

# Market Release

17 April 2024

## Shaw & Partners Life Insurance Roundtable Series Presentation

Please find attached a presentation to be given by Ms Nadine Gooderick, Managing Director at ClearView Wealth Limited, to investors attending the Shaw & Partners Life Insurance Roundtable Series today, Wednesday 17 April 2024.

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**Approval of Announcement**

The ClearView Continuous Disclosure Committee of ClearView has authorised the release of this announcement to the market.

**About ClearView**

Established in 2010, ClearView is an ASX-listed life insurance business that partners with financial advisers to help Australians protect their wealth.

In FY23, ClearView paid \$127.35 million in claims to 1,032 claimants across all our products.

ClearView manages over \$350 million in inforce premiums and has relationships with over 1,000 Australian Financial Services Licensees, representing around 5,000 financial advisers.

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

ClearView Wealth Limited

ABN 83 106 248 248

**ASX Code: CVW**

# ClearView - Shaw and Partners Life Insurance Roundtable Series

17 April 2024

**Nadine Gooderick**  
Managing Director

**Athol Chiert**  
Chief Financial Officer



# ClearView Overview and Strategy

# ClearView is a dynamic challenger with significant momentum

## 1 Increasingly attractive Life Insurance market

- Industry returning to growth and profitability following structural and regulatory changes
- Positive outlook for Retail market is supported by market consolidation via exit of banks and stabilisation of IFA channel post-Royal Commission
- ClearView currently only operates in the Retail segment

2

## Strong financial performance & outlook

- ClearView's market share is increasing in a growing market, with a focus on high quality earnings
- On track to achieve FY26 goals

3

## Strategy of simplification and future proofing, focusing on core Life Insurance

- ClearView's strategy delivers a simplified business focused on life insurance
- Exit of financial advice completed
- Wealth management exit well progressed (expected to be completed in 1H FY25)

4

## Launch of new sustainable product range in line with structural industry changes

- Flagship ClearChoice product range launched in October 2021 to address industry sustainability issues – well received by the market
- Enhancements to ClearChoice flagship product suite have resulted in continued outperformance - includes targeted segmentation and pricing using data insights
- Confidence to increase exposure to underwriting risk for new business from 1 October 2023

5

## Established distribution network and challenger brand in IFA market

- ClearView has a proven track record as a challenger brand in the IFA market
- Its focus is on maximising penetration by being easy to do business with

6

## Technology & transformation

- ClearView is well-progressed on its transformation journey to build the foundation for scalable growth, agility and speed to market
- Results in significant competitive advantage via single, modern Policy Administration System (PAS) operating in the cloud with automated underwriting AI capability
- Further delivers significant product flexibility for future opportunities



# ClearView is now strategically focused on what it does best: Life Insurance

## Core Focus

### Life insurance

#### Life insurance business is now positioned to:

- Support double digit Underlying NPAT growth off AASB 17 FY24 base<sup>2</sup>
- Dividend policy of 40%- 60% of Underlying NPAT - range to be reviewed post completion of IT transformation investment and wealth management exit to reflect shift to a capital generation position
- **Disciplined Team executing on growth** – achieved circa 11% new business market share in HY24<sup>3</sup>
- **Technology Transformation** – enabling operational efficiencies, scale benefits, enhanced data and analytics and future opportunities (retirement products etc)
- **ClearChoice Product** – sustainable and aligned to customer needs with an annual refresh based on experience and market feedback
- **Long Term Distribution Network** – state-based model, focused on quality sales network with aligned interests, loyalty and brand recognition is key
- **Ahead of the curve** – future proofing the business to prepare for new regulatory changes and the new cohort of financial advisers that are engaging customers by social media, podcasts and digital tools
- **Service and Solutions** – Nimble and pro-active with a single focus to harness ClearView's unique culture, size and collective expertise to be the best at life insurance

#### Exited November

##### Financial Advice

**November 2023** - Sale of Centrepoint equity stake for \$15.2m cash

#### Exit in progress

##### Wealth Management

**December 2023** – ClearView Trustee retired and ETSL appointed

**January 2024** – Sale of Investment Management business to Human Financial

**In progress** – Unwind of life investment contracts upon SFT<sup>1</sup>

1. SFT relates to the successor fund transfer of the ClearView Retirement Plan and related unwind of the life investment contracts  
2. FY26 goals based on AASB 17 FY24-26 business plan forecasts – aligned to implementation program of work and subject to change  
3. HY24 new business market share based on NMG Risk Distribution Monitor Reports for Retail Advice New Business Analysis – NB market share based on 6 months to 31 December 2023.

