

# Market Release

22 March 2023

## ClearView Investor Presentation

Attached is a copy of a ClearView Wealth Limited (ASX: CVW) investor presentation to be presented at the Shaw and Partners Insurance Conference later today.

Please note a correction to page 15 of the investor presentation lodged on 23 February 2023 which should reflect that Climate Active certification for the financial year to 30 June 2021 has been received, and that confirmation of certification for the financial year to 30 June 2022 has not yet been formally received.

ENDS

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### Approval of Announcement

The Board of Directors of ClearView Wealth Limited has authorised the release of this announcement to the market.

### About ClearView

ClearView is an ASX-listed diversified financial services company which partners with financial advisers to help Australians protect and build their wealth, achieve their goals and secure a comfortable financial future. The Group's two business segments: Life Insurance and Wealth Management are focused on delivering quality products and services.

For more information visit [clearview.com.au](https://clearview.com.au)



# ClearView Investor Presentation

Shaw and Partners Insurance Conference  
22 March 2023

**Simon Swanson**  
Managing Director

**Athol Chiert**  
Chief Financial Officer

**Nadine Gooderick**  
Group Executive, Technology and Development

# HY23 highlights

## Strong HY23 result - clear strategy, simplified business model and a focus on Life Insurance



Strong growth in premiums (new business and in-force), margins and underlying profit with a focus on high quality earnings



HY23 result reflects benefits of transformation strategy and investment during periods of uncertainty



Continued growth in market share combined with a favourable macro/ interest rate environment



Increasingly attractive life insurance market with improving returns driven by positive structural changes



Partnership with Human Financial allows divestment from wealth management and ensures core focus on life insurance business



Strong balance sheet and capital position – well positioned to continue to outperform

# Increasingly attractive life insurance market

Improving margins and returns in the industry driven by positive structural changes – ClearView is well positioned to continue to win share given strategic investment and business simplification

## Historical Issue

Regulatory tightening affecting the Australian life insurance industry has eroded life insurance placement across all channels

Historical decline in profitability in the industry relating to losses on income protection products

Significant divestments in the market, particularly driven by Australian banks decommissioning vertically aligned structures



## Actions to Resolve

Underlying / historical income protection issues have been substantially addressed through regulatory actions and product changes – 2021 widely regarded as an inflection point on regulatory direction

Significant repricing, new income protection products and APRA supervisory capital adjustments support sustainable returns

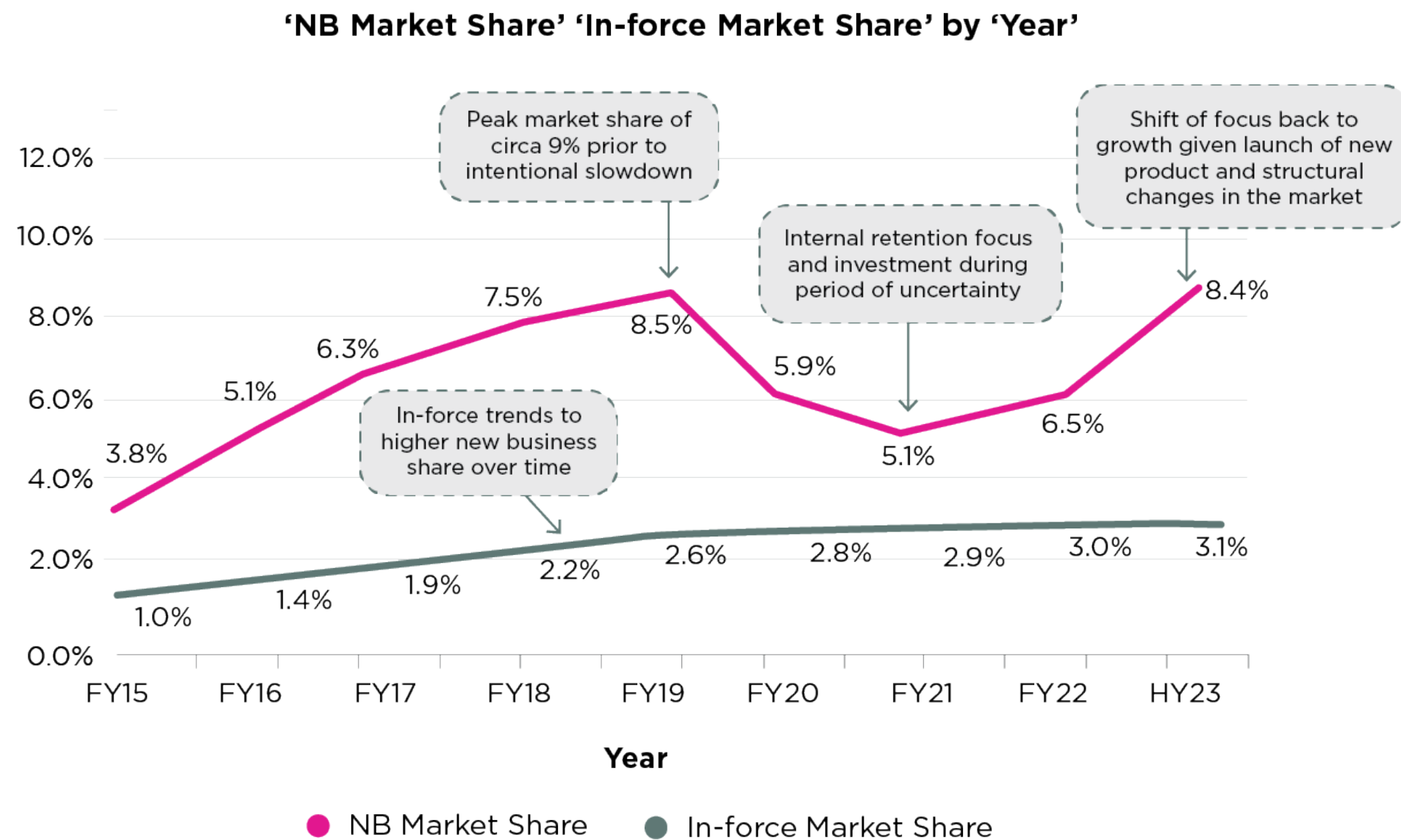
New global players have entered the Australian life insurance market – focused on ensuring a sustainable and profitable market with scope for mid-size players to take market share

