



Vitality
LIFE INSURANCE

CLAIMS AND BENEFITS REPORT

SHARED VALUE IN ACTION

JUNE 2019

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VITALITY'S CORE PURPOSE

TO MAKE PEOPLE
HEALTHIER, AND
ENHANCE AND
PROTECT THEIR LIVES.



WELCOME FROM VITALITYLIFE

Vitality's core purpose is to make people healthier and enhance and protect their lives. We recognise the impact of illness, injury and other events on our members' lives, and we aim to be there for our members during times of real need.

There are numerous examples where the comprehensive cover provided by our protection products has made a real difference in the lives of our members and their families.

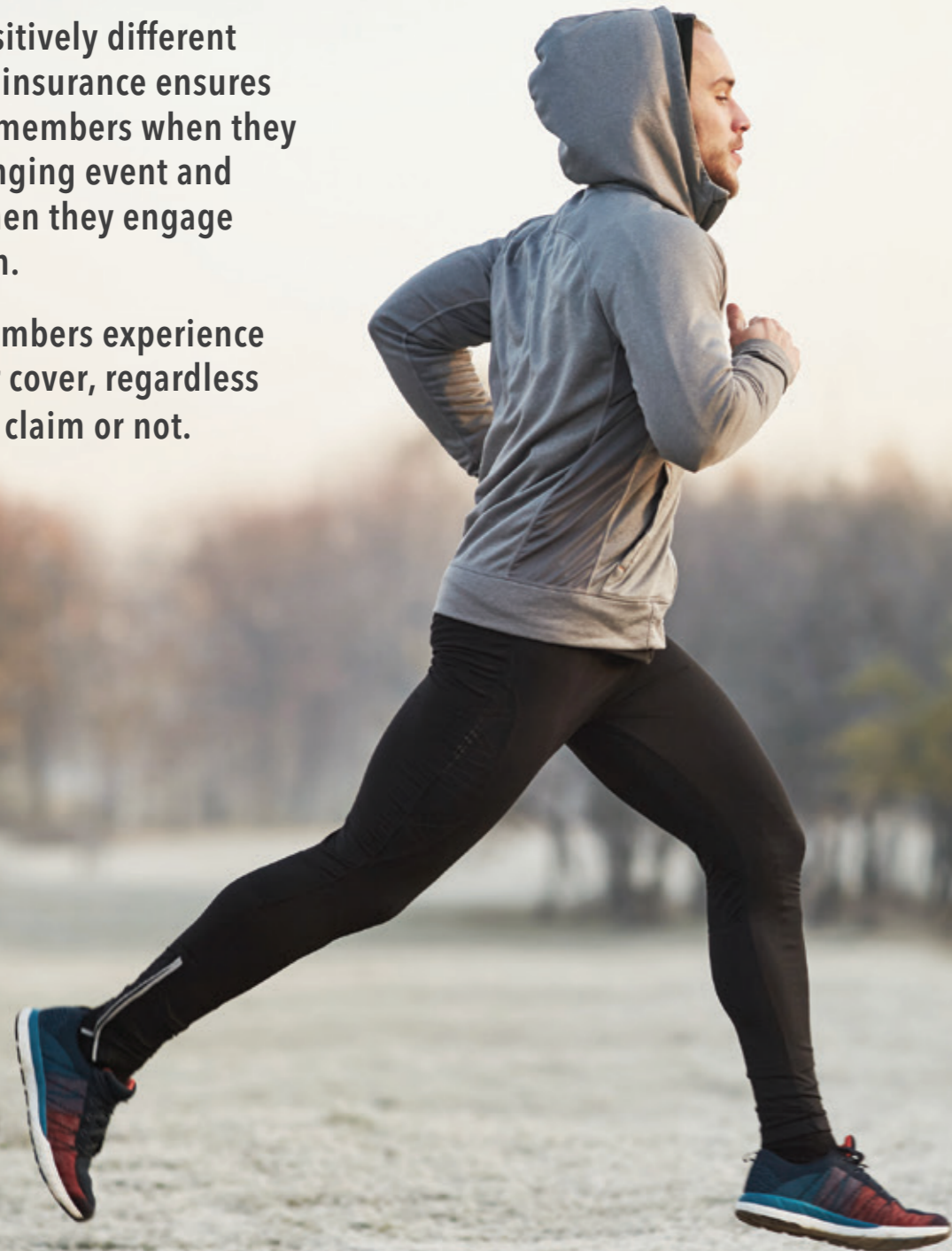
This cover is coupled with our unique Shared-Value Insurance Model that helps encourage our members to lead a healthier lifestyle which helps them live longer and delays the onset of illnesses. This approach creates additional economic value which we can share with our members in the form of benefits and rewards.

