

The background of the entire page is a photograph of four hikers on a rocky trail. The sun is low on the horizon, creating a strong silhouette effect and a lens flare. One hiker in the foreground is reaching out to help another who is climbing a rock. The scene is set in a natural, outdoor environment with rocks and sparse vegetation.

CLAIMS AND BENEFITS REPORT 2017

SHARED VALUE IN ACTION

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VITALITY'S CORE PURPOSE

We aim to make people healthier
and to enhance and protect their lives.
That's why we believe that encouraging
better health and offering better cover
are equally important.



WELCOME FROM VITALITYLIFE

At VitalityLife we believe in making a difference to people's lives and this is why we apply the principle of shared value alongside our core purpose - to make people healthier and to enhance and protect their lives.

Our insurance products are complemented with the Vitality healthy living programme which provides tools for our members to enhance their wellbeing and be rewarded for doing so. This creates value for our members, for VitalityLife and society - there are no trade-offs.

This publication focuses on our claims paid out in 2017 as well as the benefits that our members gain while getting healthier.

We paid out £36.1 million in claims during 2017, with 96% of these claims being paid out across all products. We show examples where Vitality has made a difference through real life case studies of members getting diagnosed with illnesses early through discounted health checks that prove life savers, as well as covering conditions that other insurers don't.

Vitality is very proud to reward members for making healthy choices. Members do not need to make a claim to benefit. Those members that engage with the Vitality healthy living programme get rewarded through discounts and rewards. Overall we gave over £60 million back to Vitality members in 2017 through a range of health benefits such as discounted health screens, gym memberships; and rewards such as activity devices, coffees, cinema tickets and so much more. Overall our Platinum members are getting more value than their premiums paid. This is made possible through members who engage being healthier and less likely to make a claim.

We have the experience to indicate that members who engage have a much lower risk of a serious illness, which is evidence of our shared value approach working for our members.

We hope you enjoy reading this publication.

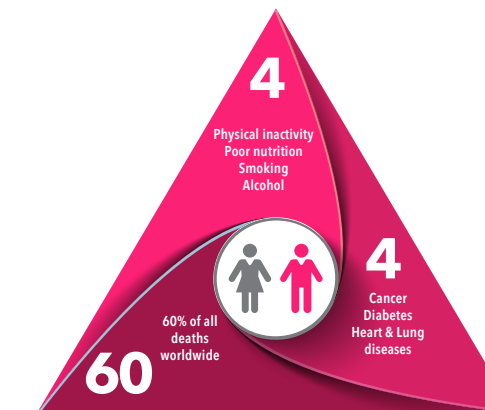
DEEPAK JOBANPUTRA
DEPUTY CHIEF EXECUTIVE OFFICER

We want to showcase the value that Vitality members get from their plan, the coverage we offer as well as the improved health, discounts and rewards that our members can benefit from.



4-4-60 MODEL

Studies by the Oxford Health Alliance together with findings from the World Health Organisation indicate that today, four risk factors (poor diet, physical inactivity, tobacco use, and excess alcohol intake) lead to four chronic diseases (cardiovascular disease, diabetes, chronic lung disease, and various cancers) that contribute to 60% of deaths worldwide.



There are many academic studies that show the link between lifestyle choices and long term health. The impact of healthy behaviours can have a profound effect on a person's health.

Vitality focuses on incentivising healthy lifestyle choices to delay and reduce chronic diseases and deaths.

VITALITY STATUS

Vitality rewards its members with points for healthy activities that count towards their Vitality Status.



BETTER STATUS. BETTER HEALTH. BIGGER REWARDS.

£1m
paid out in claims
by VitalityLife
every
10 days

1m
Starbucks
every
130 days

1m
steps walked
every
84 sec

1m
movie tickets
every
9 months

1m
activities tracked
every
15 days

1m
Vitality points
earned
every
36 hours

1m
fitness points
every
25 days

1m
gym visits
every
100 days

As of November 2017, Vitality has over one million members across Health and Life insurance. Members have engaged with the Vitality programme like never before and have been getting more active, eating healthier and benefiting from our Vitality partners and rewards.





A BELIEF IN SHARED VALUE.