# ClearView continues to be a challenger in an improving market environment

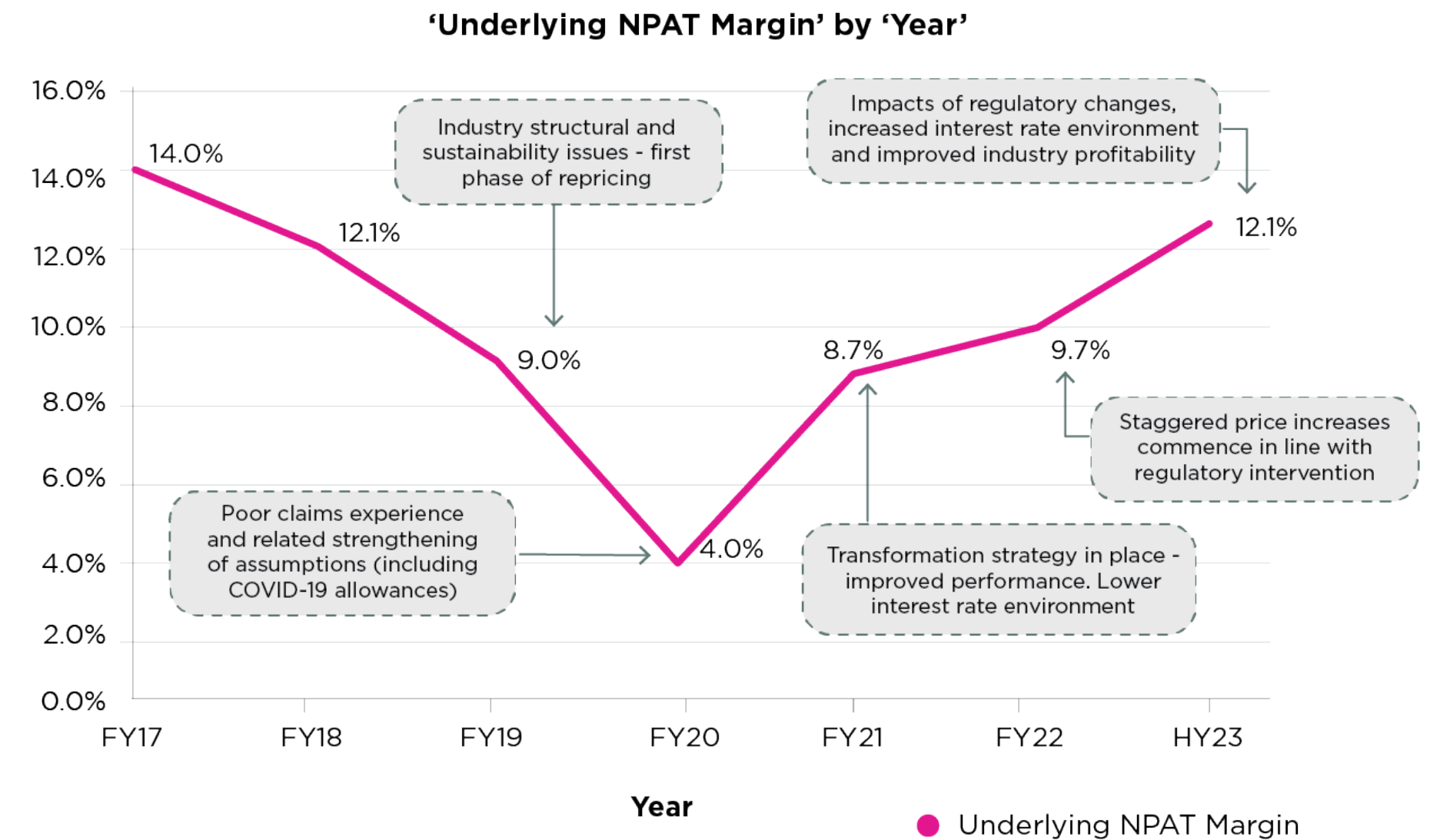


Regaining market share with a focus on high quality earnings - in-force portfolios should trend to higher new business share which underpins the growth profile