This publication demonstrates how shared value operates in a life insurance context, and highlights the comprehensive cover, benefits and rewards enjoyed by our members.

DEEPAK JOBANPUTRA
DEPUTY CHIEF EXECUTIVE OFFICER

VitalityLife's positively different approach to life insurance ensures that we protect members when they suffer a life changing event and reward them when they engage with their health.

This ensures members experience value from their cover, regardless of whether they claim or not.



A GLANCE AT 2018

CLAIMS



99.8%
of Life Cover
claims paid



97.8%
of Income
Protection Cover
claims paid



91.2%
of Serious Illness
Cover claims paid

BENEFITS AND REWARDS



Over
£40 million
in annual savings through
upfront premium discounts
with VitalityLife's
Optimisers



Over
£81 million
given in
Vitality benefits
and rewards



Over
41 million
healthy activities
tracked

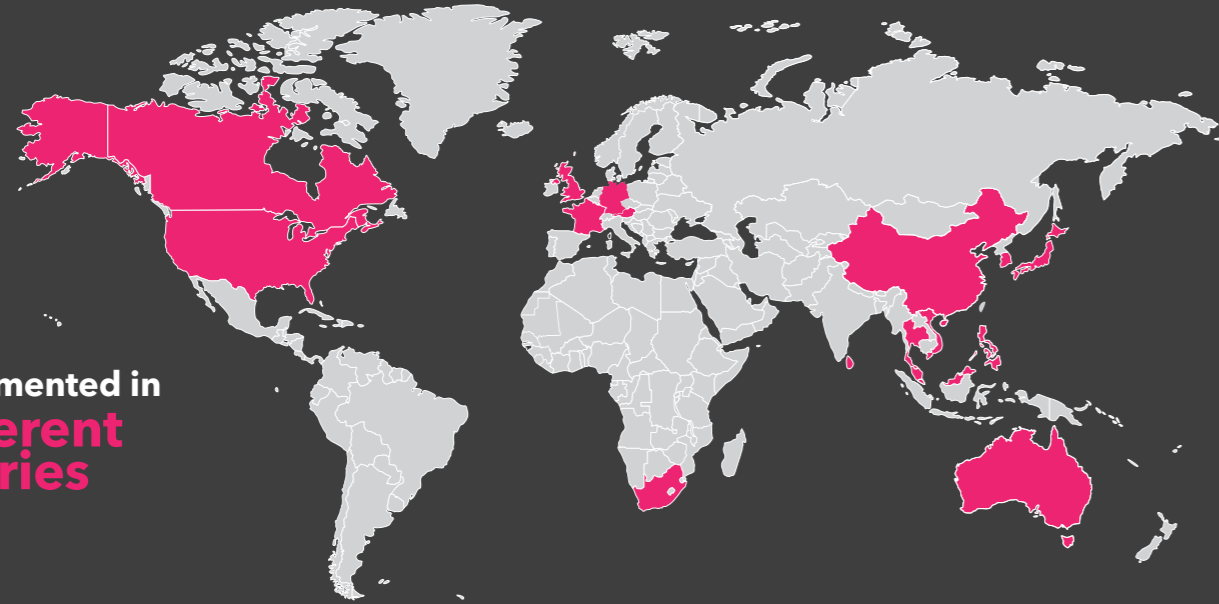
Source:
Vitality internal
data, May 2019

MAKING PEOPLE HEALTHIER

VITALITYLIFE'S SHARED-VALUE INSURANCE MODEL

At VitalityLife, our focus is to provide members with innovative insurance products that provide for all their insurance needs, while simultaneously making them healthier and rewarding them for taking active steps to manage their health and wellness.

Model implemented in **20 different countries**



Over **10 million Vitality members** worldwide

VitalityLife's Shared-Value Insurance Model is a dynamic approach that allows members to actively derive value from their insurance product by controlling their underlying risk through engagement with our Healthy Living Programme.