54% LESS

CHANCE OF SUFFERING FROM A SERIOUS ILLNESS

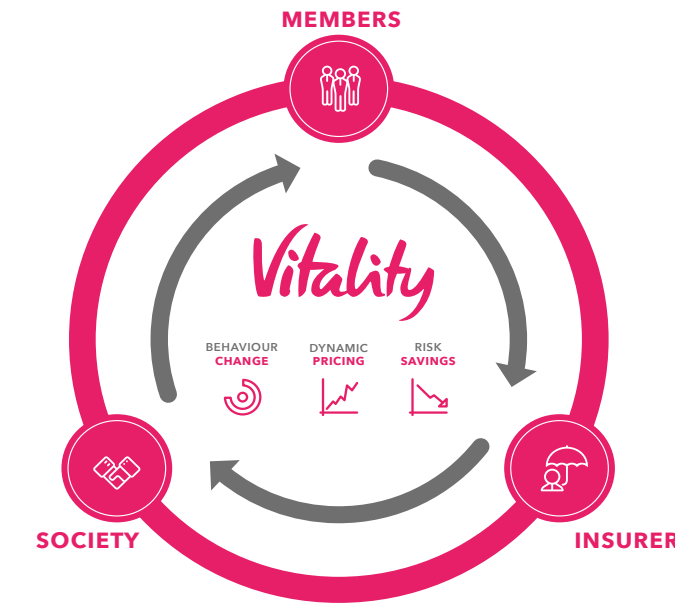
We found that our members on Silver Status or higher were 54% less likely to suffer a serious illness compared to those on Bronze Status*.

This evidences that the risk of illness can be reduced by keeping active, eating healthy and taking regular health checks.

*Vitality 2017 - Serious Illness Cover and Income Protection plans.



Vitality believes in the idea of shared value. It's a unique approach to insurance, based on the scientifically proven principles of behavioural economics. The model helps members take a more active role in managing their own wellness, which encourages them to develop healthy long-term habits that are good for them, good for us and good for society.

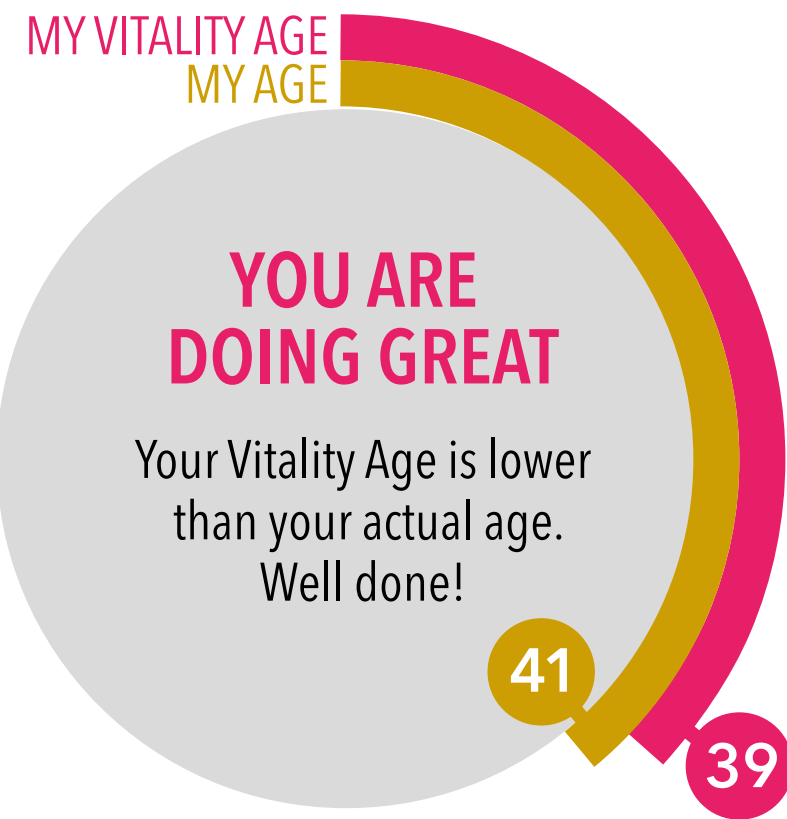


As part of the shared value model, the Vitality healthy living programme makes it easier to lead a healthy lifestyle and motivates members with tangible incentives to stimulate sustained behavioural change.

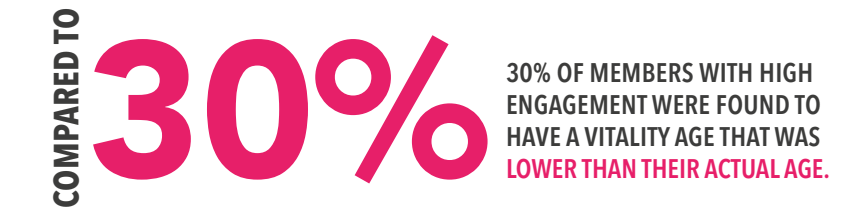


UNDERSTAND YOUR HEALTH.

The Vitality Age calculator enables members to understand their health as a single number based on information about their health as part of an online health review. Selected Vitality partners such as Lloyds Pharmacy or Nuffield Health also offer a discounted healthcheck and health screen for members to understand their wellness which can be empowering in making lifestyle changes to improve their health.



WE SAW:



All figures based on VitalityLife and VitalityHealth members in 2017.

**GET ACTIVE.
EAT HEALTHY.
REDUCE THE
RISK OF A
SERIOUS
ILLNESS.**

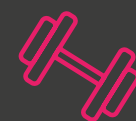
Equipped with the knowledge of their health, our members have been keener than ever to get active and lead a healthy lifestyle.

Many people take out a gym membership when they become a VitalityLife member given the discount at 40% from standard rates and the incentives to get healthier with our partners and rewards.