# The Australian Life Insurance Market

## Life insurance at a glance – overall market is an \$18B market

**24** life insurers (including 7 onshore reinsurers) and 10 friendly societies. Down from 29 insurers and 12 friendly societies in 2018

**15 million**

Australians were covered by life insurance in 2022, protecting themselves from financial hardships that arise from death, disability, major illness or injury

**\$11.2 billion**

in life insurance claims paid to

**85,000** Australians or their loved ones

**11,000+** people employed

**77%** of non-dependent working age

Australians had at least one form of life insurance cover on 30 June 2020. This is down from 94% in 2017

**95%** of finalised claims paid

**\$123B** in assets held by life insurers

**3.4 million**

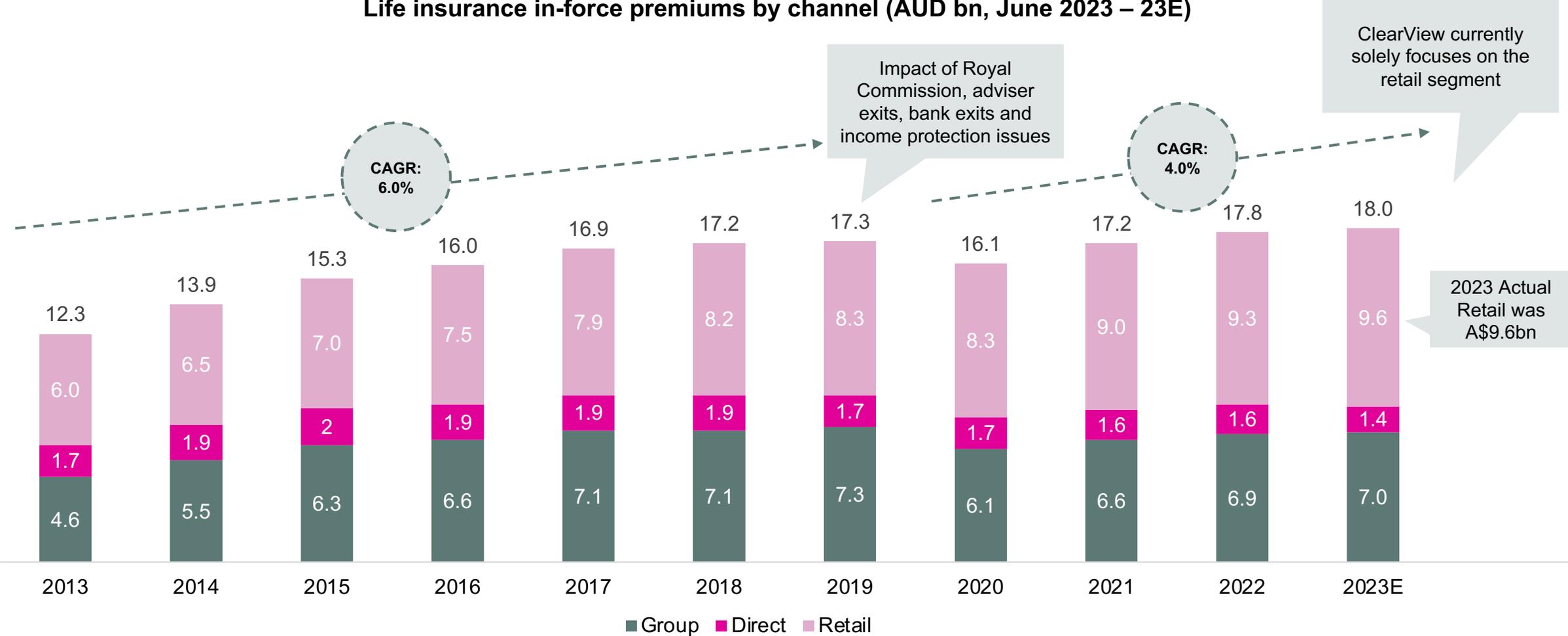
Australians are underinsured to meet basic needs for income protection

**15%** of employees across the industry are in claims and rehabilitation roles

# Australian Life Insurance is fundamentally attractive, particularly Retail

ClearView operates in the retail segment which is a c.\$10bn Market

Life insurance in-force premiums by channel (AUD bn, June 2023 – 23E)



Source: NMG Consulting

# Recent Structural & Regulatory Changes have supported a return to growth

The life insurance market is increasingly attractive underpinned by structural / regulatory changes that have addressed underlying issues



## Capital changes

APRA imposed capital changes on all life companies – to be released when sustainability of products can be demonstrated (drives ROC focus)



