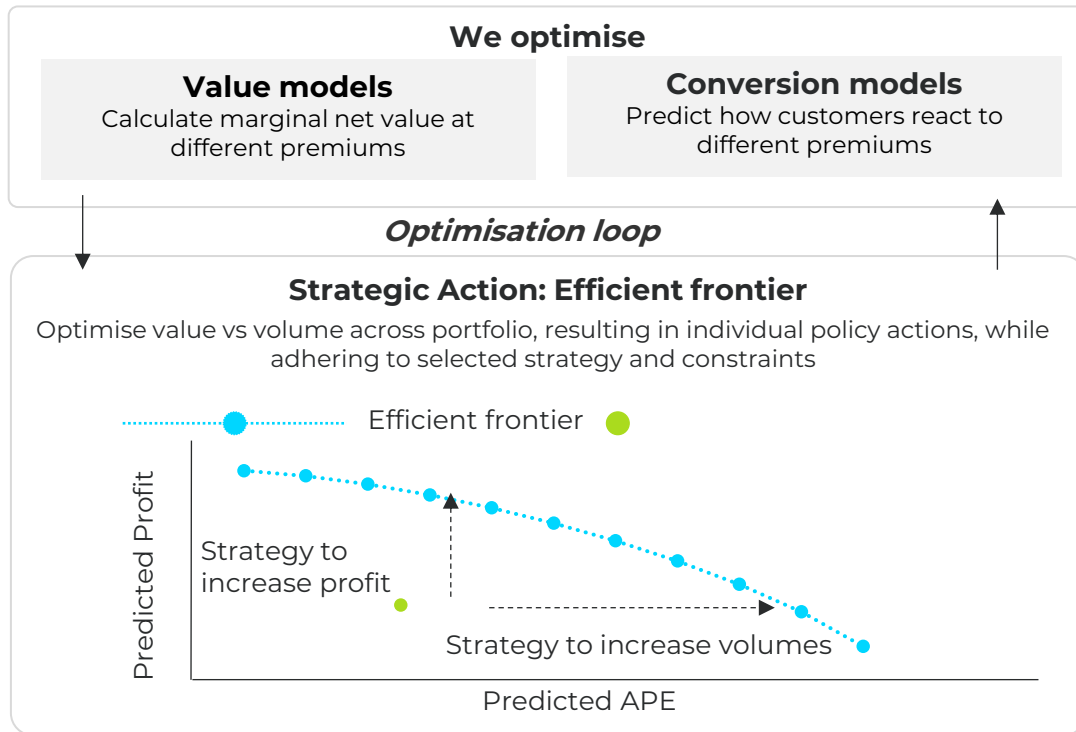
1. Reinsurer discussions to incorporate shared-value dynamics explicitly in reinsurance rates are progressing but not yet finalised.

# Combining Optimiser with sophisticated pricing allows VitalityLife to optimise for volume and value, maximising portal opportunity



## Advanced price optimisation

Significant improvements to sophistication and speed of pricing allow VL to maximise opportunity on portals in combination with Optimiser

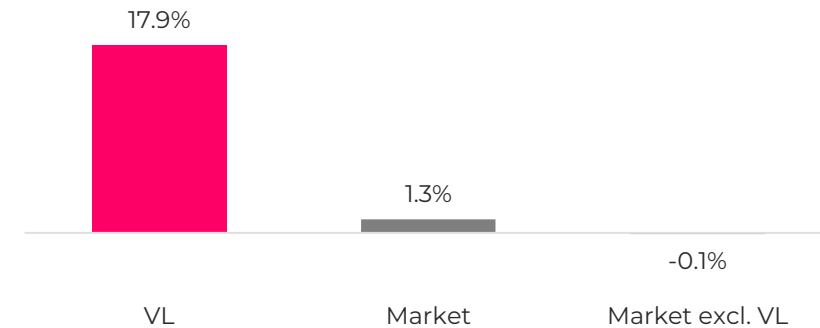


**Underpinned by rich and comprehensive dataset, with unique Vitality features**

## Launched February, resulting in 'tale of two halves'

High growth H2 on H1 compared to flat wider market<sup>1</sup>

**New business FY24 H1 v H2**



Coupled with improved mix, this delivered significant IFRS 17 Net Value in H2

£million	H1	H2	FY24
New business APE (£m)	29.1	34.3	63.4
New business net value	-0.5	16.6	16.1
VNB (£m)	-5.7	0.3	-5.5