We have seen the impact of members using the gym benefit. This is particularly the case for those that are over 40 years old where they were over 40% less likely to suffer a serious illness.



17%
**OUR AVERAGE MEMBER
ACHIEVED 17% MORE
POINTS IN 2017 THAN
2016 THROUGH
RECORDING MORE STEPS.**



GYM
**MEMBERS THAT HAVE A
GYM MEMBERSHIP WITH
ONE OF OUR VITALITY GYM
PARTNERS ON AVERAGE
VISITED THE GYM 51 TIMES
DURING 2017.**

We looked at how claims varied between those that record physical activity using an activity tracker under the Vitality programme and those that didn't. We found that those who recorded a few activities and started engaging, had **50%** less chance of suffering a serious illness than those that recorded nothing.*



63%
**HEART RATE EXERCISE
- 63% MORE
MEMBERS EARNED
POINTS THROUGH
A FITNESS DEVICE
WITH A HEART RATE
MONITOR THAN THEY
DID IN 2016.**



APPLE WATCH

APPLE WATCH BENEFIT

Over 18,000 Apple Watch devices were taken up by our members during 2017. The offer works as follows:

- Members pay a small amount up front, currently from £29 for an Apple Watch Series 3.
- Members pay nothing more if they stay active and track their activity to earn Vitality points.^

Members who activated the Apple Watch benefit with Vitality increased their physical activity by 25% following activation.

**MEMBERS WITH AN
APPLE WATCH WERE
LESS LIKELY TO SUFFER
A SERIOUS ILLNESS
THAN OUR MEMBERS
WHO DO NOT, WITH
28% FEWER CLAIMS
PER MEMBER.**

*Vitality 2017 based on morbidity of VitalityLife members.

^Minimum monthly premiums apply. Further details and terms and conditions apply at www.vitality.co.uk/watch



Since its introduction to the Vitality healthy living programme in 2016, Ocado has been a great way for our members to eat healthily and earn points that give them discounts on healthy foods from their weekly shop.

- In 2017 there were over 800 Ocado orders made every day by Vitality members saving between 10% to 25% on healthy items in their shopping basket depending on their Vitality status.
- The average member earned 15 points with each shop at Ocado in 2017. Members can earn up to 600 points a year by buying healthy food at Ocado, an easy way to help them boost up to the next status level.

15 POINTS
WITH EACH SHOP
AT OCADO

UP TO
600 POINTS
A YEAR BY BUYING
HEALTHY FOOD AT OCADO



OVER 800
OCADO ORDERS MADE EVERYDAY



10% TO 25% OFF
ON HEALTHY ITEMS IN
THE SHOPPING BASKET



BENEFITS AND REWARDS.