## Product changes

Material changes to income protection product features. All companies launched new range of income protection products in October 2021 (drives long term sustainability/pricing)



## Pricing changes

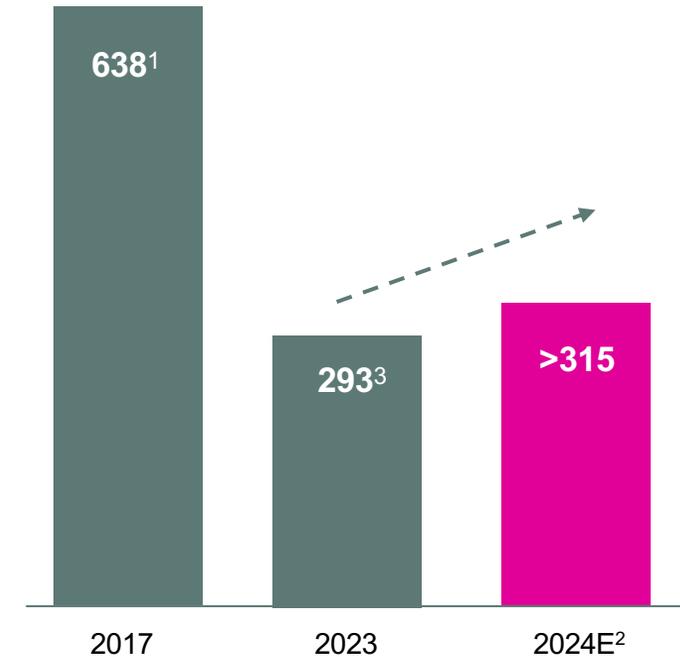
Material price increases on in-force income protection products over recent periods to return historical underperforming portfolios to profitability



## Recovery in financial advice

Recent data indicates the exodus of financial advisers has 'bottomed out'. The Government's recent favourable response to the Quality of Advice Review is expected to provide strong tailwinds for the 'return' of advice. Supports return to growth

Retail market life insurance new business premium (\$m)



Due to the improving industry dynamics and financial adviser productivity, new business volumes have grown for the last 3 quarters – inflection point in the market returning to growth

1. Retail life insurance new business premium for FY17 has been calculated by using FY17 new business of \$40.3m and dividing by the market share of 6.3%  
 2. Retail life insurance new business premium for FY24E has been calculated by annualizing 1H FY24 new business of \$17.5m and dividing by the market share of circa 11%  
 3. NMG Risk Distribution Monitor Reports for Retail Advice New Business Analysis for the rolling 12 months ended 31 December 2023