ClearView new business and in-force market share



ClearView Underlying NPAT margins

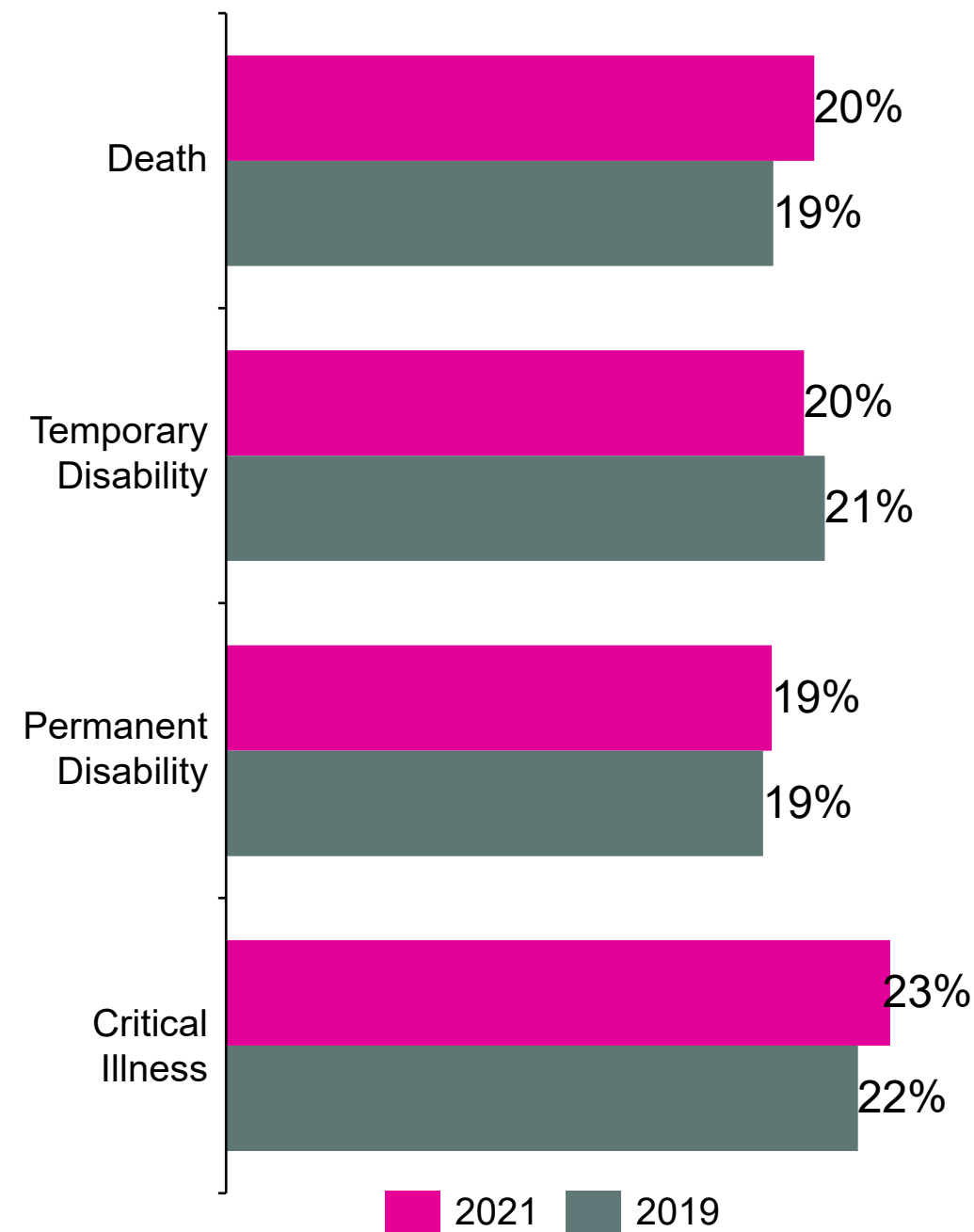


1. ClearView calculations based on NMG Risk Distribution Monitor Reports for Retail Advice In-force and New Business Analysis for relevant periods – NMG Market NB includes total of 'Retail' consistently applied (that is, IFA, Bank Advice and Aggregator channels)  
 2. HY23 based on NMG Risk Distribution Monitor Reports for Retail Advice New Business Analysis for the quarter ended 30 September 2022 - December quarter data unavailable but expected to be materially consistent with September quarter.