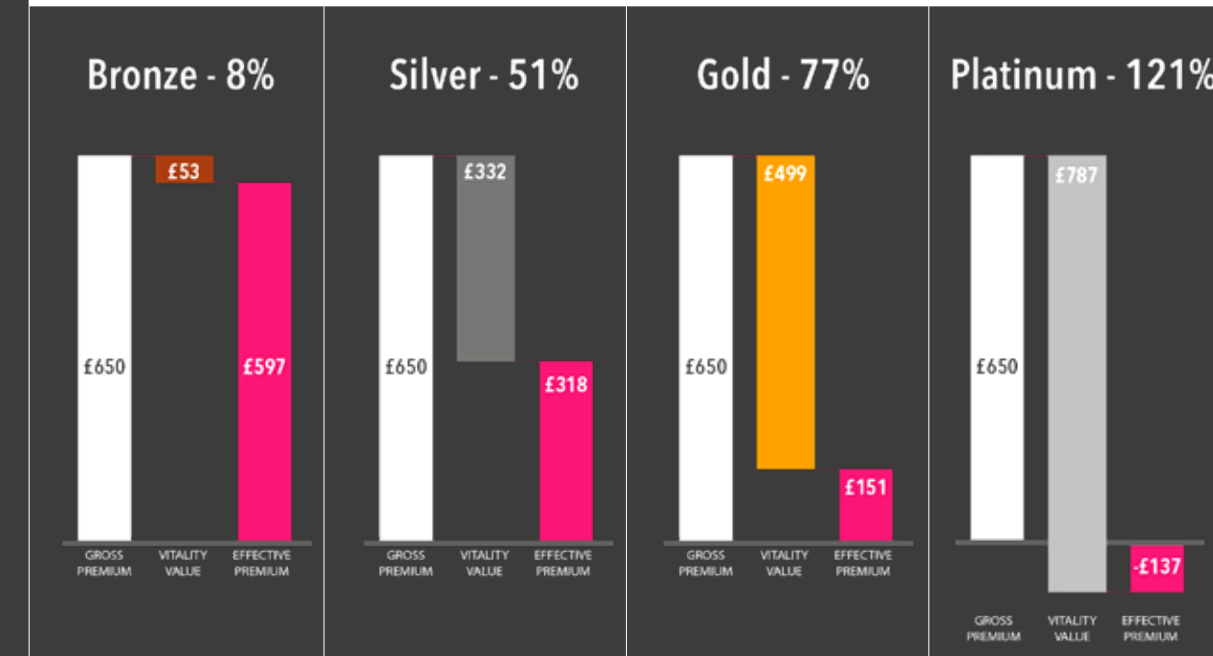
I'd rather save money on sausages



THE BENEFITS				
 The average saving on gym membership SAVED OVER £400	 The average saving that members made at Evans Cycles SAVED £244	 The average saving on a pair of sports shoes from Sweatshop SAVED £45	 The average saving on each Ocado shop SAVED £5.30	 One million cinema tickets being given away every nine months TICKETS 1M
 The average saving on a Eurostar trip EACH £50	 The average saving on each British Airways trip EACH £96	 The average saving on a Champneys visit VISIT £188	 The average savings on a visit to a Mr & Mrs Smith hotel VISIT £93	 One million handcrafted drinks from Starbucks being given away every 130 days COFFEES 1M

Average savings, benefits and rewards in 2017 are based on VitalityHealth and VitalityLife members.

AVERAGE VITALITY SAVINGS AND REWARDS COMPARED TO AVERAGE PREMIUM



Based on average savings of VitalityLife plans with Vitality Plus in force throughout 2017.

Vitality makes it cheaper and easier for members to engage with their health through our leading health and reward partners. Members can get significant value without needing to claim. We can offer this as we encourage members to develop and maintain healthy habits.

In 2017 we gave over £60m in value of discounts and rewards back to our members over the year. This shows the overall benefits of taking out a VitalityLife plan and engaging with the programme.

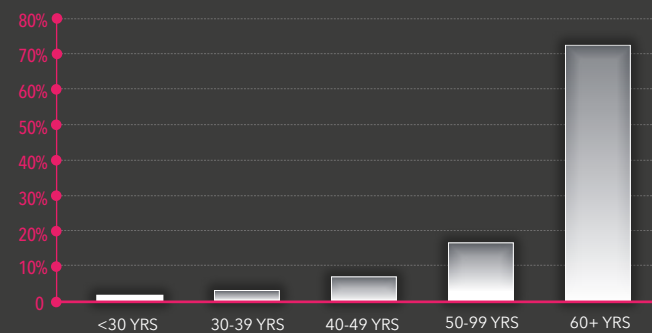
Overall our Platinum members received more back in value than their premiums.

PARTNERS INCLUDE

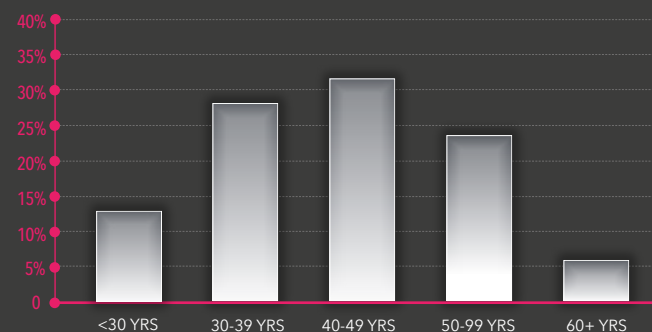


CLAIMS PAID IN 2017.