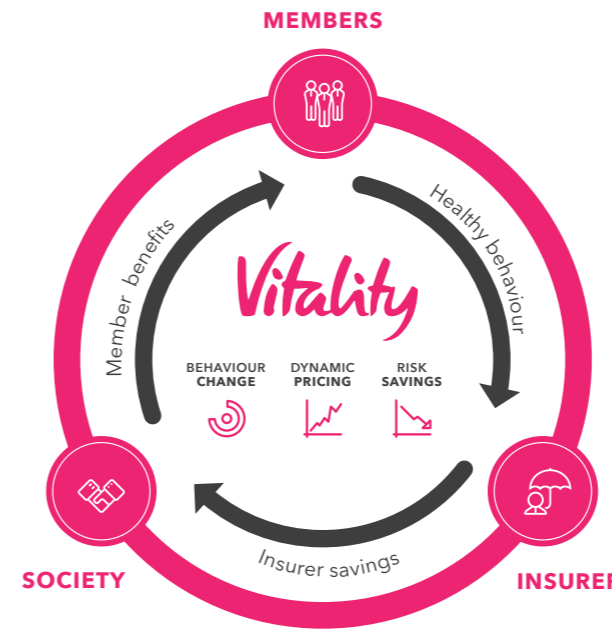
Members are provided with incentives to reward them for their healthy behaviour which reduces the insurance risk of that member to VitalityLife.

We then channel the value of this reduced risk into significant rewards for members, and so create a self-reinforcing cycle.

A POSITIVELY DIFFERENT APPROACH TO LIFE INSURANCE

Through our Healthy Living Programme, we are changing the value proposition that members receive and expect from their life insurance plan both in the UK and globally through our network of leading international insurance partners. This simply means that, unlike traditional insurers who only assist members if the worst should happen, we are able to offer members a more holistic approach to insurance.

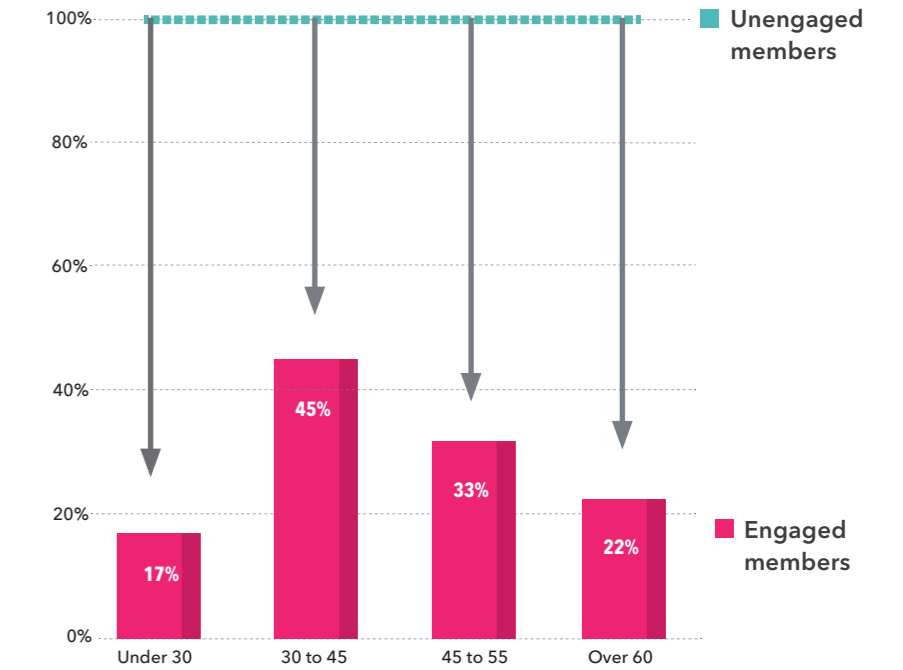
Our unique products provide members with comprehensive cover to ensure that their financial needs are met during a life-changing event, while also significantly rewarding them for improving their health and wellness throughout the lifetime of their plan. Due to the significant and increasing member engagement in our Healthy Living Programme, we pay more in rewards for healthy behaviour each year.



VITALITY ENGAGEMENT AND CLAIMS

We have seen that health and wellness management is correlated with a lower incidence of claims for VitalityLife members.

Incidence of Life Cover claims for engaged relative to unengaged members (2014 - 2018)



The above graph shows that over the past five years members who engaged in the Vitality Healthy Living Programme had a significantly lower incidence of Life Cover claims across all age groups when compared to those who did not engage.

