

ABC pricing.



ABC pricing, based on 3 simple measures - Age, Base Rate and Claims and Engagement - has been designed to offer VitalityHealth members fair, intuitive and transparent renewal pricing.

ABC Pricing will give you more clarity on how your renewal premium is calculated, and allows you to control your increase - simply by taking steps to improve your health. Our research¹ has shown that 70% of private medical insurance holders do not understand how their premiums are calculated under the no-claims discount (NCD) structure - ABC Pricing's more intuitive calculation presents a solution.

Our renewal premiums are as easy to understand as A, B, C



Age - Approximately 3%

As it is more likely you will need to claim as you get older, your premium will rise each year to take account of this. This increase varies but is typically around 3%.



Base Rate Increase - % change dependent on inflation

This is the change in the cost of providing healthcare, taking into account the charges made by hospitals and other providers, as well as advances in areas such as medical technology and drugs.



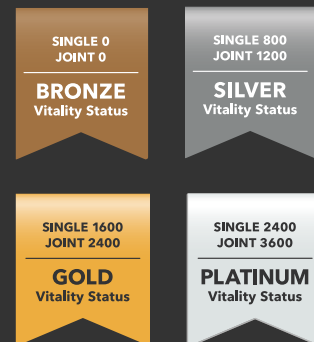
Claims and engagement - See example table

An adjustment for the claims you have made, and your Vitality status. This is the part of your renewal price that you can control with ABC Pricing.

How Vitality status affects your premium

Regardless of whether you make a claim, improving your Vitality status can reduce the increase to your premium. By earning Vitality points for doing healthy activities, your Vitality status will increase. The higher your Vitality status, the bigger the rewards and the lower your premium can be.

Single plan and Joint points



1. Opinium, on behalf of VitalityHealth, surveyed 1,009 private health insurance policy holders from 18th to 25th October 2017. This report is based on the results of an online survey. The results have been weighted to nationally representative criteria.



Key benefits



Simple and intuitive to calculate

The Age and Base rate increase are clearly communicated to you, alongside a premium adjustment based on your Claims and health engagement linked to a table that we provide at the start of each plan year.



Increases capped for claimers

ABC limits claims-related increases, 'C', to a maximum cap each year which protects you from high levels of premium increases. The cap remains significantly lower than many no-claims discount increases in the market.



Takes amount claimed into account

Rather than simply looking at whether or not a claim has been made, ABC takes the size of the claim into account. Small and mid-sized claims therefore have significantly less impact on premiums than a large claim.



Giving you more control

You can mitigate any renewal increase through engaging with the Vitality Programme and improving your status. You therefore have greater control over your premium, beyond simply needing to avoid claiming to maintain a no-claims-discount.

Claims and engagement

For example:

1 adult on the plan	No claims paid	less than £300 paid	£300-1,000 paid	more than £1,000 paid
2 or more adults on the plan	No claims paid	less than £450 paid	£450-1,500 paid	more than £1,500 paid
Bronze	-1%	5%	12.5%	25%
Silver	-2%	2.5%	10%	20%
Gold	-3%	0%	7.5%	15%
Platinum	-4%	0%	5%	12.5%

Find out more.

Talk to your adviser or visit

[vitality.co.uk/health-insurance/renewal-rates/](https://www.vitality.co.uk/health-insurance/renewal-rates/)

CASE STUDY

Meet Helen

Helen took out a Personal Healthcare plan with VitalityHealth. After the first 10 months, Helen's renewal premium for the following year is calculated. Her age increase is 3% and her base rate increase is 6%. Helen has made a small claim for which Vitality pay £200 and has achieved Gold Vitality status, so there is no increase or discount applied.

In total, her premium increase is:

$$\begin{aligned}
 &3\% \text{ (A)} \\
 &+ \\
 &6\% \text{ (B)} \\
 &+ \\
 &0\% \text{ (C)} \\
 &= \\
 &9\%
 \end{aligned}$$

Details correct as of May 2021.