<sup>1</sup> GenRe Protection Pulse 2 RR calculated on the IFRS17 distributable cashflows for the new business tranche expressed as a margin above the swap curve. The IRR is net of FinRe costs and tax. It excludes the cost of holding regulatory capital and tax timing differences.

# New business value generation is the key measure going forward



New business value generation =

**(New Business Volumes \* Marginal Profit Factor)**

Less

**Fixed Initial Expenses**

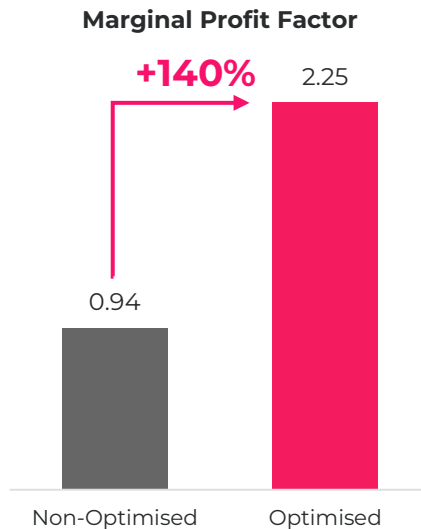
## New Business Volumes \* Marginal Profit Factor

Product and distribution assets unlock greater value by increasing volumes and improving mix

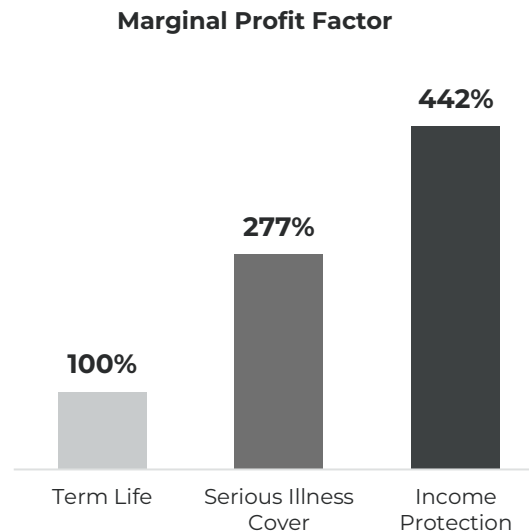
## Fixed Initial Expenses

Strong expense management and operational efficiencies support increased profitability