Source: Vitality internal data, May 2019

IN 2018

Over 360,000

Discounted healthy food orders from Ocado

Over 41 million

Healthy activities have been tracked to earn Vitality points

Over 5.8 million

Active Rewards have been awarded to members

OVER £40 MILLION IN ANNUAL SAVINGS THROUGH UPFRONT PREMIUM DISCOUNTS WITH VITALITYLIFE'S OPTIMISERS

A SNAPSHOT OF VITALITYLIFE'S CLAIMS EXPERIENCE IN 2018



Source: Vitality internal data, May 2019

VITALITYLIFE HAS PAID CLAIMS IN EXCESS OF **£230M** SINCE OUR LAUNCH IN 2007

TOTAL CLAIMS PAID IN 2018 **£56.3m**

1,417 CLAIMS PAID IN 2018

99.8% OF LIFE COVER CLAIMS PAID

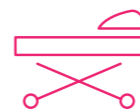
97.8% OF INCOME PROTECTION COVER CLAIMS PAID

91.2% OF SERIOUS ILLNESS COVER CLAIMS PAID

IN 2018, CLAIM PAYMENTS WERE SPLIT BETWEEN OUR BENEFITS AS FOLLOWS



Life Cover
£35,492,397



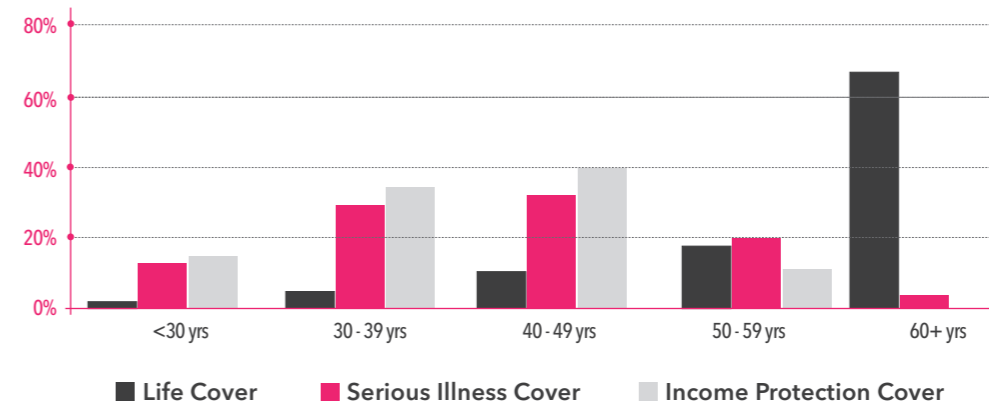
Serious Illness Cover
£20,393,940



Income Protection Cover
£421,803

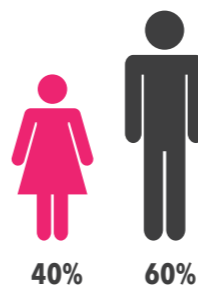
CLAIMANTS BY AGE

This graph shows that 85% of Life Cover claims are for members aged 50 years and over. In contrast, 76% of Serious Illness Cover claims and 90% of Income Protection claims are for members under the age of 50, highlighting the importance of these covers for younger members.

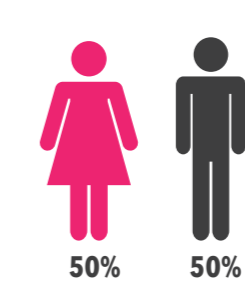


CLAIMANTS BY GENDER

Life Cover



Serious Illness Cover



Income Protection Cover



The youngest member claimed for under Serious Illness Cover for Children was **1 month** old. The claim was due to a cardiac abnormality.

The youngest member claimed for under Life Cover was **aged 21**. They passed away due to injuries sustained in a motor vehicle accident.

The youngest adult member who claimed under Serious Illness Cover was **aged 23**. They claimed due to a stroke.

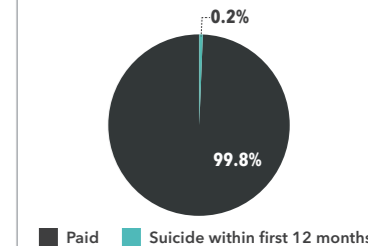
The oldest member claimed for under Life Cover was **aged 89**. They passed away due to cardiac arrest.