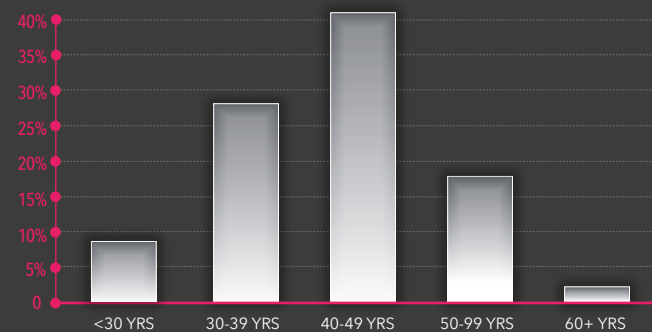
LIFE COVER - CLAIMS BY AGE BAND



SERIOUS ILLNESS COVER - CLAIMS BY AGE BAND



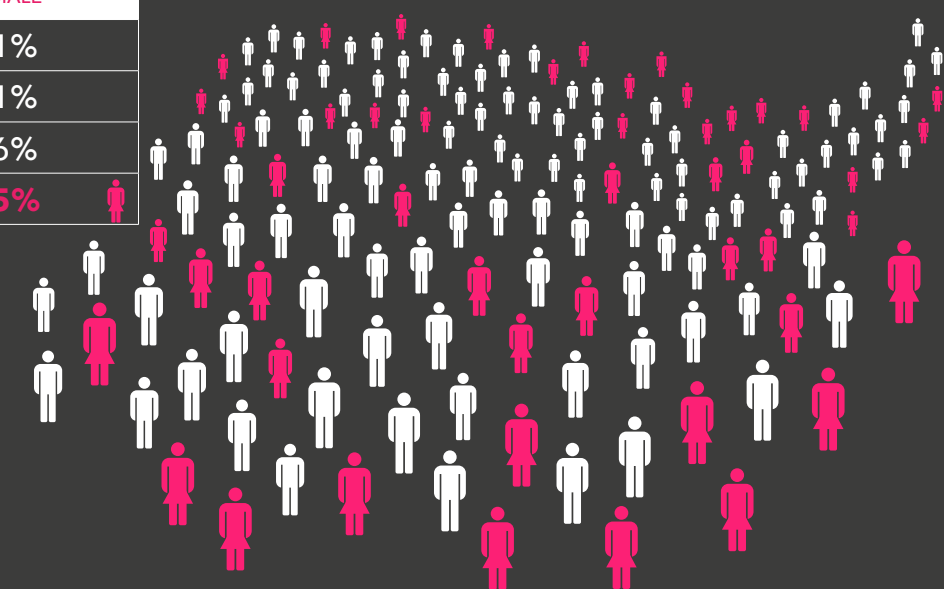
INCOME PROTECTION - CLAIMS BY AGE BAND



OVERVIEW OF CLAIMS PAID IN 2017

PRODUCT	CLAIMS PAID	AMOUNT PAID IN 2017	CLAIMS ACCEPTED
LIFE AND TERMINAL ILLNESS	533	£21.4m	99%
SERIOUS ILLNESS	425	£14.4m	92%
INCOME PROTECTION	24	£0.3m	96%
TOTAL	982	£36.1m	96%