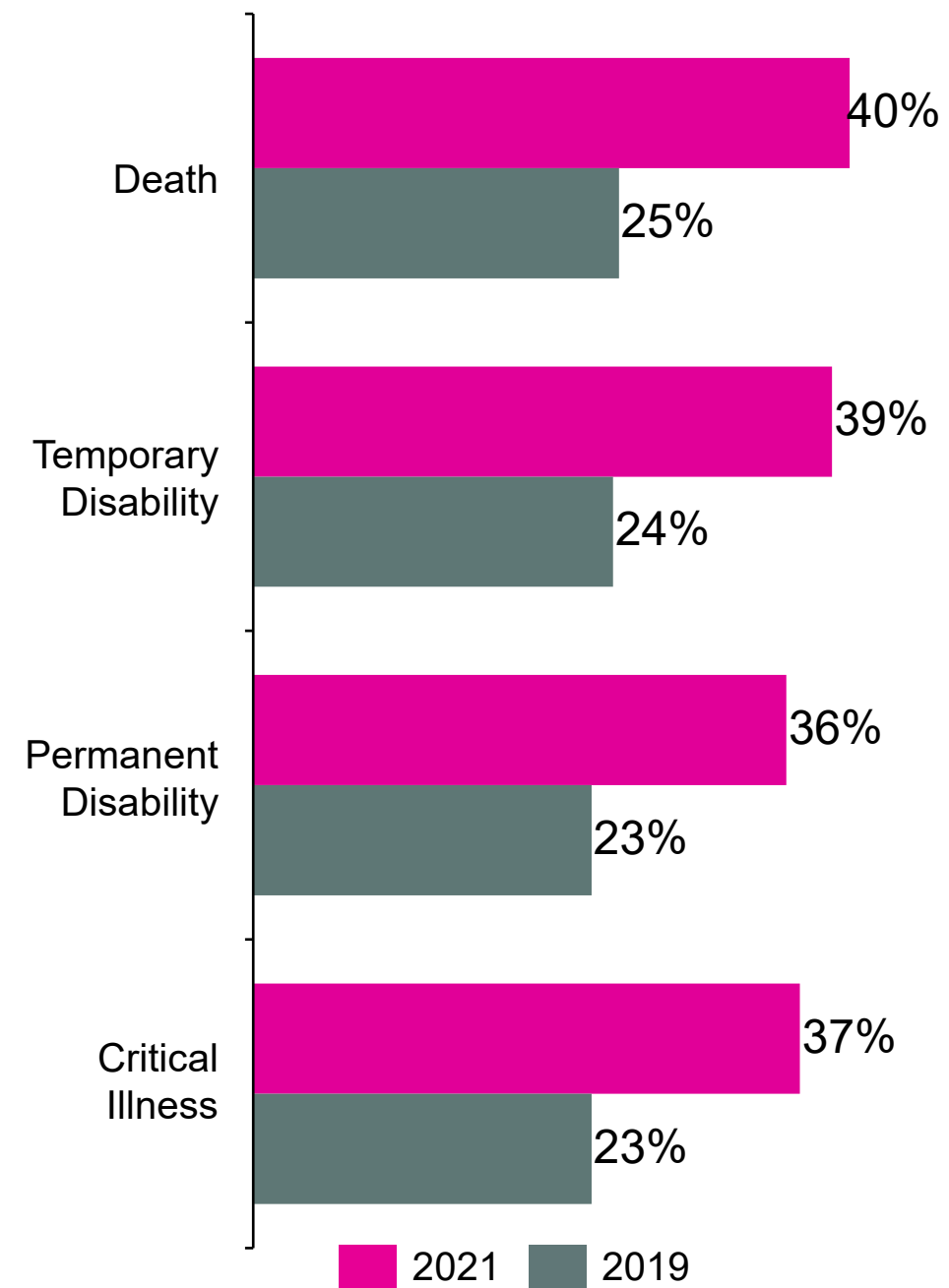
# Increasing consumer awareness and purchase intentions

**COVID-19 has driven increasing consumer awareness of risk, increased intention to purchase life insurance and a stronger preference for the financial adviser channel**