### Optimiser Policies



### Multi-benefit policies



**79%**

**Underwriting  
Straight-Through  
Processing rate**

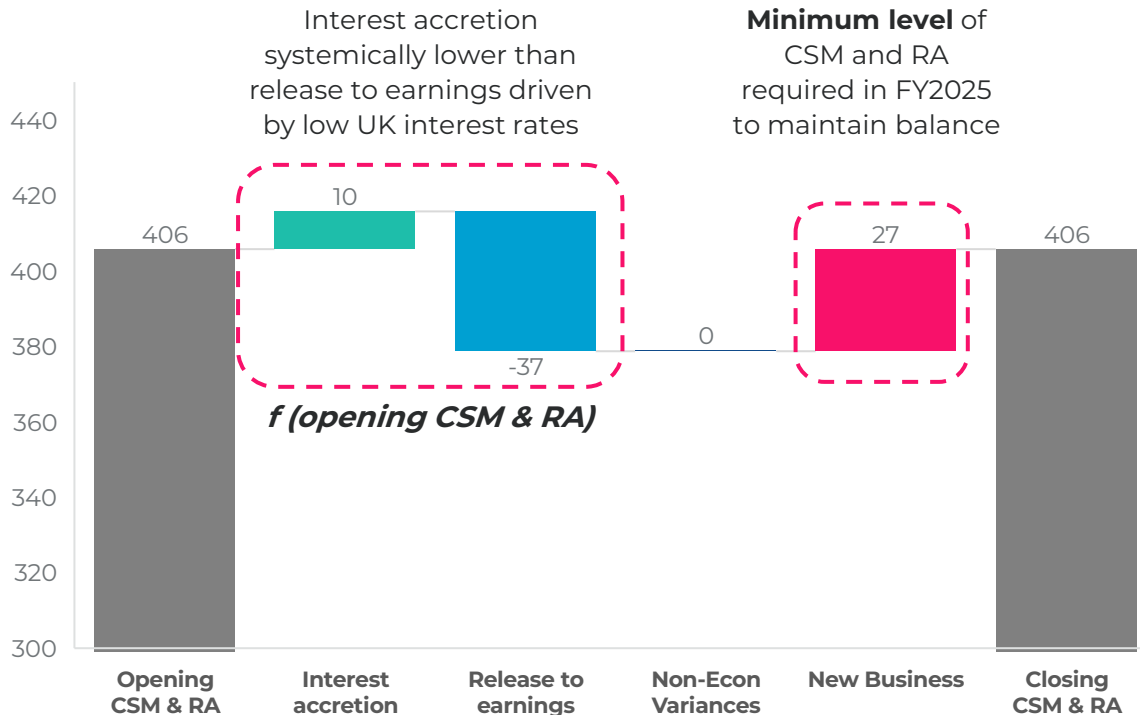
**Strong growth in marginal profitability per policy with constrained growth in initial fixed expenses results in strong growth in new business value generated, growing the CSM and RA.**

# CSM and RA margin growth is the engine for earnings growth, and VitalityLife is growing this successfully



## CSM and RA growth dynamics

New business net value is critical for growing the CSM and RA balance and earnings growth.



## H2 trajectory has continued into FY2025

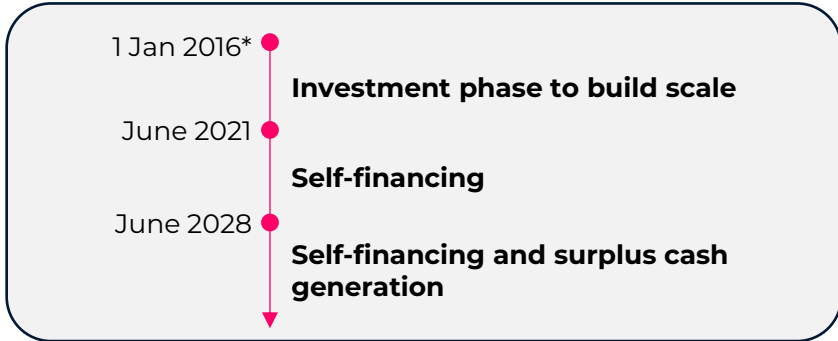
Through price optimisation and disciplined management of fixed expenses, VitalityLife continues to generate strong levels of net new business value.

If this is maintained, VitalityLife's CSM and RA will grow for the year.

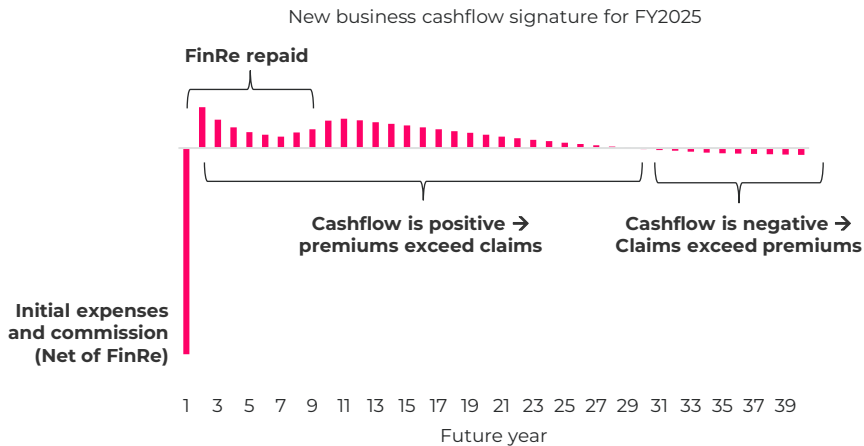
£million	FY24 Q1	FY25 Q1	Change
New business APE (£m)	14.3	18.5	+29%
New business policies	29,280	37,557	+28%
New business net value (CSM and RA)(£m) <sup>1</sup>	-0.3	8.1	