PRODUCT	MALE	FEMALE
LIFE AND TERMINAL ILLNESS	59%	41%
SERIOUS ILLNESS	49%	51%
INCOME PROTECTION	64%	36%
TOTAL	55%	45%



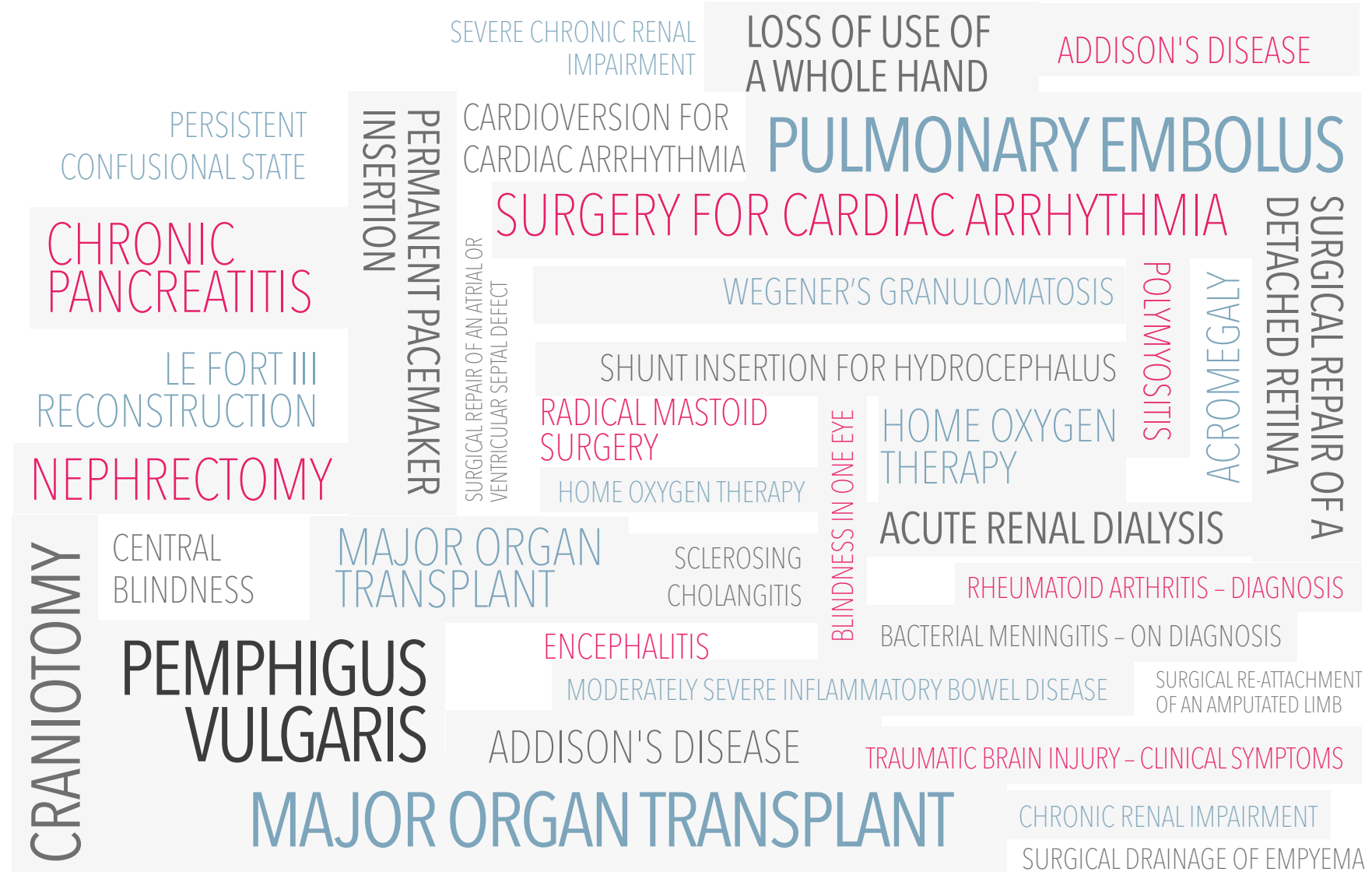
IN A SNAPSHOT

Life Cover: the distribution of life claims shows the increased risk at older ages, however nearly 30% of claims are for ages younger than 60.

Serious Illness Cover: over 40% of claims are for those aged 40 or younger. This shows the importance of being protected from a young age.

UNIQUE CONDITIONS.

THE UNIQUE CONDITIONS WE HAVE PAID ON ARE:

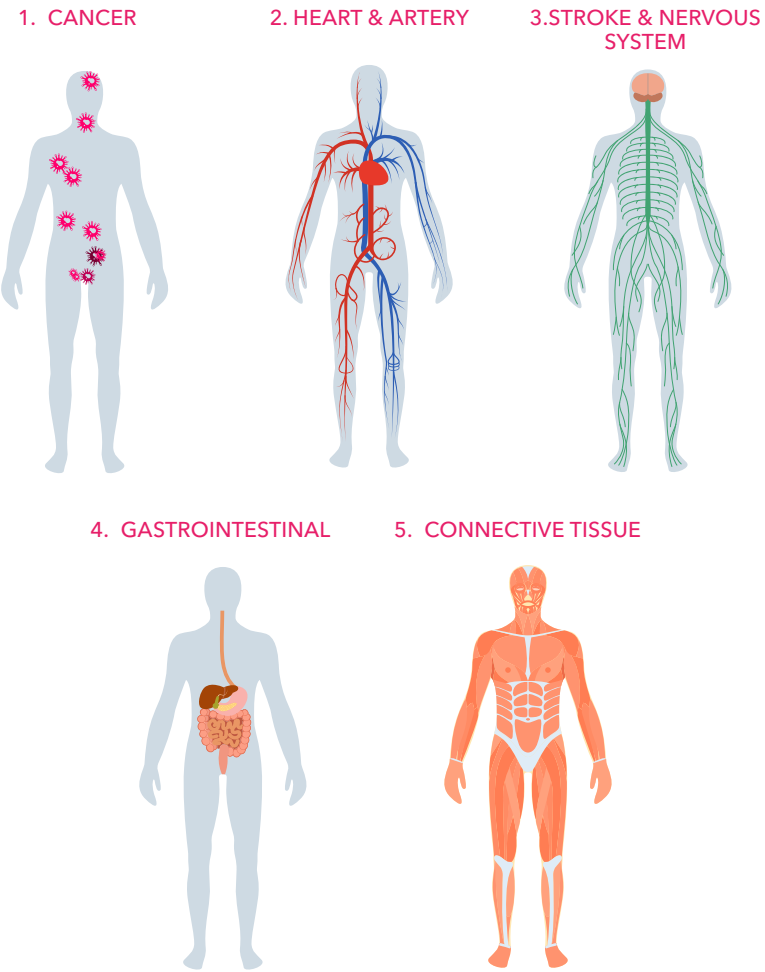


The unique conditions we have paid out on - up to and including 2017

SERIOUS ILLNESS IN REAL LIFE

We paid claims across 12 of our 14 body systems in 2017. Here are five of the most claimed body systems that we paid out in 2017 as real life case studies.

We show members getting diagnosed with illnesses early through discounted health checks that prove life savers, as well as covering conditions that other insurers don't. Due to member confidentiality we have re-named the members.

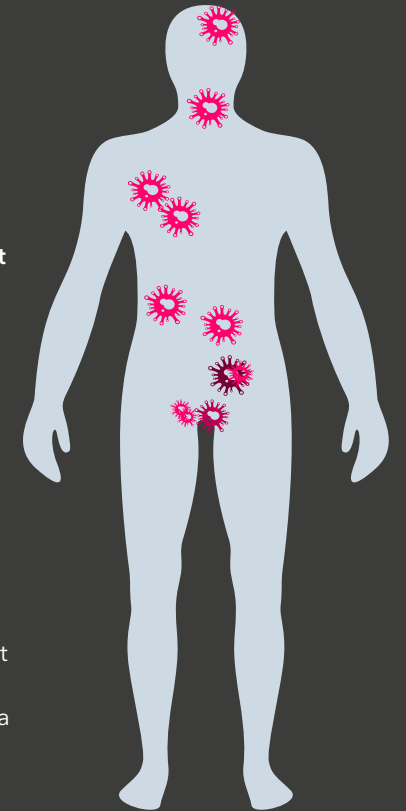


REAL-LIFE CASE STUDIES 2017

1. CANCER LOW-GRADE PROSTATE CANCER

WHAT IS IT?