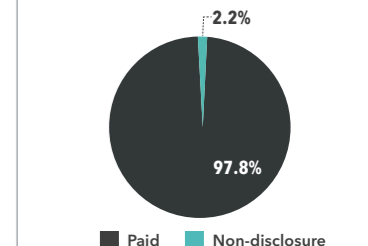
DECLINED CLAIMS IN 2018

We are committed to paying as many claims as possible, but there are some instances when we cannot pay a claim – this is usually as a result of non-disclosure, pre-existing conditions (on Serious Illness Cover for Children) or a claim not meeting the relevant criteria.

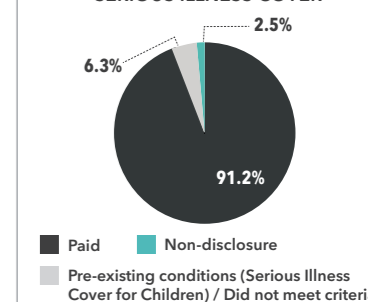
LIFE COVER



INCOME PROTECTION



SERIOUS ILLNESS COVER



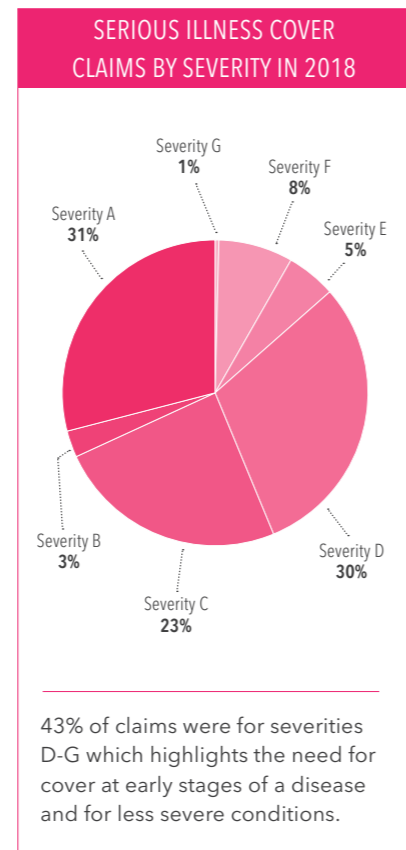
FINANCIAL PROTECTION AGAINST SERIOUS ILLNESS

Our Serious Illness Cover helps to ensure that members and their families will have funds available to facilitate any lifestyle changes needed as a result of a serious illness.



Source: Vitality internal data, May 2019

Our Serious Illness Cover pays out based on the severity of a member's condition. This means our members could receive a payout at an early stage of their illness, even if it's not life threatening. Varying the amount we pay to reflect the severity of a condition allows us to cover more conditions than other insurers and means we can use broader definitions.



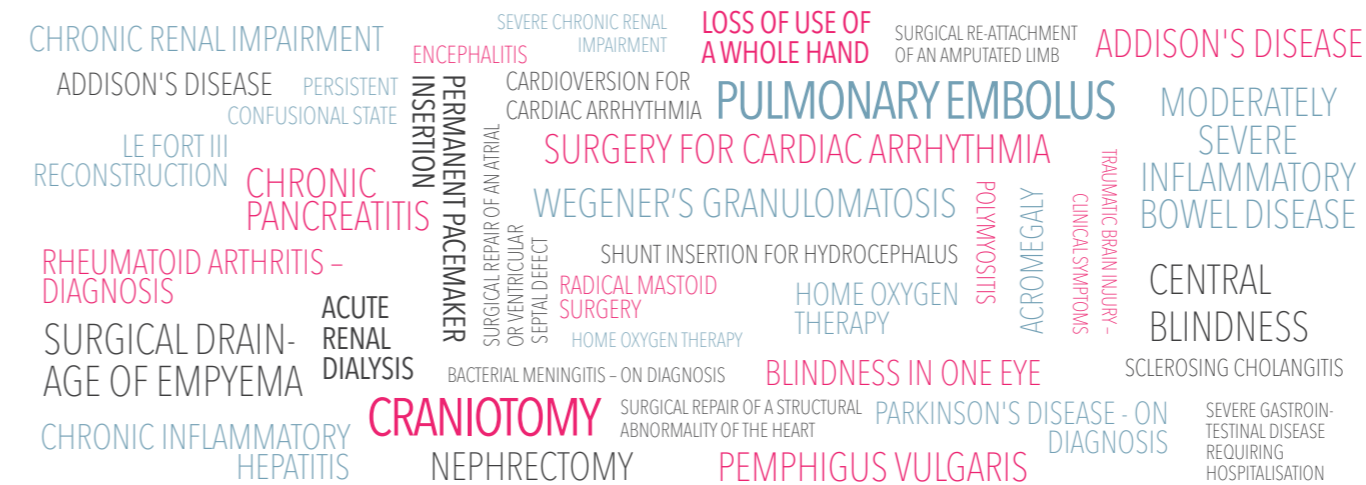
- ### UNIQUE FEATURES OF OUR SERIOUS ILLNESS COVER
- Covers over 170 conditions which is more than any other insurer
 - WORLD FIRST:** Dementia and FrailCare Cover, at no extra upfront cost
 - Protected Life and Serious Illness Cover
 - Cancer Relapse Benefit
 - Serious Illness Cover Booster