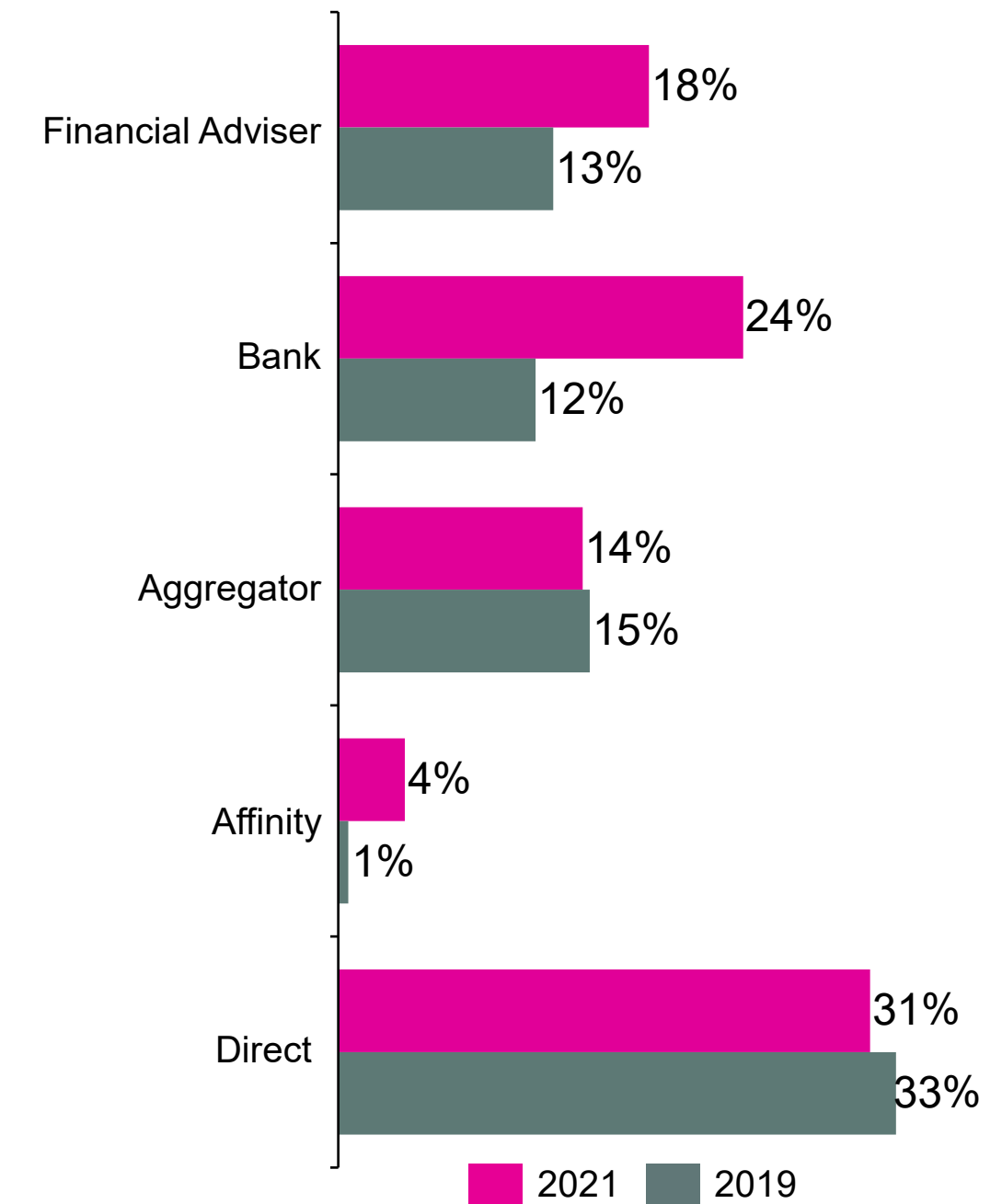
Consumer Perception of Risk



Consumer Purchase Intentions



Preferred Channel to Purchase Life Insurance Product

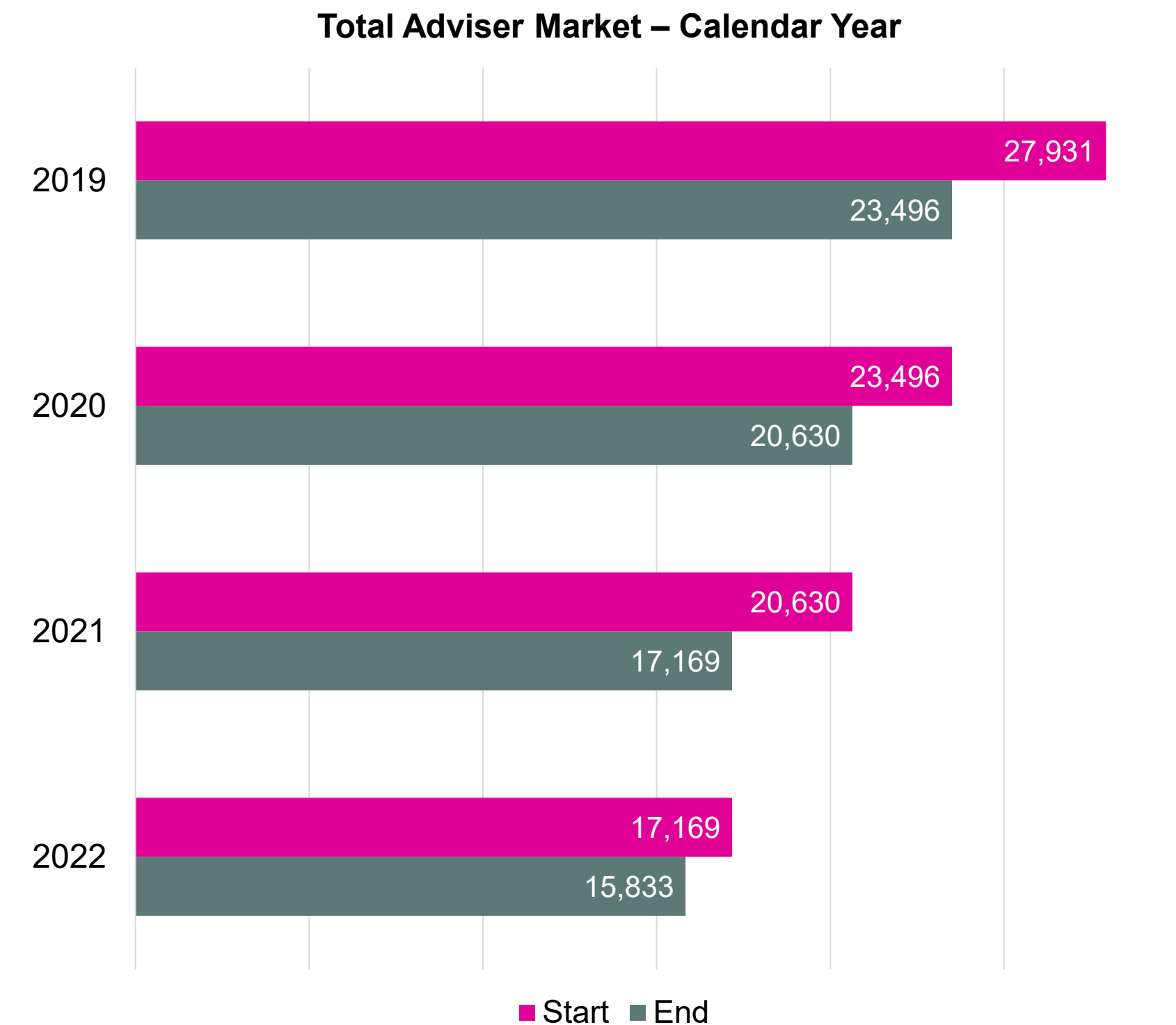
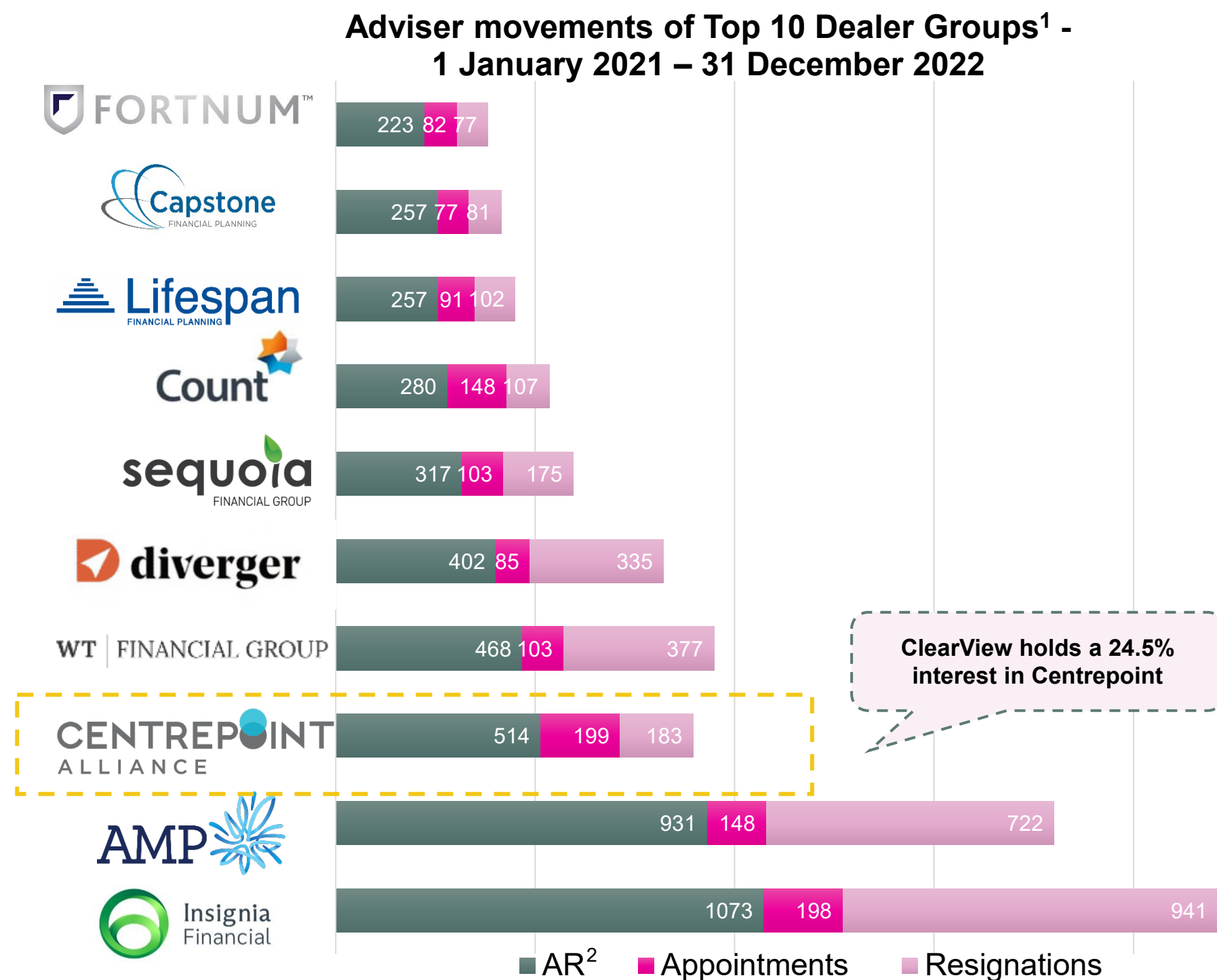


Majority still express a preference for direct though with limited follow-through in practice

Source: NMG Consulting.  
 (1) Perceived probability of unfortunate events to occur. (2) % of respondents who are likely to purchase product in the next 2 to 3 years.

# Disruption in financial adviser market provides an opportunity

Total adviser numbers has declined at a far slower pace – Lately ClearView has a diversified distribution network with 900+ dealer groups comprised of 4,000+ advisers. Quality of Advice Review likely to lead to improved adviser productivity.