Low-Grade or localised prostate cancer often grows slowly - or doesn't grow at all - and usually has a low risk of spreading. Patients may not need treatment but have regular check-ups instead to make sure that the cancer isn't growing or spreading more quickly than expected.



JAMES, AGED 47, a company director, took out a VitalityLife Plan with Life Cover and Serious Illness Cover. In 2017, James had a discounted Vitality Healthcheck through one of our partners which resulted in a high Prostate Specific Antigen (PSA) level. James was then referred to a Urologist who diagnosed that he had cancer. With James's VitalityLife Plan, he was eligible for a pay out on his plan before any treatment.

Without his healthcheck through Vitality, James may not have found out about his cancer until it was too late.

UNIQUE CONDITION

2. HEART & ARTERY SURGERY FOR CARDIAC ARRHYTHMIA

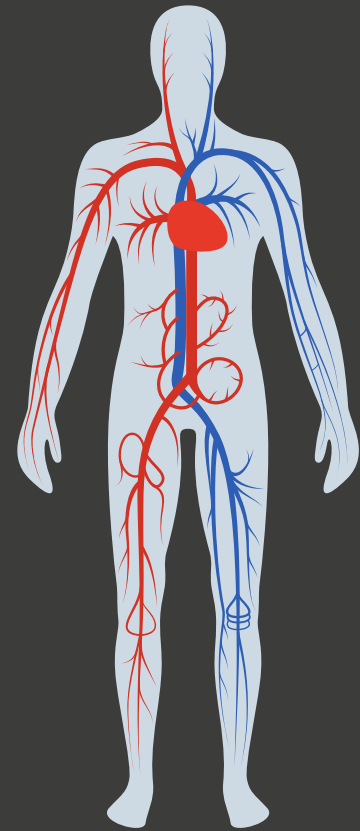
WHAT IS IT?

Cardiac arrhythmia is the name for a group of conditions in which the heartbeat is irregular, too fast, or too slow. Surgery may be used to correct this.

MITCHELL, AGED 29, has a decreasing term plan with Life Cover and Serious Illness Cover - both with a sum assured of £126,700 - along with that he also has Protected Life and Serious Illness as an addition to his cover.

In 2017, six years into his plan, Mitchell underwent surgery for cardiac arrhythmia and he received a 10% pay out of £12,670. As he selected Protected Life and Serious Illness Cover, his cover goes back up to 100% of his original amount, without additional underwriting or premiums at point of claim.

Not only are we the only provider who cover for cardiac arrhythmia, we are the only provider under our Protected Life and Serious Illness Cover option to top up Serious or Critical Illness Cover after a claim.



3. STROKE AND NERVOUS SYSTEM ENCEPHALITIS

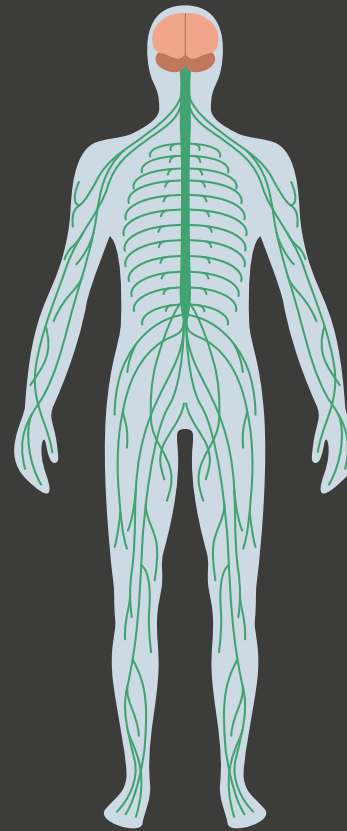
WHAT IS IT?

Encephalitis is an uncommon but serious condition in which the brain becomes inflamed. There are up to 6000 cases a year in the UK. It can be life-threatening and requires urgent treatment in hospital.

For this condition to qualify as a claim, we only check for a definite diagnosis of encephalitis and evidence of previous or current symptoms - these do not need to be permanent, which is a requirement for many other insurers.

HARRY, AGED 55, has an indexing plan of £22,500 Life Cover and Serious Illness Cover - Harry has also selected Protected Life and Serious Illness Cover.

In 2017, Harry was diagnosed with encephalitis which meant that he received a 10% pay out of £2,250. As he has Protected Life and Serious Illness Cover, Harry's Life and Serious Illness Cover goes back up to 100% providing him with full cover for the future.



4. GASTROINTESTINAL MODERATELY SEVERE INFLAMMATORY CROHN'S DISEASE OR ULCERATIVE COLITIS

WHAT IS IT?