1. New Business Margins created illustrated on a consistent Fin Re strategy between FY24 and FY25. For FY 25 VLL is splitting financing across new business and inforce. New business net value has some seasonality across the year given it is a function of volumes, pricing and expenses.

# Financing requirements for VitalityLife have been typical of a young UK life insurer, and it is now financially independent, requiring no capital from Discovery

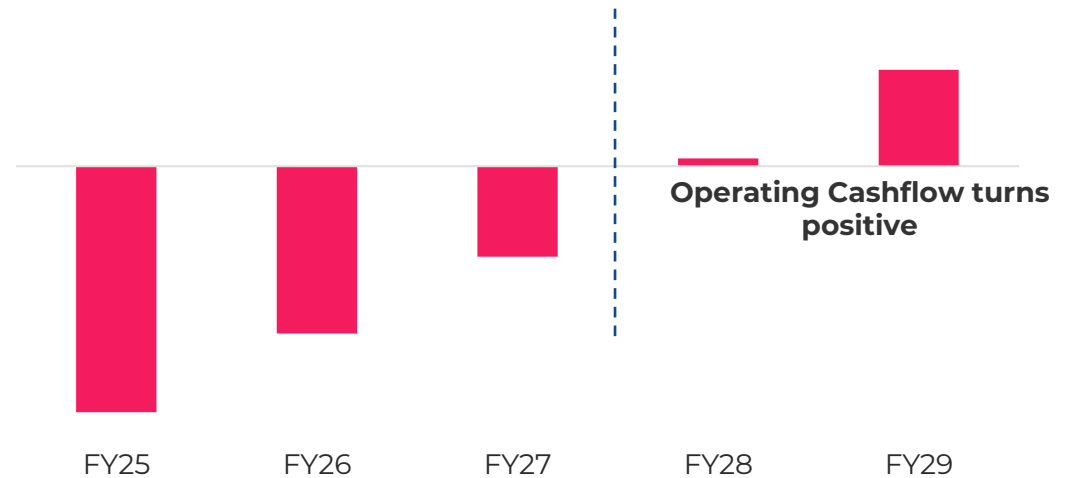


## VitalityLife new business cashflow signature reflects long term insurance product



## VitalityLife becomes cashflow positive from FY2028

Gross operating cashflows (£'m)



Gross operating cashflows exclude funding received (FinRe and VitalityHealth dividends) and funding repaid (FinRe and debt)

\*Legacy PAC book business written before this is ringfenced on PAC's balance sheet.

# The investment case for VitalityLife



The UK life insurance market is large (~£65bn), and the stabilising economic outlook and exit of several competitors are creating opportunities for growth.

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While the market is becoming increasingly commoditised, VitalityLife's Optimiser in combination with its sophisticated pricing allows it to compete in profitable segments.

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VitalityLife's shared-value dynamics also place it in a strong position to drive favourable mortality, morbidity and retention experience over time.

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Through its ability to drive profitable business and manage expenses, VitalityLife is well-positioned to drive new business value generation – the key measure for growing CSM and RA.

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Financing requirements for VitalityLife have been typical of a young UK life insurer, and it is now financially independent, with surplus cash generation expected from FY2028 onward.



# QUESTIONS

# Presentation disclaimer



This presentation may contain forward looking statements with respect to certain of Discovery's plans and its current goals and expectations relating to its future performance and results. All forward looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Discovery's control. Accordingly, Discovery's actual future financial performance and results may differ. Any reference to future financial performance has not been audited or reported on by the Group's auditors.





# Discovery Capital Markets Day

November 2024