Source: Wealth Data (early 2023)

1. Top 10 dealer groups that offer broad based personal financial advice.

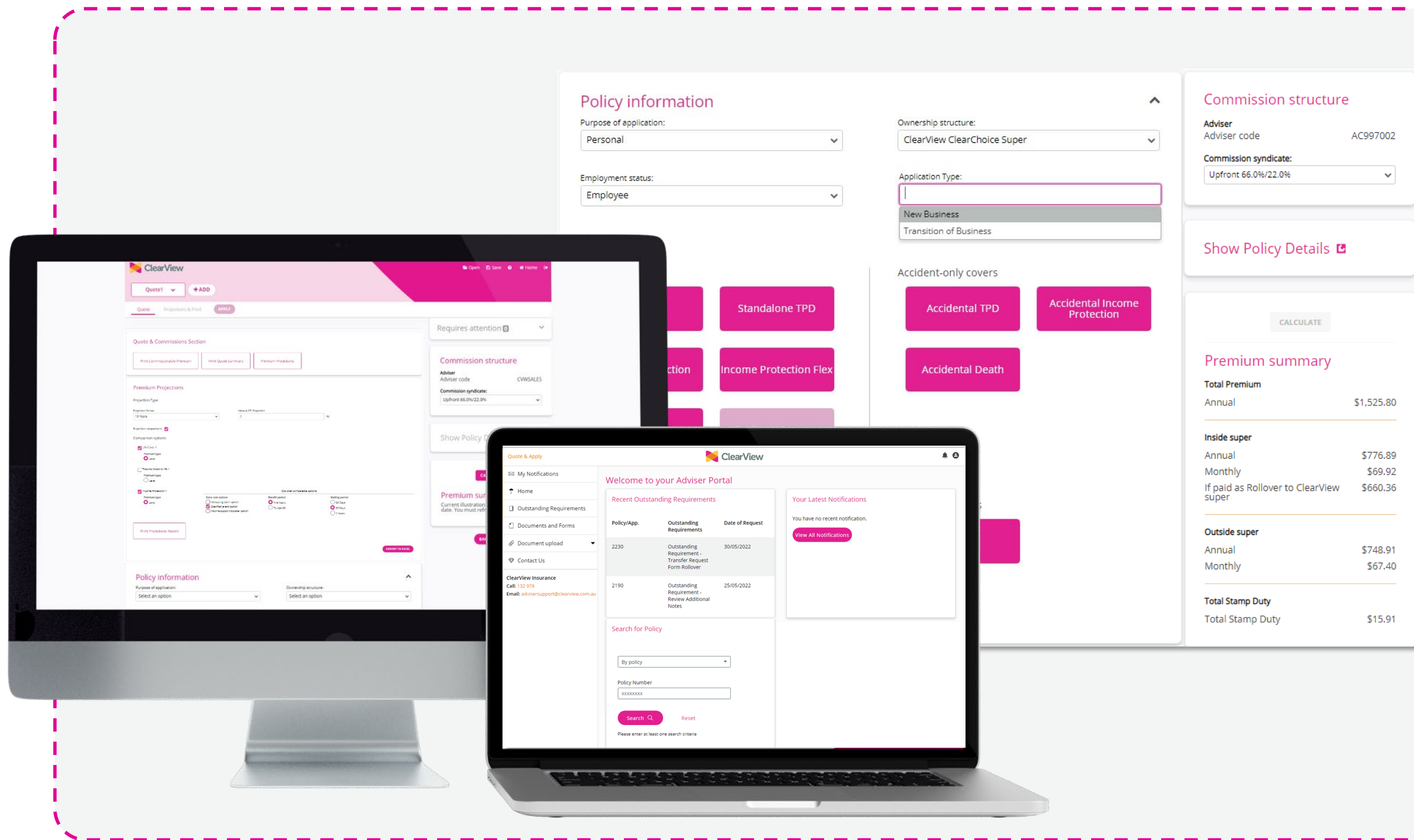
2. AR = Authorised Representative.

Note: Appointments and resignations of ARs of entities purchased by the licensee group during the period are included in the statistics.

# Supported by investment through the cycle



**ClearView is investing in technology to improve customer outcomes and experience – multi year transformation project that commenced during periods of uncertainty**



New policy administration system from Oracle provides significant product and service flexibility delivered through SaaS

Designed to accelerate application process and incorporates quoting, eApplication, managing an application and maintenance of a retail life insurance policy– live for ClearChoice product











Further build out of functionality to support migration of in-force portfolios to deliver efficiencies.



# Our approach to ESG

Our vision is to support Australians to achieve their financial and wellbeing goals, and be a positive force for our staff, community and the environment. This vision lies at the heart of our Corporate Social Responsibility (CSR) strategy which reinforces our commitment to our People, Community, Customers and Partners, Environment and Shareholders.