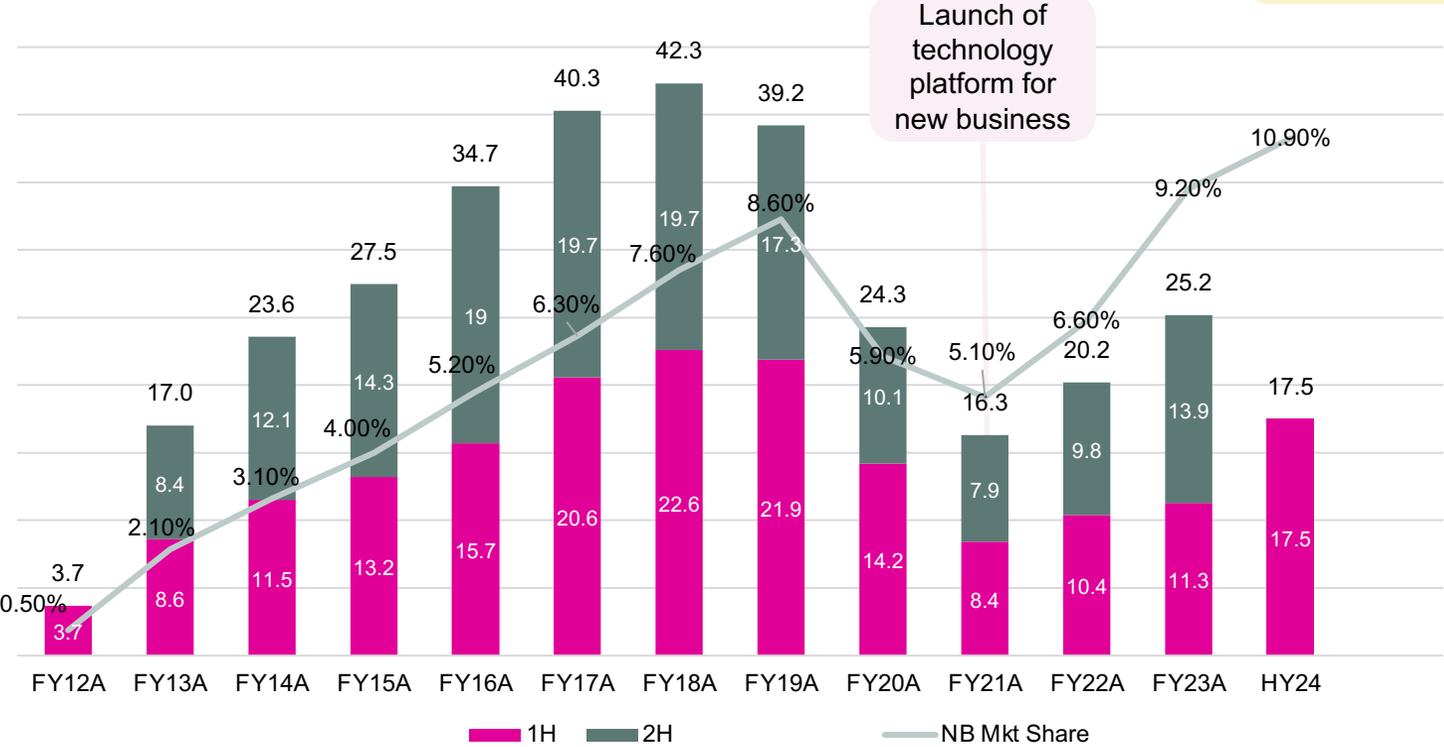
# The ClearView Growth Story

# ClearView is gaining new business market share in a growing market

**55% growth in new business in HY24 with 11% market share**

**IFA New Business (\$m) and Market Share (%)**

**FY26 Target:**  
12%-14% target market share



### Challenger in IFA market

- Sales momentum and growth continued in HY24
- New sales of \$17.5m and 55% growth on pcp (run rate sales of circa \$3m per month)
- New business market share up to circa 11% - increasing from 9% as at 30 June 2023
- Reflects a “step-change” in the sales momentum since Q4 FY23 aligned to overall market growth
- Market growth over last 3 quarters - driven by improving industry dynamics, adviser productivity supported by underlying demand for life insurance products
- Share and dollar new business written in HY24 demonstrates shift in market to growth (from Q4 FY23)
- Deep distribution relationships, acceptance of new product by advisers and data/ analytics focus is driving new business market share gains
- Strongly positioned to take further advantage of market rebound