7% OF SERIOUS ILLNESS COVER CLAIMS PAID IN 2018 WERE FOR **CONDITIONS THAT ARE UNIQUE TO VITALITY.**

TOP 10 CATEGORIES FOR SERIOUS ILLNESS COVER CLAIMS IN 2018

FEMALES		MALES	
1	Cancer	Cancer	1
2	Stroke & Nervous System	Heart & Artery	2
3	Heart & Artery	Stroke & Nervous System	3
4	Family Benefit	Family Benefit	4
5	Respiratory Diseases	Respiratory Diseases	5
6	Permanent Disability	Gastrointestinal Disease	6
7	Connective Tissue Diseases	Endocrine & Metabolic Diseases	7
8	Gastrointestinal Disease	Eye	8
9	Musculoskeletal Trauma	Permanent Disability	9
10	Eye	Urogenital Tract & Kidney	10

WE COVER MORE CONDITIONS THAN ANY OTHER INSURER IN THE MARKET THE UNIQUE CONDITIONS WE HAVE PAID OUT ON SINCE OUR LAUNCH IN 2007



Each of the above conditions were unique to VitalityLife at the time the claim was made.

This information shows the importance of whole-body coverage as offered by our Serious Illness Cover.

Women had a greater incidence of cancer, while men had a three times higher relative incidence of heart related conditions.

We cover **178 conditions** on our Comprehensive Serious Illness Cover, and **145 conditions** on our Primary Serious Illness Cover.

As a result of this, many of our members have been able to claim for conditions that they might not have been able to claim for if they had been insured with any other provider.

This illustrates how our severity-based claims payment allows us to cover a wider range of conditions, as well as paying out earlier than typical Critical Illness products.

A SNAPSHOT OF VITALITY'S BENEFITS AND REWARDS IN 2018











As part of our Shared-Value Insurance Model, our Vitality Healthy Living Programme makes it easier to lead a healthy lifestyle. It gives members the knowledge and tools to improve their health, and motivates them with tangible incentives to stimulate sustained behaviour change.

THE HEALTHY LIVING PROGRAMME WORKS ACCORDING TO THE STEPS BELOW:

- 1 FIRST**, it helps members better understand their health through access to both online and physical health assessments.
- 2 NEXT**, it gives members access to a range of benefits that help them improve their health, such as discounted trainers and healthy food.
- 3 FINALLY**, it rewards members for taking care of their health through a broad range of reward partners.



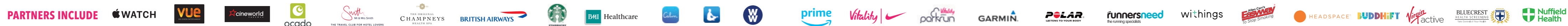
THE REWARDS, BENEFITS AND ENGAGEMENT

 Over 41 million healthy activities tracked	 Over 3.9 million hand crafted coffees awarded	 Over 3.9 million gym visits, by members with discounted gym memberships	 Over 1.8 million cinema tickets awarded	 Over 360,000 discounted healthy food orders
 Over 300,000 Vitality online Health Reviews completed	 Over 160,000 parkruns completed	 Over 140,000 mindfulness and meditation sessions completed*	 Over 50,000 pairs of discounted running shoes	 Over 40,000 Apple Watch sold

OVER £81 MILLION GIVEN IN VITALITY BENEFITS AND REWARDS

Source: Vitality internal data, May 2019. Rewards, benefits and engagement in 2018 are based on VitalityLife and VitalityHealth members.

*Number based on September 2018 (launch of benefit) to December 2018.



FIND OUT MORE

For more information please speak to your adviser or visit our website vitality.co.uk/life