## Highlights to 31 December 2022

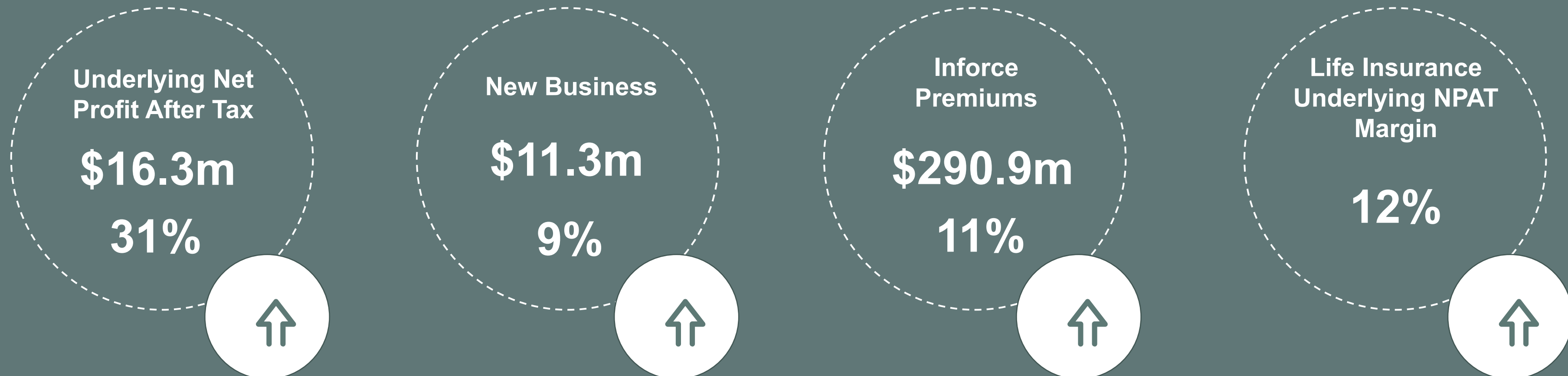
 <b>People</b>	 <b>Community</b>	 <b>Customers/P artners</b>	 <b>Environment</b>	 <b>Shareholders</b>
<p><b>87%</b> participation rate in Engagement Survey.</p> <p>Shift to <b>hybrid work model</b> that supports employee choice.</p> <p><b>9.69 training hours</b> average per employee per annum.</p> <p>Support mental health and wellbeing through the <b>ClearView ClearMind</b> program.</p> <p>Staff voluntarily provided <b>LGBTQA+ and disability status</b> so that we can better support our people.</p>	<p><b>3 year</b> partnership with charities selected by our employees.</p>   	<p>Launched new Wealth <b>customer and adviser portals</b> making it easier for users to do business with us.</p> <p>Support customers through our <b>rehabilitation</b> offering to help customers <b>return to life and work goals</b>.</p> 	<p>Converted <b>90%</b> of fleet to <b>hybrid vehicles</b>.</p> <p>Quarterly newsletters now issued using <b>biodegradable plastic packaging</b>.</p> <p><b>Carbon neutral certified</b> by Climate Active for financial year end 30 June 2021.</p>	<p>Continued focus on <b>generating strong shareholder returns</b></p> <p>Delivered training to the board of directors on <b>ESG roadmap and SDGs</b>.</p> <p><b>Strong focus on governance and diversity</b> - investment in the senior leaders and diversity of the leadership team</p> <p>Net assets of <b>\$476.7m</b> as at 31 December 2022</p> 

Our CSR priorities will be aligned to the United Nations sustainable development goals relevant to our business operations. A materiality assessment is underway; key focus areas will be validated by stakeholders and outcomes published in our next Annual Report.



# Strong HY23 result reflective of business momentum - revised (upward) FY23 guidance to Underlying NPAT of \$30m - \$32m

As at 31 December 2022



# ClearView is a net beneficiary in an inflationary / high interest rate environment



Pass Through of  
Inflation in In-force Book



- ClearView in-force portfolios grow by net impact of new business, premium rate increases and age based/ CPI increases less lapses – in-force is key profit driver on which life insurance profit margin is earned
- Life insurance provides a natural “hedge” in an inflationary environment
  - Ability to pass through inflation (as well as age-based price increases and in-force repricing) through ClearView’s inforce policies
- Lapses continue to perform to expectations



Decreased  
Claims Cost



- As interest rates increase, income protection claims costs decrease (discounting impact), taking into account the estimated claims duration and adjusting for changes in inflation
- Results in improved profitability due to lower claims cost



Increased  
Investment Income



- Higher interest rates will result in higher investment earnings as returns increase on capital held by ClearView to support in-force policies and new business generation
- ClearView is a net beneficiary given its significant cash holdings/ investment portfolio (\$480.5m), net of corporate/ subordinated debt (\$90m) and amounts settled under incurred claims reinsurance treaties that are linked to BBSW

# In summary

**The Australian Life insurance market is increasingly attractive**

- ✓ Focused primarily on risk-only products, with flexible contract structures
- ✓ Supportive public policy settings with strong underlying demand from customers
- ✓ Australia is underinsured compared to international benchmarks providing significant scope for increased penetration and long-term growth

**Life Insurance market has undergone structural changes over the last ~4 years**

- ✓ Historical headwinds in the Australian life insurance market over the last 4-5 years now largely addressed
- ✓ Underlying Income Protection issues substantially addressed through regulation and supportive public policy
- ✓ New entrants – large experienced global life insurance players – have entered the Australian market focusing on making a sustainable financial return on their investments

**ClearView has been investing for growth during this period**

- ✓ During the period of market uncertainty, ClearView has been investing in a business transformation program to prepare for the expected rebound in the market
- ✓ Transformation has focused on: technology; simplification; people; and structural changes
- ✓ Simplified business model with core focus on life insurance

**ClearView is well-positioned to capitalise on the current market environment**

- ✓ ClearView has a clear, actionable pathway to growth and provides additional growth optionality
- ✓ Stable cash flows from in-force portfolio underpinned by conservative assumptions
- ✓ Net assets backed by cash and highly rated securities

**ClearView is an attractive platform for further growth**

- ✓ Potential to increase the risk retention in light of ClearView's improved business outlook and overall Group capital position that supports this approach
- ✓ Entering into new customer channels to support its core IFA market channels
- ✓ Other opportunities that supports this overall life insurance focused strategy

## Important notice and disclaimer

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**Thank you**

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Group Executive, Technology and Development