**New business market share over**

**11%**

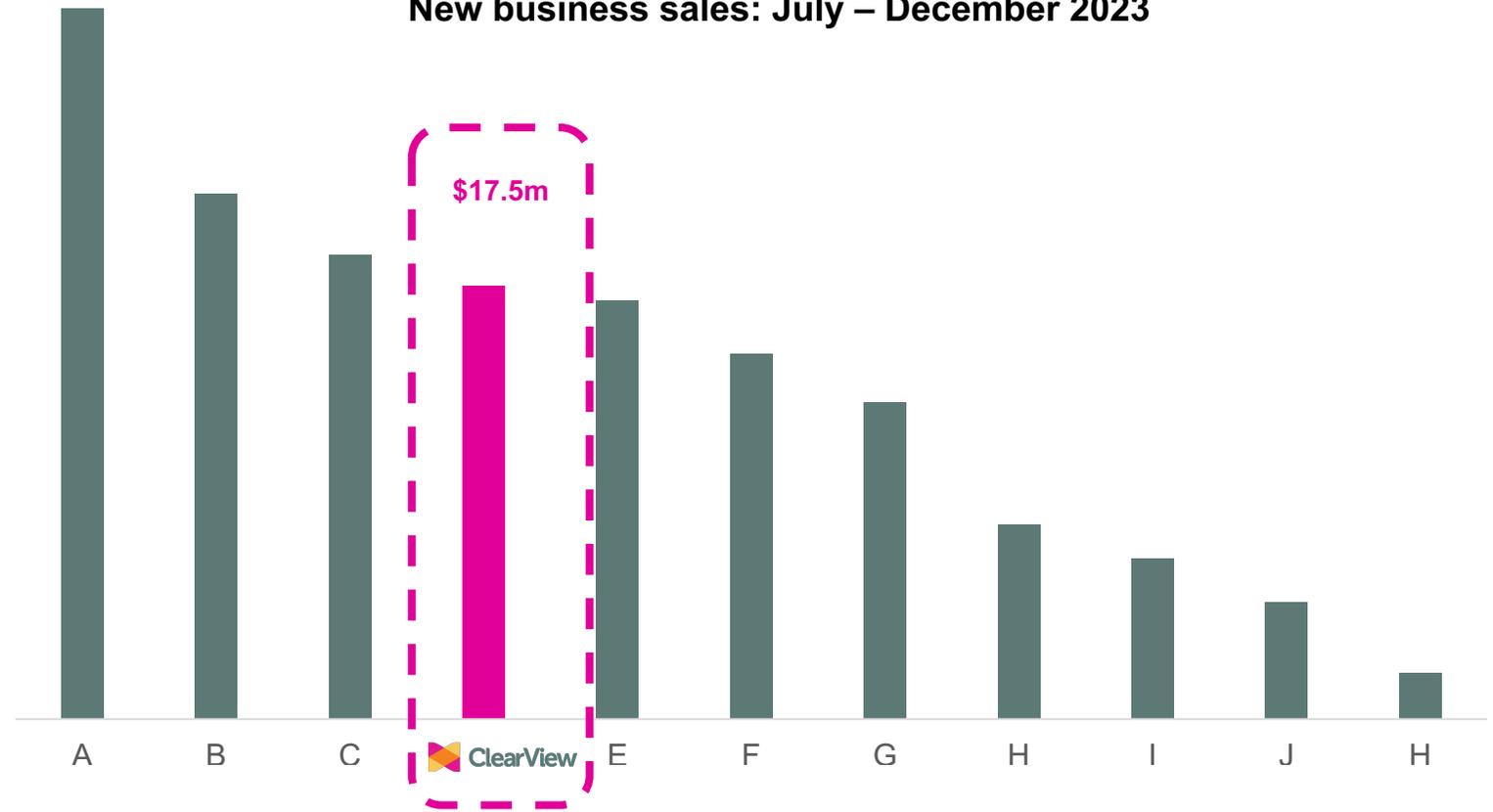
**of IFA market**

# ClearView market positioning – top of ‘mid tier’

ClearView remains well positioned to continue to increase its new business share and to broaden its product offerings to adjunct products

- The retail advice life industry continues to ‘settle’ after years of unprecedented change<sup>1</sup>
- ClearView has established itself as an accessible challenger brand in the IFA market