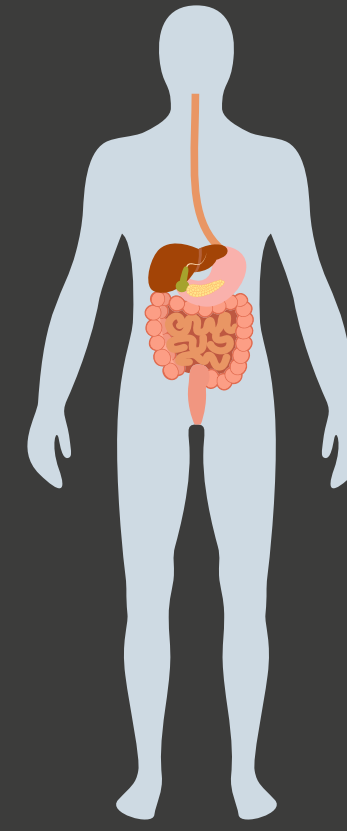
The two most common forms of Inflammatory Bowel Disease are Crohn's Disease and Ulcerative Colitis. They are lifelong conditions and there is no cure.

Together they affect one in every 250 people in the UK - that is more than 300,000 people*.

*Crohn's & Colitis UK. 2017. About Inflammatory Bowel Disease.

CLARE, AGED 34, has a plan with Life Cover and Serious Illness Cover, both with a sum assured of £50,000. In 2017, two years into her plan, Clare was diagnosed with moderately severe inflammatory Crohn's disease. This is also one of the unique conditions to Vitality. Clare received £5,000 - a 10% pay out from her cover. This bought her plan account to £45,000 Life Cover and Serious Illness Cover.

18 months after her first claim, Clare's condition became more severe. She then received a second pay out of £22,500 - 50% (severity C) of her remaining cover amount due to the progression of her illness. With Vitality, she received a payment 18 months before other insurers would consider a claim.



5. CONNECTIVE TISSUE DISEASES RHEUMATOID ARTHRITIS

WHAT IS IT?

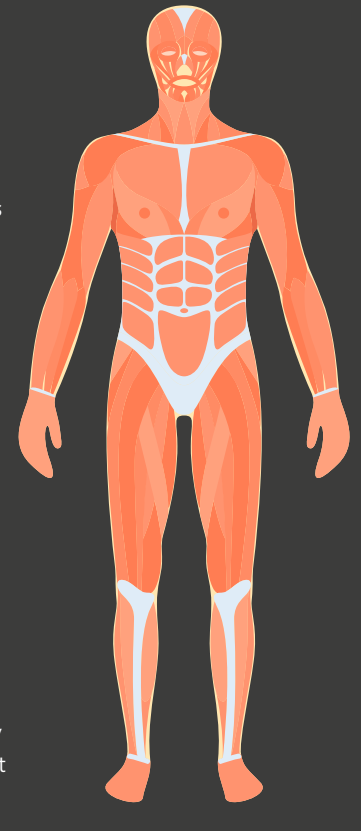
A long term condition that causes pain, swelling and stiffness in the joints. The symptoms usually affect the hands, feet and wrists.

Rheumatoid Arthritis affects more than 400,000 people in the UK and is often first diagnosed in people between 40 and 50 years old. Symptoms can, however, start occurring at earlier ages.

Unlike other providers, Vitality will pay a claim on diagnosis of Rheumatoid Arthritis. We then make further payments as the severity increases. Other providers require the disease to have developed significantly before paying.

SARA, AGED 32, has a VitalityLife Plan with Life Cover and Serious Illness Cover for £90,000. She also selected Protected Life and Serious Illness Cover. In 2017, Sara was diagnosed with Rheumatoid Arthritis. She made a claim on her Serious Illness Cover and received £9,000 - 10% pay out from Vitality which would not have been paid out by any other provider on the market.

Because Sara had selected Protected Life and Serious Illness Cover, her cover remains unchanged, leaving her with the full original cover amount of £90,000 giving her the peace of mind knowing that her cover is still in place when she needs it the most.



UNIQUE CONDITION



SUSTAINING OUR CORE PURPOSE

Thanks to longer life expectancy and changes in lifestyle behaviours, the need for protection that covers a wide range of conditions, not just the critical ones, has never been greater. Our claim statistics for 2017 demonstrate the unique value Vitality provides, paying out £14.4 million for Serious Illness Cover across 12 body-system categories, from cancer to connective tissue diseases and £36.1 million across all products.

The Vitality healthy living programme, founded by our belief in shared-value insurance, shows that members can lead healthier lives as well as benefiting from our partners and rewards. Providing incentives and rewards for healthy behaviour is shown to have a great impact on our members and the likelihood of them suffering a serious illness by as much as 54%.

As healthier members have less risk of needing to claim, we can pass back savings to them through carefully designed incentives incorporated into our plan, rewarding both short-term and long-term engagement. In 2017 over £60 million was given back to our members through rewards, cashback and partner discounts.

Vitality aims to promote better health and better cover. Our members are our priority and we are dedicated to supporting them when they need us the most.

FIND OUT MORE

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