- ClearView has created a diversified distribution network with over 1000+ dealer groups comprised of 4,000+ advisers
- ClearView’s deep adviser relationships has allowed it to regain share post launch of the new products
- ClearView’s new business market share for half year period up to 11% – market positioning target to be top of ‘mid tier’ (#4)

New business sales: July – December 2023



Source: NMG Risk Distribution Monitor Reports for Retail Advice New Sales and Lapses Analysis 1H24: June – December 2023

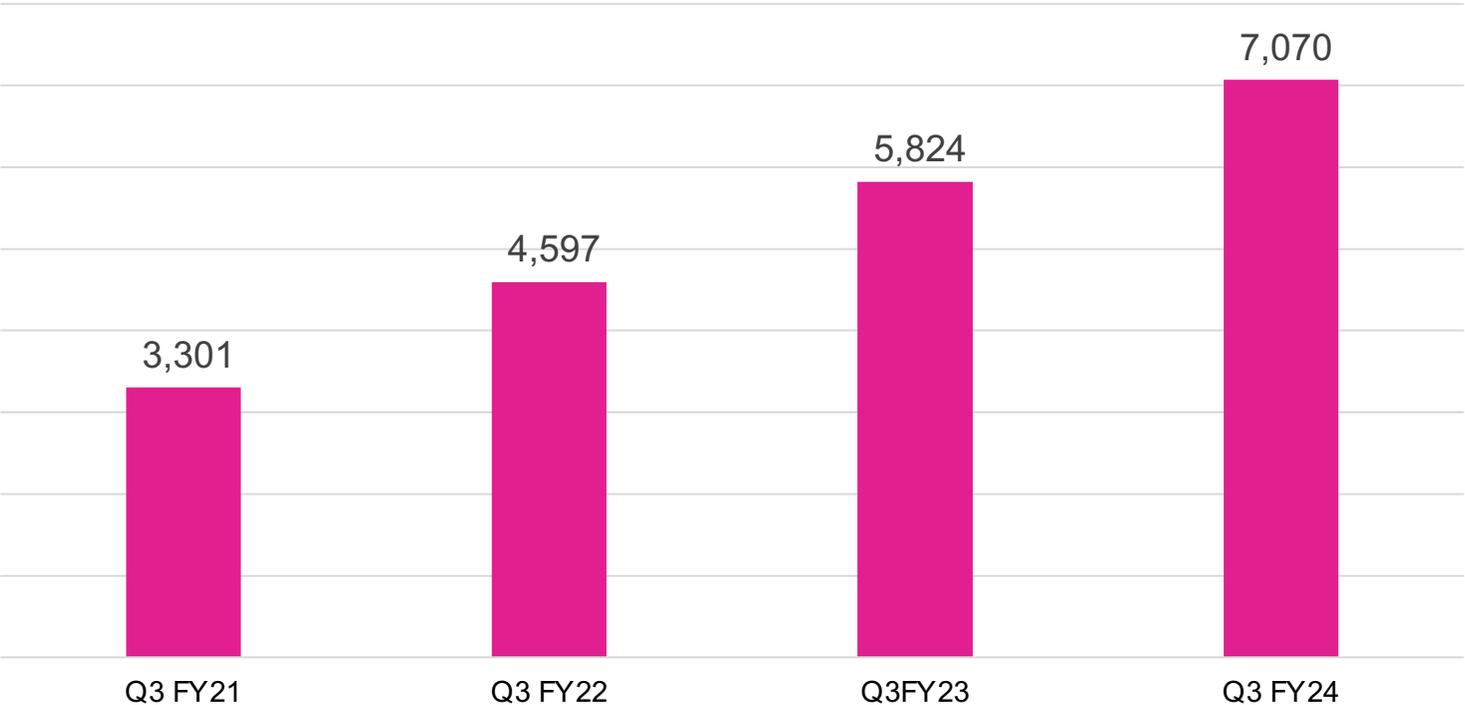
<sup>1</sup> Including:

- Royal Commission
- Increased education standards and barriers to entry (FASEA) + APRA IDII with advisers needing to educate themselves on a new suite of products across all retail life manufacturers.
- A range of premium rate increases industry wide directing adviser focus to business conservation
- The Life Insurance Framework (LIF) which was a shift and reduction in remuneration (commission) for the placement of insurance at the same time regulation and compliance was increasing

# ClearView sales momentum has continued into Q3 FY24

ClearView continues to increase its new business, noting that Q3 is seasonally slower for sales (January/February period)

Comparison of Q3 of FY24 v Q3 of prior periods (\$'000)



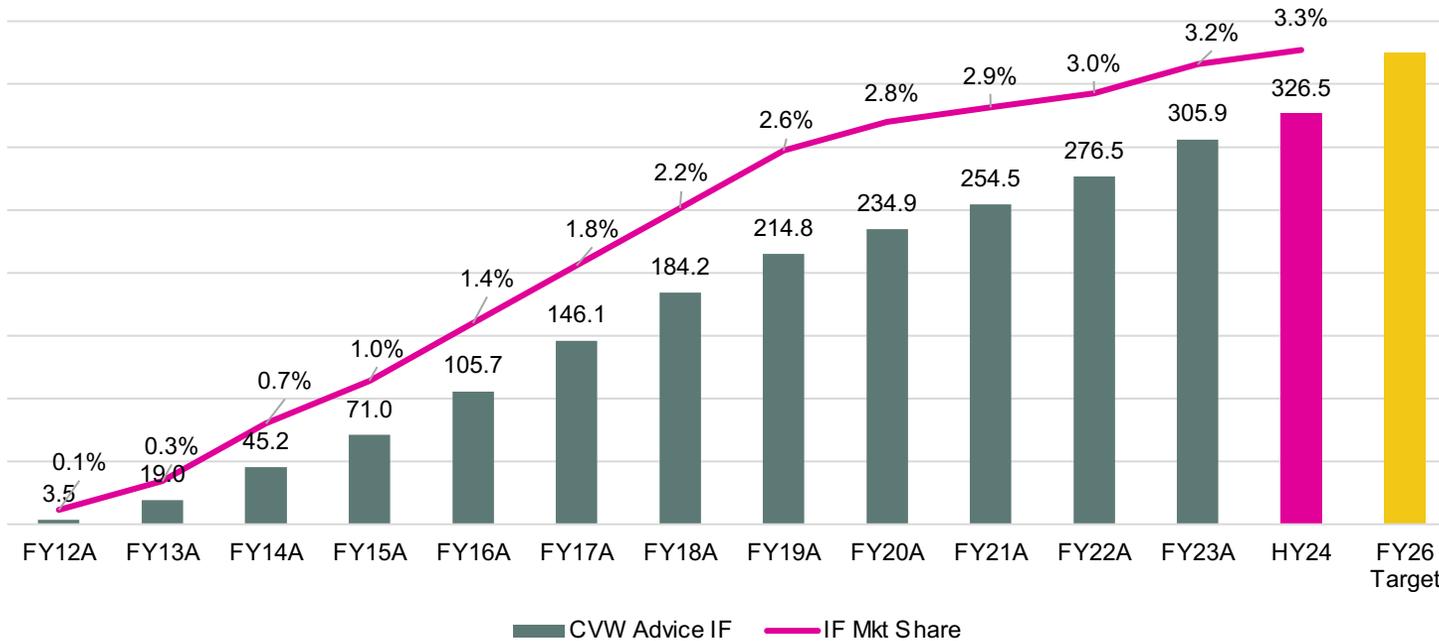
### Q3 FY24 sales update

- Sales growth has continued into Q3 FY24, noting the seasonality of the period
- New sales of \$7.1m for the quarter and 21% growth on pcp
- Q3 sales impacted by holiday period and flow through into February with Q4 historically a significantly stronger period (May/ June)
- Advised life insurance sales across the industry grew 7% in calendar year 2023, the first time growth has been reported in a decade
- Drivers in previous decline of advice sales are now well understood – industry appears to now have reset on firmer footing for growth

# Consistent YoY growth of in-force premium since entry in IFA market

In-force portfolios should trend to higher new business share (over time) which underpins the growth profile

Advice In-force (\$m) and Market Share (%)



**FY26 Target:**  
~4.0% market share and ~\$375m of gross premium in advice market

## Strong track record of in-force premium growth since entry into retail market in FY12

- ~\$18B life insurance market across retail, group and direct to consumer channels
- ClearView only participates in the ~\$10B retail life insurance advice channel
- Overall growth in industry is underpinned by longer term sustainable factors such as population growth, ageing population, inflation and household wealth, income and debt levels
- 'Start up' in adviser channel in FY12 - in-force premiums in adviser channel up 12% to \$326.5m
- In-force market share over 3% of IFA market (stock) and will trend to new business share (11%) over time (flow)
- New business market share circa 3X in-force market share
- Repricing of in-force portfolios remains long term structural driver to appropriately price for risk and experience

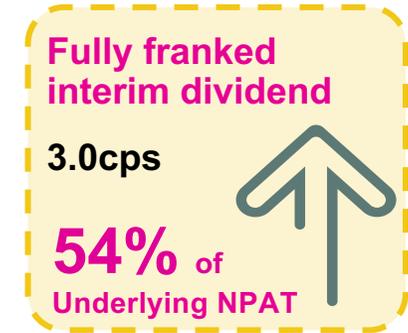
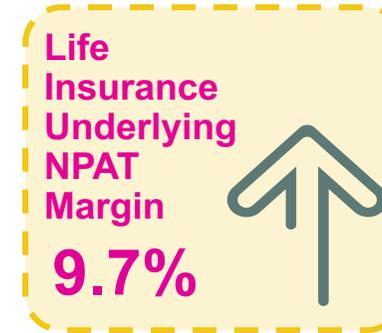
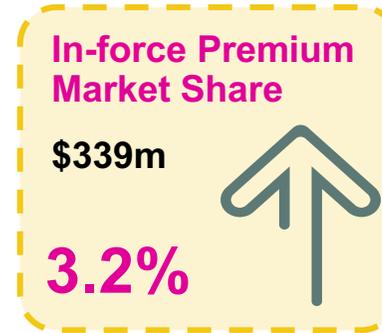
**In-force market share over**

**3%**

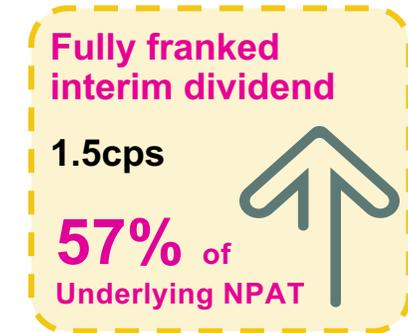
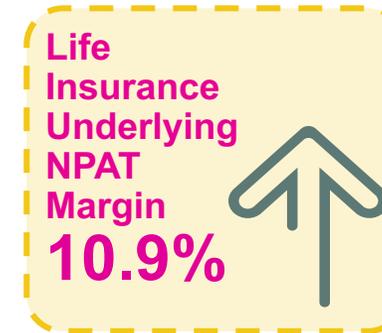
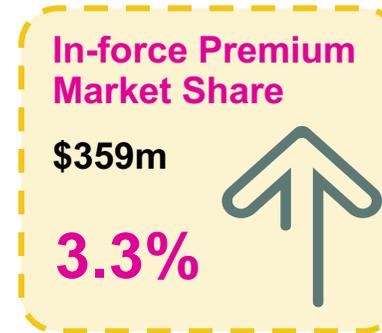
**of IFA market**

# Financial highlights and FY26 goals

**FY23  
Actual**



**HY24  
Actual**

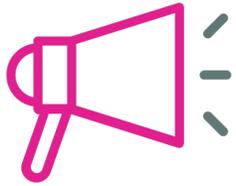


**FY26  
Goals**



<sup>1</sup>Note: For 6-month period

# Market and ClearView drivers



Increasingly  
**attractive life  
insurance market**



**Simplified  
business model**  
with core focus  
on life insurance



**Strong growth in  
premiums,  
market share** and  
underlying profit  
with a focus on  
high quality  
earnings



**Structural  
changes and  
transformation  
program** of work  
support earnings  
growth with key  
operational  
benefits expected  
to start to flow  
from end of FY25



**Inflation-linked  
premiums  
broadly** offset  
cost inflation  
pressures<sup>1</sup> –  
benefitting from  
(higher) interest  
rate environment



**Strong balance  
sheet** and  
capital position –  
attractive  
dividend yield

1. As a significant portion of life insurance policies are indexed to inflation, increased inflation drives nominal increases in life risk in-force premium, which is expected to support in-force premium growth

# Outlook

# FY24 outlook

## Focus on Life Insurance

- **Business simplification leads to core focus on life insurance**
- **Continue market outperformance** in profitable segments including further market share gains (in a growing market)
- **Increased exposure to underwriting risk** (for new business only), thereby improving margin (over time)
- Complete **exit from wealth management** business – expected 1H FY25



## Continue Transformation

- **Implementation of IT transformation strategy**
- **Enhancement and build out of technology platform** has progressed significantly with near completion of back-end functionality
- Planning underway for **migration of existing** in-force onto new functional platform to achieve scale and efficiency benefits of technology investment (FY25+)
- **Workflow and portal** in development
- **Continue capability uplift** - new leaders across key business areas



## Enhance Customer Experience

- **Enhance customer experience** – data driven, automation improvements, tele-claims, rehabilitation capability and return to work outcomes
- **Customer engagement and retention** activities



**Underlying NPAT is targeted to continue to grow at double digits off FY24 base - target FY26 Underlying NPAT margin of 11% -13%. AASB 17 does not impact economics of business - no change to business strategy or FY26 financial goals. FY24 Underlying NPAT base year is impacted by implementation of AASB 17 given the material change to accounting standards**

**Introduction of HY24 dividend fully franked of 1.5cps** after period of transformation and investment. Represents **57% of Underlying NPAT** – towards the top end of target payout ratio. Dividend range to be reviewed post completion of IT transformation investment and wealth management exit (reflects shift to cash generation position)

# Glossary

<b>Underlying NPAT:</b>	Underlying NPAT (from continuing operations) is used as a non IFRS measure of earnings that excludes the impacts of market and interest rate volatility, with the definition updated to reflect the application of AASB 17. Underlying NPAT (from continuing operations) has been defined as the consolidated profit after tax excluding the effects of economic changes on both the AASB 17 policy liability and the incurred income protection claims liabilities, the (non-cash) impairment of the asset for acquisition cash flows (AIACF), capitalised loss recognition that is predominantly driven by the level premium business and any costs considered unusual to the Group's ordinary activities. Underlying NPAT includes the underlying investment income (the portfolio carry yield on the investment portfolio and interest rate earned on physical cash holdings), costs associated with the incurred claims reinsurance treaties and interest costs associated with corporate debt and Tier 2 Capital.
<b>New Business Market Share:</b>	ClearView calculations based on NMG Risk Distribution Monitor Reports for Retail Advice New Business Analysis for relevant periods – NMG Market analysis includes total of 'Retail' consistently applied (that is, IFA, Bank Advice and Aggregator channels).
<b>In-force Market Share:</b>	ClearView calculations based on NMG Risk Distribution Monitor Reports for Retail Advice In-force Analysis for relevant periods – NMG Market analysis includes total of 'Retail' consistently applied (that is, IFA, Bank Advice and Aggregator channels).
<b>FY26 Goals:</b>	FY26 goals based on AASB 17 FY24-26 business plan forecasts – aligned to implementation program of work and subject to change.
<b>Life Insurance Underlying Margin:</b>	Is calculated as Life Insurance Underlying NPAT divided by Gross Premium Income.

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